

**THE CORPORATION OF THE TOWNSHIP OF ESSA
VIRTUAL COMMITTEE OF THE WHOLE MEETING
WEDNESDAY, JANUARY 19, 2022
6:00 p.m.**

To view our live stream, please visit the Township of [Essa's YouTube Channel](#)

AGENDA

- 1. OPENING OF MEETING BY THE MAYOR**
- 2. DISCLOSURE OF PECUNIARY INTEREST**
- 3. DELEGATIONS / PRESENTATIONS / PUBLIC MEETINGS**

- p. 1 **a. Delegation – Richard Steinginga, Baker Tilly KDN LLP**
 re: Draft Consolidated Financial Statements

Recommendation: *Be it resolved that the draft 2020 Consolidated Financial Statements for the Township of Essa, as presented by Baker Tilly KDN LLP, be approved.*

STAFF REPORTS

- 4. PLANNING AND DEVELOPMENT**

- p. 71 **a. Staff Report PD002-22 submitted by the Manager of Planning and**
 Development, re: Additional Delegation of Planning Decisions/Schedule 19 –
 Bill 13.

Recommendation: *Be it resolved that Staff Report PD002-22 be received: and That Council approve the delegation of routine powers and duties to Staff for the approval of Site Plan Control, the Lifting of Holding Provisions and Part Lot Control and “red-line” revisions to Draft Plans of Subdivision/Condominium; and That a By-law be brought forward at a future meeting for Council’s consideration.*

- 5. PARKS AND RECREATION / COMMUNITY SERVICES**

- 6. FIRE AND EMERGENCY SERVICES**

- p. 74 **a. Staff Report FD001-22 submitted by the Fire Chief, re: Purchase of an RTV.**

Recommendation: *Be it resolved that Staff Report FD001-22 be received: and That Council authorize the Fire Chief to purchase a Kubota RTV X1100C from Earth Power Tractors and Equipment Inc located in Stayner at a purchase price of \$37,152.78 (taxes included).*

- 7. PUBLIC WORKS**

8. FINANCE

a. Reduction of Securities – Briarwood Homes Subdivision Angus.

Recommendation: *Be it resolved that Council approve the reduction of securities relating to Briarwood Homes Subdivision Angus, as recommended by the Township Engineer as follows:*

<i>Current Securities Held by Township of Essa:</i>	<i>\$4,539,985.34</i>
<i>LESS Recommended Reduction:</i>	<i>\$542,202.05</i>
<i>Securities to be Retained by Township of Essa:</i>	<i>\$3,997,783.29</i>

And,

That the return of securities is conditional upon the Developer providing the municipality with a finalization of works with documentation provided to the Township for final approval.

b. Reduction of Securities – Nottawasaga Village (Stonemount) Subdivision – Block 124/125.

Recommendation: *Be it resolved that Council approve the reduction of securities relating to Nottawasaga Village (Stonemount) Subdivision – Block 124/125, as recommended by the Township Engineer as follows:*

<i>Current Securities Held by Township of Essa:</i>	<i>\$102,067.53</i>
<i>LESS Recommended Reduction:</i>	<i>\$17,218.55</i>
<i>Securities to be Retained by Township of Essa:</i>	<i>\$84,848.98</i>

And,

That the return of securities is conditional upon the Developer providing the municipality with a finalization of works with documentation provided to the Township for final approval.

c. Release of Securities – Brownley Meadows – Phase 2 (Brookvalley Angus South)

Recommendation: *Be it resolved that Council approve the release of securities relating to Brownley Meadows – Phase 2 (Brookvalley Angus South), as recommended by the Township Engineer as follows:*

<i>Current Securities Held by Township of Essa:</i>	<i>\$77,533.08</i>
<i>LESS Recommended Reduction:</i>	<i>\$77,533.08</i>
<i>Securities to be Retained by Township of Essa:</i>	<i>\$0.00</i>

And,

That the return of securities is conditional upon the Developer providing the municipality with a finalization of works with documentation provided to the Township for final approval.

- p. 76 d. **Staff Report TR001-22 submitted by the Manager of Finance, re: 2022 Business Improvement Area of Angus Budget.**

Recommendation: *Be it resolved that Staff Report TR001-22 be received; and That the 2022 Business Improvement Area of Angus Budget as presented by the Business Improvement Area of Angus Board of Management, with an Operating Budget levy of \$29,035.00, be approved; and That a BIA Tax Rating By-law be prepared for the consideration of Council.*

9. CLERKS / BY-LAW ENFORCEMENT / IT

10. CHIEF ADMINISTRATIVE OFFICER (C.A.O.)

- p. 80 a. **Council Reconsideration of Staff Report CAO054-21 submitted by the Chief Administrative Officer, re: Policy No. A01-2021 COVID-19 Vaccination Policy.**

Motion CW146-21 as previously passed in Committee of the Whole meeting of December 1, 2021:

Be it resolved that Staff Report CAO054-21 be received; and That Council endorse Policy No. A01-2021 COVID-19 Vaccination Policy which would apply to staff, volunteers, Members of Council and all Council-appointed Committee Members. Volunteers being those persons appointed by Council or paid.

- p. 86 b. **Staff Report CAO002-22 submitted by the Chief Administrative Officer, re: Briarwood Subdivision (Part Lot 31, Con 4) – Centre Street, Angus.**

Recommendation: *Be it resolved that Staff Report CAO002-22 be received; and That Council direct staff to issue final approval to Briarwood (Angus) Ltd. upon receipt of final clearance from the NVCA; and That the appropriate By-law be brought forward for Council's consideration to allow the Mayor and Clerk to enter into a subdivision agreement to be registered on title to govern the development of a 156-lot residential plan of subdivision.*

- p. 90 c. **Staff Report CAO003-22 submitted by the Chief Administrative Officer, re: OMERS Pension Investments.**

Recommendation: *Be it resolved that Staff Report CAO003-22 be received for information.*

11. OTHER BUSINESS

12. ADJOURNMENT

Recommendation: *Be it resolved that this meeting of Committee of the Whole of the Township of Essa adjourn at _____ p.m., to meet again on the 2nd day of February, 2022 at 6:00 p.m.*

Now, for tomorrow



Township of Essa

**Comparative Analysis
December 31, 2020**

**Council Presentation
January 19, 2022**

Independent Auditor's Report

2 In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Township of Essa as at December 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Audit Procedures

Review of minutes of council

Substantive Testing

- Sampling
- Analytical review
- Management estimates

Systems documentation and related control testing

- Revenues
- Disbursements
- Payroll
- Journal entries



Audit Overview – Matters of Communication

Audit is complete pending:

- Council approval of financial statements
- Receipt of signed representation letter
- Receipt of legal letter

No significant difficulties encountered during the course of our audit procedures:

- No changes to initial audit plan
- No disagreements or difficulties with management
- Excellent cooperation from management and staff
- Note for the impacts of COVID-19

Uncorrected audit difference noted:

- Prepaid portion of insurance not set up: \$84,425 offset by 2019 prepaid insurance not setup of \$96,521 for a net impact of \$12,096 on annual surplus



Financial Assets at December 31st

	2020	2019	2018	2017	2016
Cash	\$ 37,683,784	\$ 33,083,382	\$ 33,892,850	\$ 35,597,449	\$ 30,676,088
Taxes receivable	\$ 2,691,999	\$ 2,278,337	\$ 2,137,569	\$ 2,153,349	\$ 2,175,065
Accounts receivable	\$ 3,634,657	\$ 3,234,010	\$ 2,657,797	\$ 1,506,035	\$ 1,341,498
	<u>\$ 44,010,440</u>	<u>\$ 38,595,729</u>	<u>\$ 38,688,216</u>	<u>\$ 39,256,833</u>	<u>\$ 34,192,650</u>

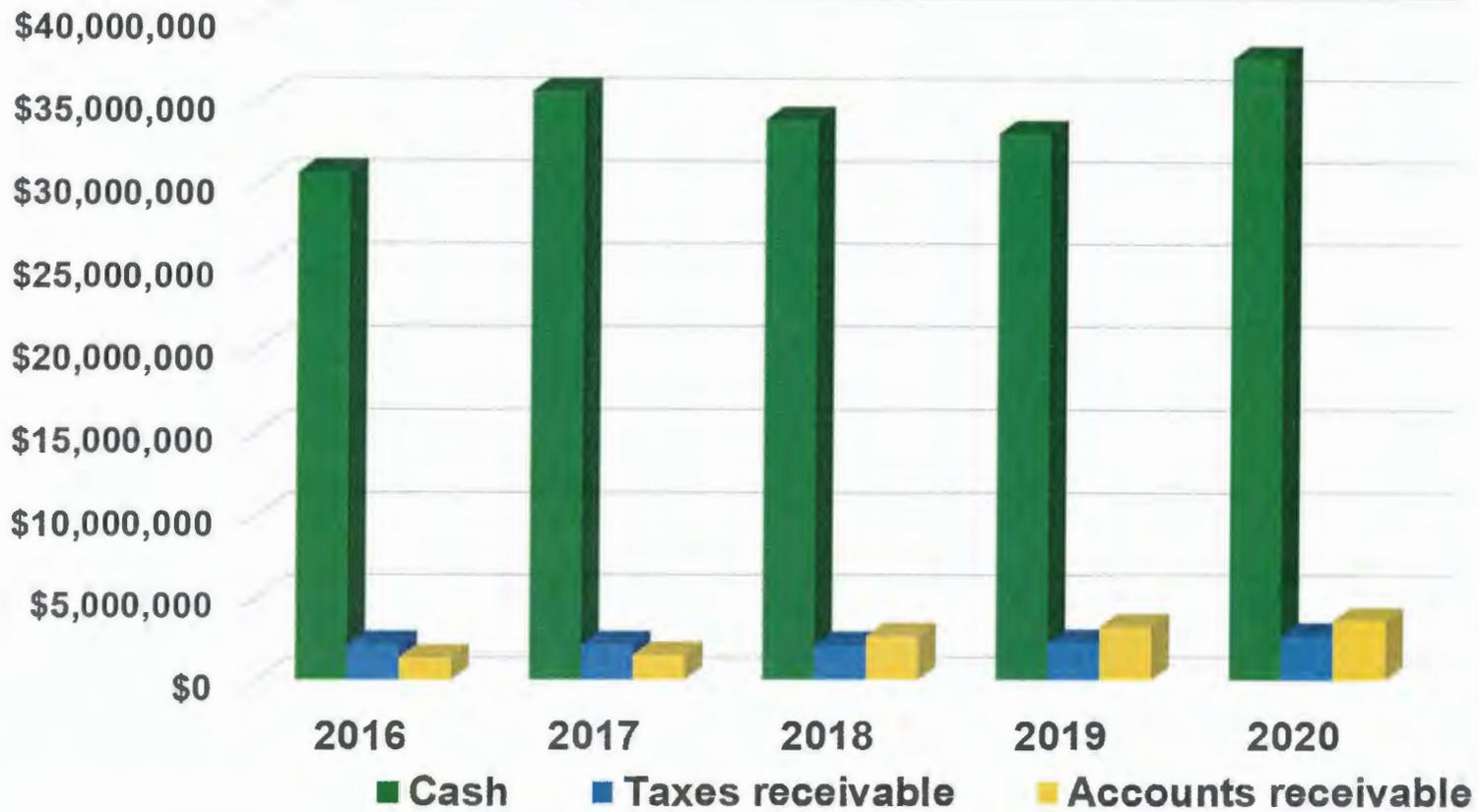
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Financial Assets at December 31st

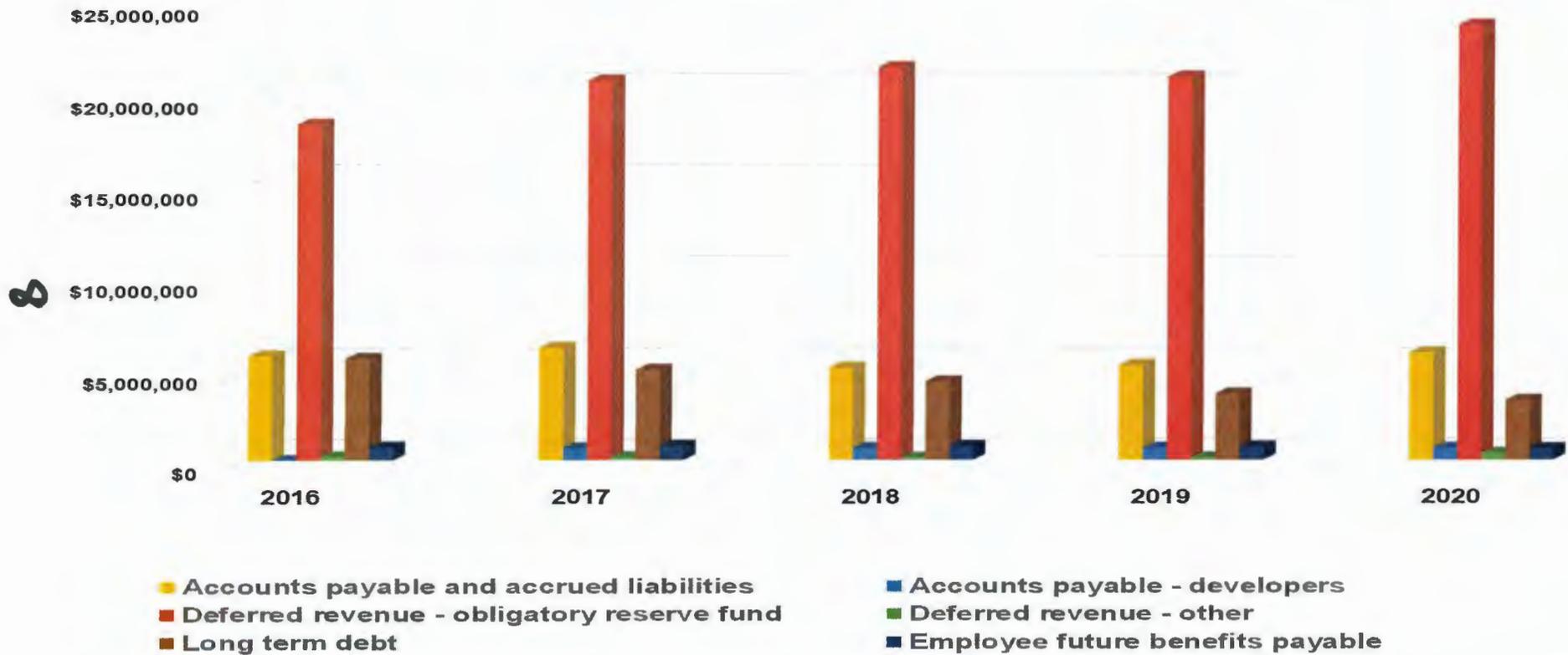
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Financial Liabilities as at December 31st

	2020	2019	2018	2017	2016
Accounts payable and accrued liabilities	\$ 5,919,539	\$ 5,232,535	\$ 5,083,077	\$ 6,179,925	\$ 5,734,551
Accounts payable - developers	\$ 645,000	\$ 645,000	\$ 645,000	\$ 645,000	\$ -
Deferred revenue - obligatory reserve fund	\$ 23,864,602	\$ 20,997,416	\$ 21,481,627	\$ 20,742,200	\$ 18,330,035
Deferred revenue - other	\$ 357,320	\$ 138,660	\$ 132,102	\$ 182,684	\$ 209,247
Long term debt	\$ 3,346,290	\$ 3,687,544	\$ 4,344,078	\$ 4,979,934	\$ 5,595,822
Employee future benefits payable	\$ 620,142	\$ 720,004	\$ 750,665	\$ 774,420	\$ 703,848
	<u>\$ 34,752,893</u>	<u>\$ 31,421,159</u>	<u>\$ 32,436,549</u>	<u>\$ 33,504,163</u>	<u>\$ 30,573,504</u>

Financial Liabilities as at December 31st



Non-Financial Assets as at December 31st

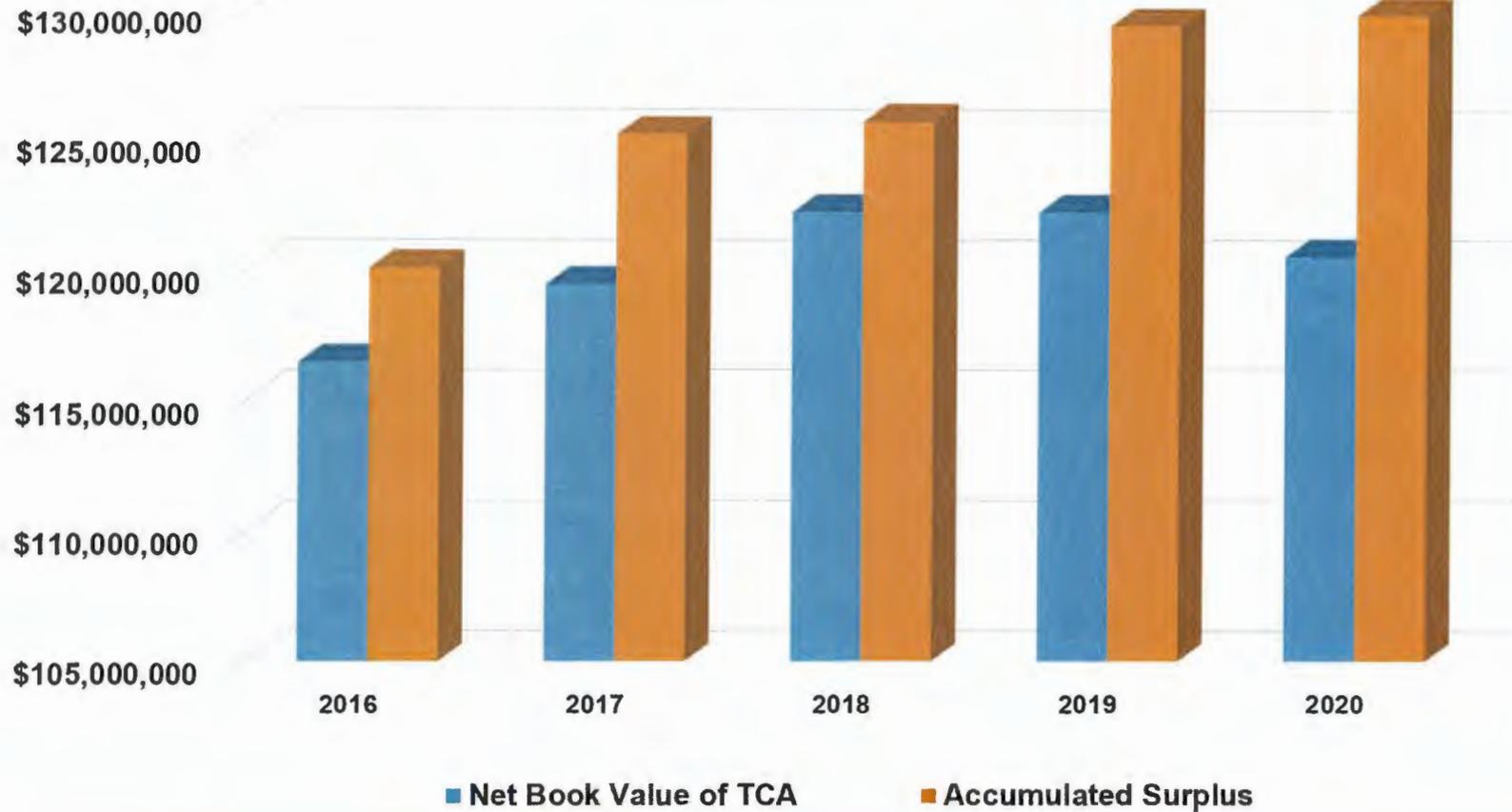
	2020	2019
Net Financial Assets	\$ 9,257,547	\$ 7,174,570
Non-Financial Assets		
Tangible capital assets	120,575,479	122,258,433
Prepaid expenses	46,077	12,665
	<u>\$ 129,879,103</u>	<u>\$ 129,445,668</u>



Consolidated Statement of Operations

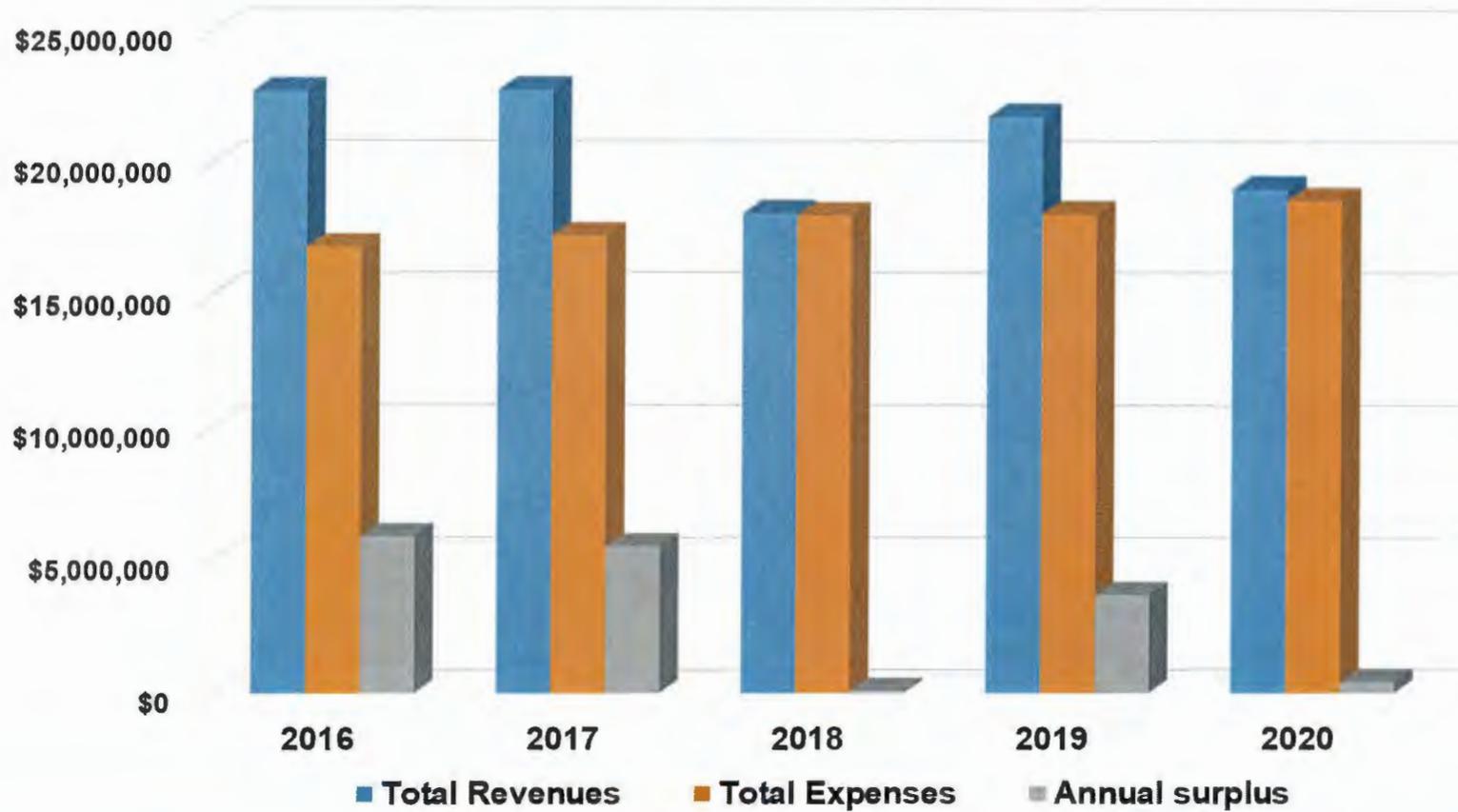
	2020 Budget	2020 Actual	2019 Actual
Total Revenues	\$ 22,176,877	\$ 19,080,358	\$ 21,821,454
Total Expenses	19,075,329	18,646,923	18,121,330
PSAB Annual surplus	3,101,548	433,435	3,700,124
Accumulated Surplus - Beginning		129,445,668	125,745,544
Accumulated Surplus - Ending		<u>\$ 129,879,103</u>	<u>\$ 129,445,668</u>
Operating Surplus Reconciliation	\$ 3,101,548	\$ 433,435	\$ 3,700,124
Amortization of tangible capital assets	4,077,693	4,293,096	4,077,692
Purchase of tangible capital assets	(5,301,370)	(2,883,828)	(6,858,740)
Loss on disposal of tangible capital assets	-	262,146	64,710
Proceeds on sale of tangible capital assets	-	11,541	34,894
Contributed tangible capital assets	-	-	(91,042)
Change in employee future benefits	-	(99,862)	(30,661)
Principal repayments of long term debt	(341,255)	(341,255)	(656,534)
Net transfers (to)/from reserves and reserve funds	(1,536,616)	(1,671,027)	(244,689)
Change in surpluses	-	(4,246)	4,246
	<u>-</u>	<u>-</u>	<u>-</u>

Accumulated Surplus and Tangible Capital Assets



Total Revenues, Expenses, and Annual Surplus

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Financial Activities – Revenues

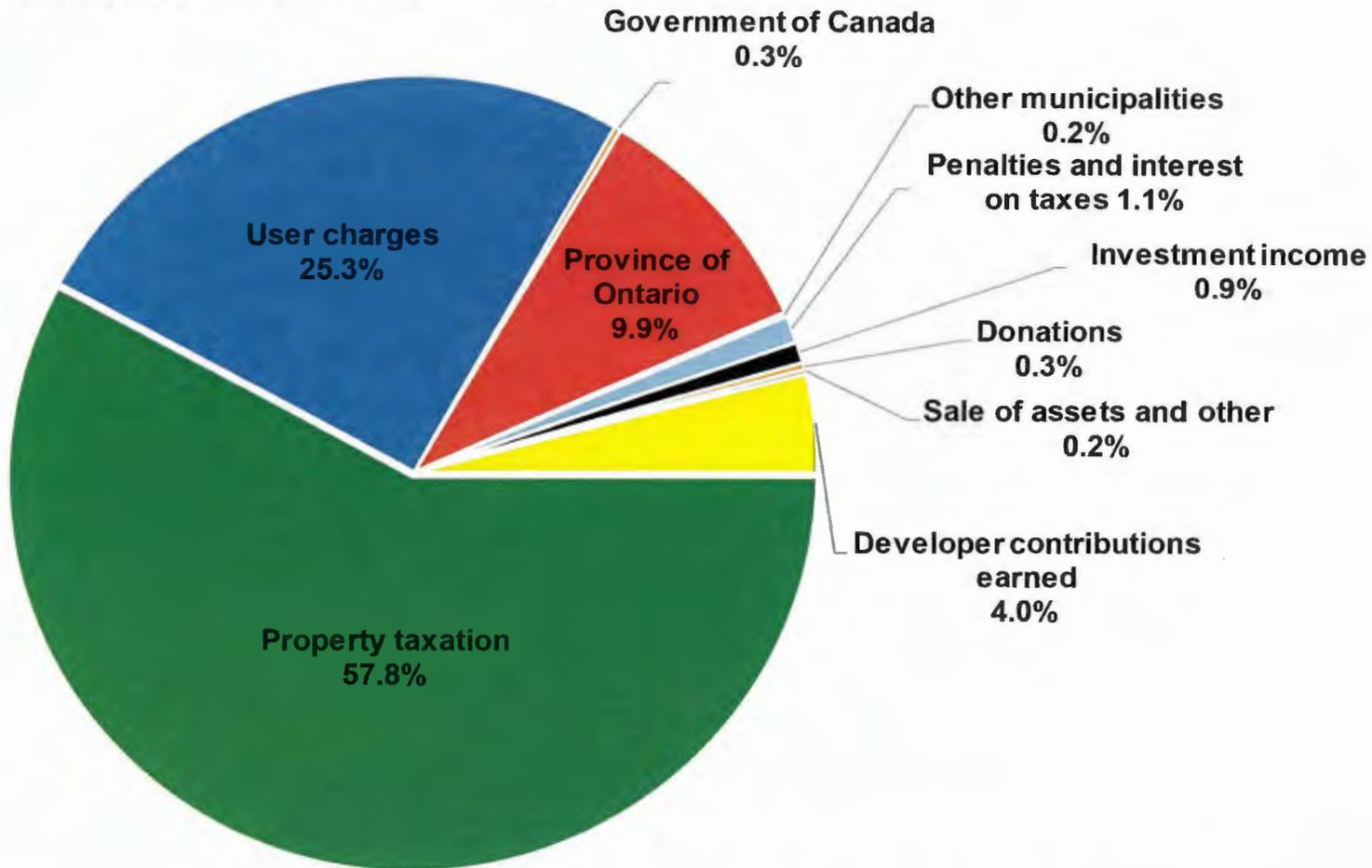
	2020 Budget	2020 Actual	2019 Actual
Property taxation	\$ 11,031,150	\$ 11,037,952	\$ 10,260,590
User charges	4,349,870	4,833,382	5,364,442
Government of Canada	5,448	50,720	-
Province of Ontario	2,120,797	1,896,626	2,285,619
Other municipalities	95,000	32,163	173,903
Penalties and interest on taxes	275,000	213,478	286,909
Investment income	400,000	167,979	498,276
Donations	51,300	51,089	54,689
Donated tangible capital assets	-	-	91,042
Sale of assets and other	5,000	39,545	16,421
Developer contributions earned	3,118,812	757,424	1,642,346
Federal gas tax earned	724,500	-	1,147,217
Total Revenues	<u>\$ 22,176,877</u>	<u>\$ 19,080,358</u>	<u>\$ 21,821,454</u>

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Financial Activities – Revenues



41



Financial Activities – Expenses

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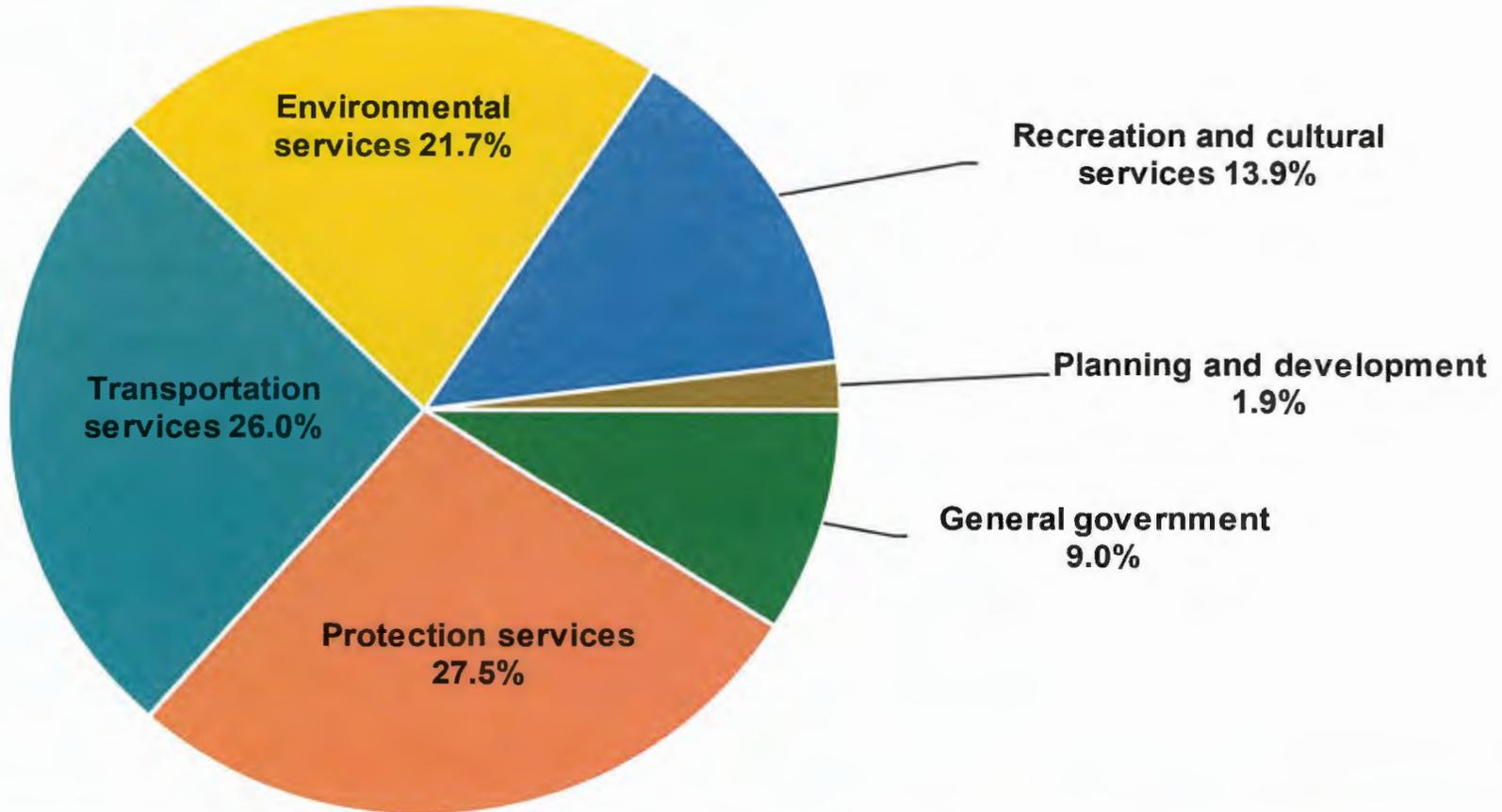
	2020 Budget	2020 Actual	2019 Actual
General government	\$ 1,834,757	\$ 1,669,319	\$ 1,653,657
Protection services	5,080,847	5,123,360	4,733,360
Transportation services	4,937,550	4,849,525	4,994,619
Environmental services	3,754,569	4,052,903	3,819,587
Recreation and cultural services	2,773,719	2,594,415	2,587,151
Planning and development	693,887	357,401	332,956
Total Expenses	\$ 19,075,329	\$ 18,646,923	\$ 18,121,330



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Financial Activities – Expenses

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Expenses – Segmented Information

	2020 Budget	2020 Actual	2019 Actual
Salaries and benefits	\$ 5,397,899	\$ 4,979,271	\$ 4,762,800
Interest charges	158,220	158,220	177,446
Materials	4,222,642	4,099,928	3,878,892
Contracted services	4,994,477	4,617,558	4,924,455
Rents and financial	24,225	41,270	44,489
External transfers	200,173	195,435	190,846
Amortization	4,077,693	4,293,095	4,077,692
Loss (gain) on disposal of tangible capital assets	-	262,146	64,710
Total Expenses	<u>\$ 19,075,329</u>	<u>\$ 18,646,923</u>	<u>\$ 18,121,330</u>

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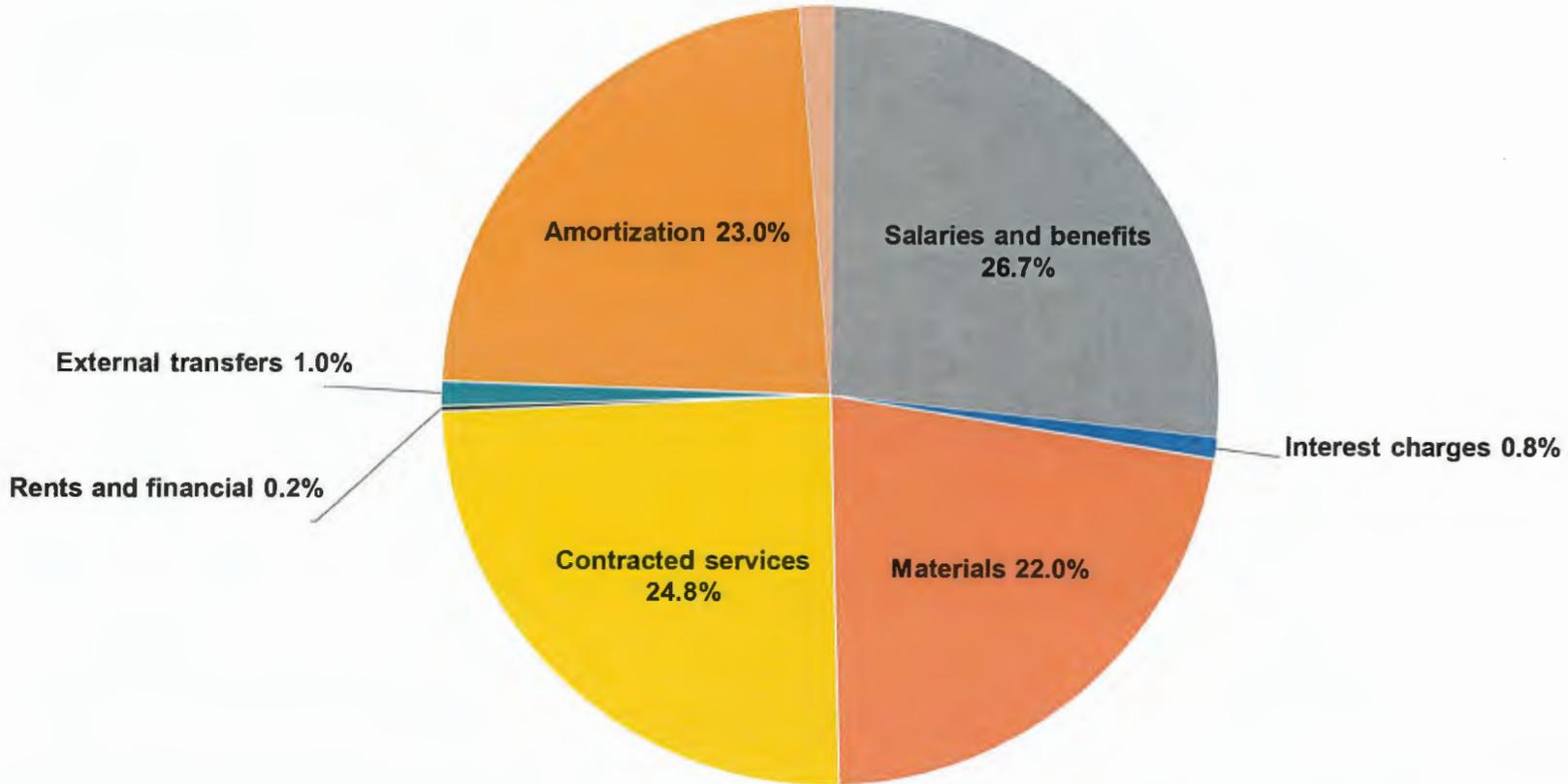


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Expenses – Segmented Information

Loss (gain) on disposal
of tangible capital assets
1.4%

18

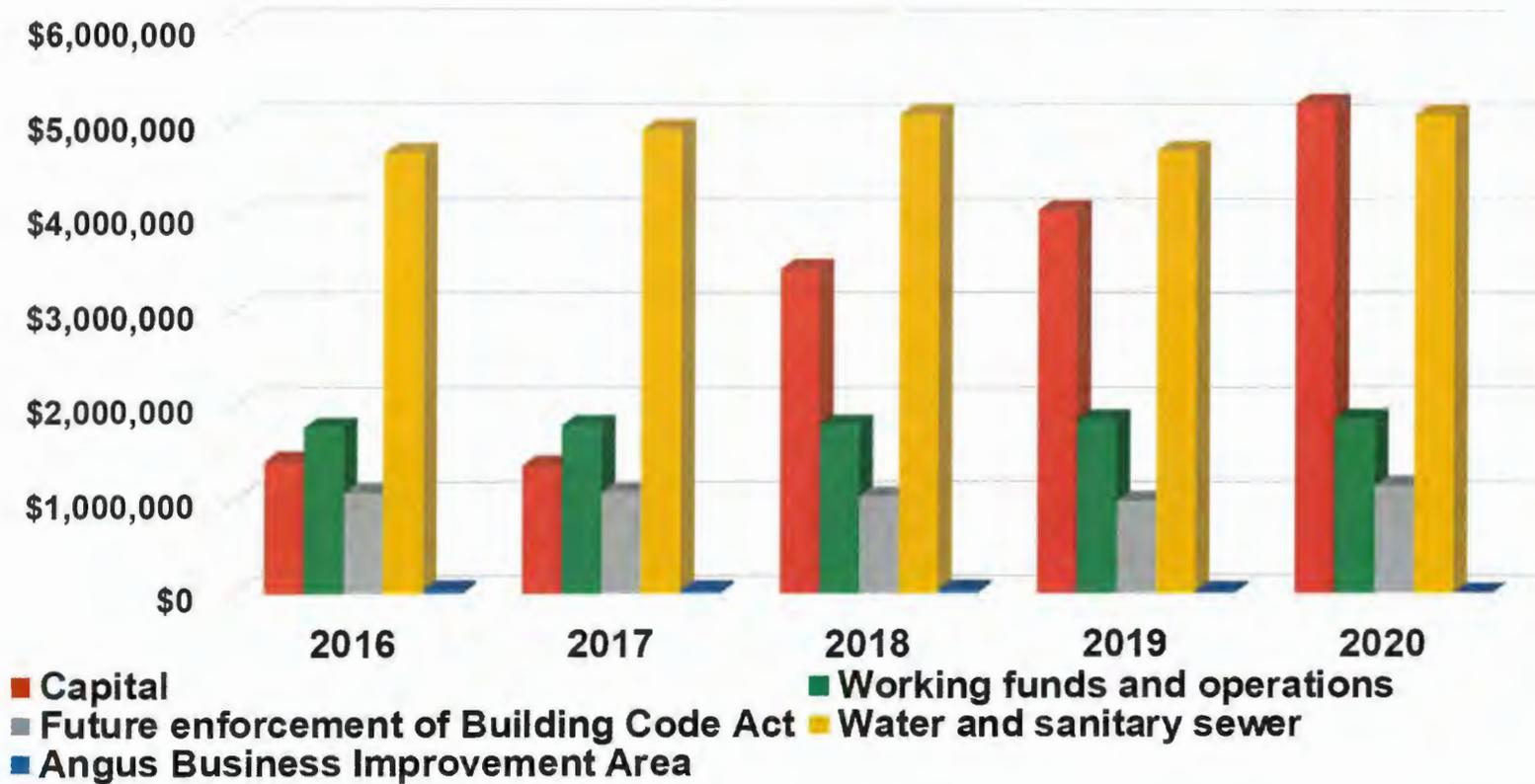


Accumulated Surplus

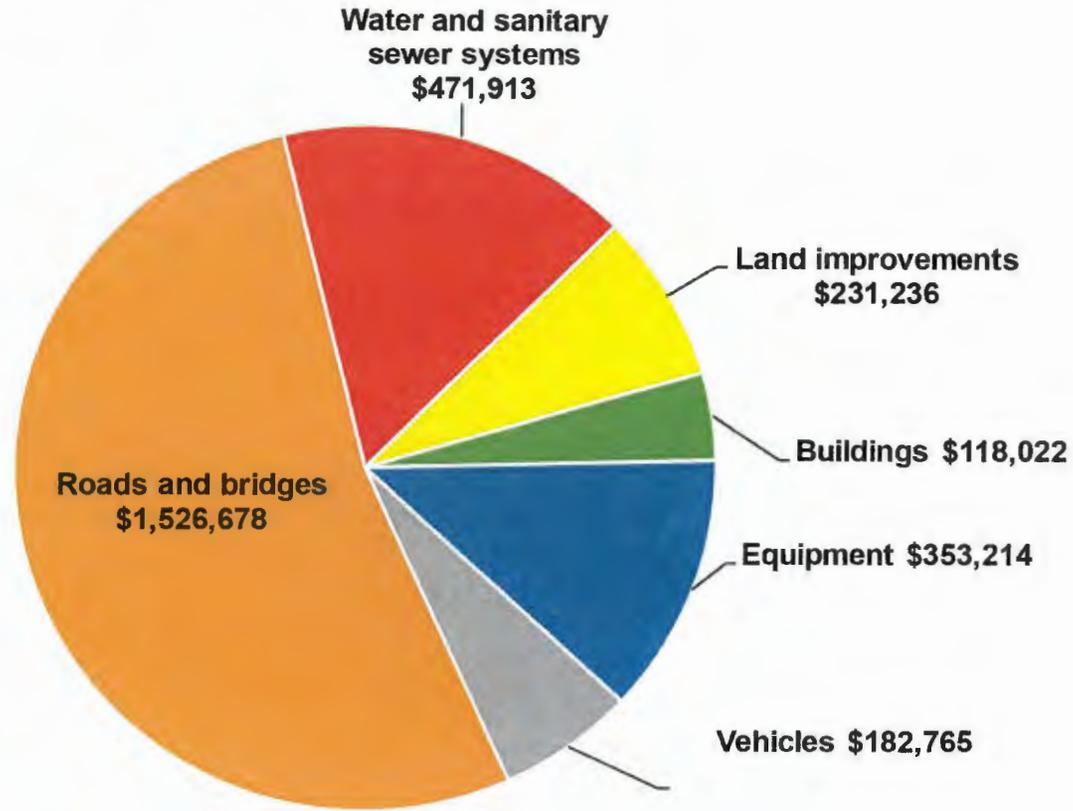
	2020	2019
Surplus (Deficit)		
Invested in capital assets	\$ 117,229,189	\$ 118,570,889
Township	-	(4,246)
Funded Employee Future Benefits	(620,142)	(720,004)
Surplus	<u>\$ 116,609,047</u>	<u>\$ 117,846,639</u>
Reserves and Reserve Funds		
Capital	5,197,843	4,060,813
Working funds and operations	1,845,789	1,838,352
Future enforcement of Building Code Act	1,143,449	983,351
Water and sanitary sewer	5,082,150	4,697,312
Angus Business Improvement Area	825	19,201
Reserves and Reserve Funds	<u>\$ 13,270,056</u>	<u>\$ 11,599,029</u>
Accumulated Surplus	<u>\$ 129,879,103</u>	<u>\$ 129,445,668</u>

Reserves and Reserve Funds

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Tangible Capital Assets – Additions



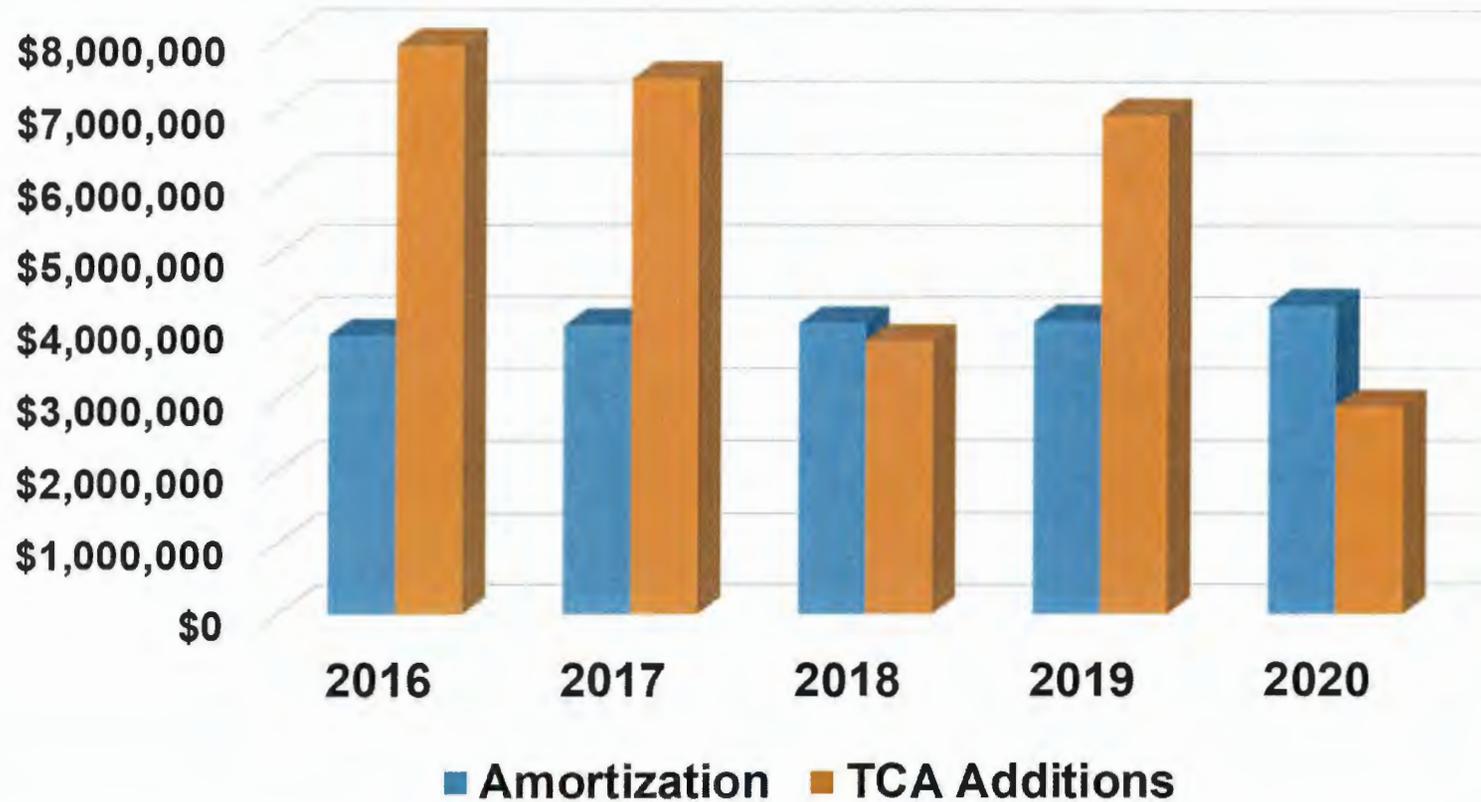
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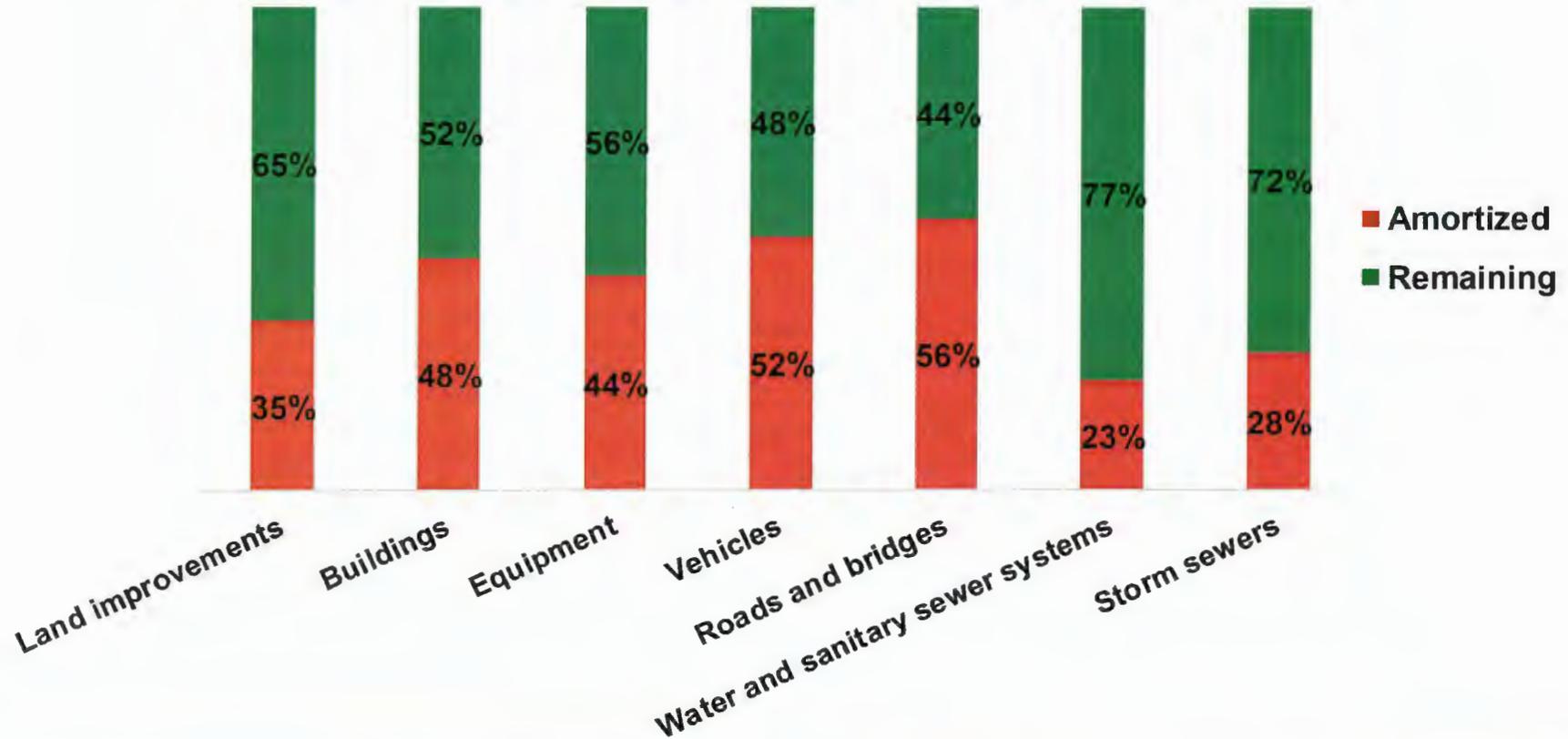
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Tangible Capital Asset Additions vs Amortization

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Tangible Capital Assets – Average Useful Life



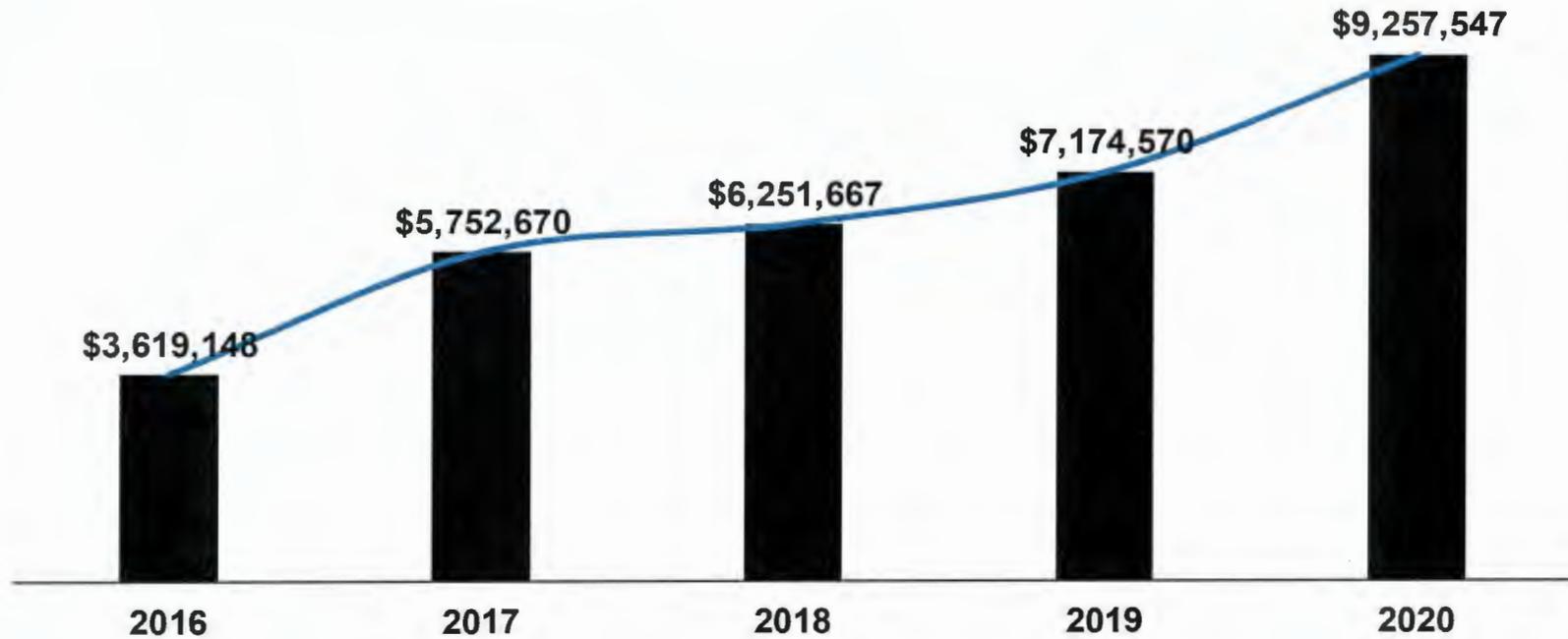
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Net Financial Assets – 5 Year Trend

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Now, for tomorrow

CORPORATION OF THE TOWNSHIP OF ESSA
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

Draft January 11, 2022

CORPORATION OF THE TOWNSHIP OF ESSA
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

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Draft January 11, 2022

CORPORATION OF THE TOWNSHIP OF ESSA

For The Year Ended December 31, 2020

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.

January 19, 2022

Mayor

Treasurer

Draft January 11, 2022

INDEPENDENT AUDITOR'S REPORT

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

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, 2020, 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, 2020, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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.

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.

Draft January 11, 2022

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.

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
January 19, 2022

Draft January 11, 2022

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION At December 31, 2020

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash	37,683,784	33,083,382
Taxes receivable	2,691,999	2,278,337
Accounts receivable	3,634,657	3,234,010
TOTAL FINANCIAL ASSETS	44,010,440	38,595,729
LIABILITIES		
Accounts payable and accrued liabilities	5,919,539	5,232,535
Accounts payable - developers	645,000	645,000
Deferred revenue - obligatory reserve fund (note 5)	23,864,602	20,997,416
Deferred revenue - other	357,320	138,660
Long term debt (note 6)	3,346,290	3,687,544
Employee future benefits payable (note 4)	620,142	720,004
TOTAL LIABILITIES	34,752,893	31,421,159
NET FINANCIAL ASSETS	9,257,547	7,174,570
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	120,575,479	122,258,433
Prepaid expenses	46,077	12,665
TOTAL NON-FINANCIAL ASSETS	120,621,556	122,271,098
ACCUMULATED SURPLUS (note 8)	129,879,103	129,445,668

Draft January 11, 2022

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, 2020

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
REVENUES			
Property taxation	11,031,150	11,037,952	10,260,590
User charges	4,349,870	4,833,382	5,364,442
Government of Canada	5,448	50,720	-
Province of Ontario	2,120,797	1,896,626	2,285,619
Other municipalities	95,000	32,163	173,903
Penalties and interest on taxes	275,000	213,478	286,909
Investment income	400,000	167,979	498,276
Donations	51,300	51,089	54,689
Donated tangible capital assets	-	-	91,042
Sale of assets and other	5,000	39,545	16,421
Developer contributions earned (note 5)	3,118,812	757,424	1,642,346
Federal gas tax earned (note 5)	724,500	-	1,147,217
TOTAL REVENUES	22,176,877	19,080,358	21,821,454
EXPENSES			
General government	1,834,757	1,669,319	1,653,657
Protection services	5,080,847	5,123,360	4,733,360
Transportation services	4,937,550	4,849,525	4,994,619
Environmental services	3,754,569	4,052,903	3,819,587
Recreation and cultural services	2,773,719	2,594,415	2,587,151
Planning and development	693,887	357,401	332,956
TOTAL EXPENSES	19,075,329	18,646,923	18,121,330
ANNUAL SURPLUS	<u>3,101,548</u>	433,435	3,700,124
ACCUMULATED SURPLUS - beginning of year		129,445,668	125,745,544
ACCUMULATED SURPLUS - end of year		129,879,103	129,445,668

Draft January 11, 2022

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, 2020

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
ANNUAL SURPLUS	3,101,548	433,435	3,700,124
Amortization of tangible capital assets	4,077,693	4,293,095	4,077,692
Purchase of tangible capital assets	(5,301,370)	(2,883,828)	(6,858,740)
Loss on disposal of tangible capital assets	-	262,146	64,710
Proceeds on sale of tangible capital assets	-	11,541	34,894
Contributed tangible capital assets	-	-	(91,042)
Change in prepaid expenses	-	(33,412)	(4,735)
INCREASE IN NET FINANCIAL ASSETS	1,877,871	2,082,977	922,903
NET FINANCIAL ASSETS - beginning of year	7,174,570	7,174,570	6,251,667
NET FINANCIAL ASSETS - end of year	9,052,441	9,257,547	7,174,570

Draft January 11, 2022

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, 2020

	2020	2019
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	433,435	3,700,124
Items not involving cash		
Amortization of tangible capital assets	4,293,095	4,077,692
Loss on disposal of tangible capital assets	262,146	64,710
Contributed tangible capital assets	-	(91,042)
Change in employee future benefits payable	(99,862)	(30,661)
Change in non-cash assets and liabilities		
Taxes receivable	(413,662)	(140,768)
Accounts receivable	(400,647)	(576,213)
Prepaid expenses	(33,412)	(4,735)
Accounts payable and accrued liabilities	687,004	149,458
Deferred revenue - obligatory reserve fund	2,867,186	(484,211)
Deferred revenue - other	218,660	6,558
Net change in cash from operating activities	7,813,943	6,670,912
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,883,828)	(6,858,740)
Proceeds on disposal of tangible capital assets	11,541	34,894
Net change in cash from capital activities	(2,872,287)	(6,823,846)
FINANCING ACTIVITIES		
Debt principal repayments	(341,254)	(656,534)
NET CHANGE IN CASH	4,600,402	(809,468)
CASH - beginning of year	33,083,382	33,892,850
CASH - end of year	37,683,784	33,083,382

Draft January 11, 2022

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, 2020

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. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. 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.

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CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

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 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.

Draft January 11, 2022

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

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 of tangible capital assets are based on estimates of useful life and residual values;
- 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. BUDGET FIGURES

The budget, approved by the Township, for 2020 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.

3. 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 2019-15. At December 31, 2020 there was no balance outstanding.

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CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

4. EMPLOYEE FUTURE BENEFITS PAYABLE

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

	2020	2019
	\$	\$
Extended health care benefits	473,400	532,940
Vacation pay entitlement	146,742	187,064
	620,142	720,004

Township employees can accumulate vacation entitlements that can be carried over to the following year.

The Township sponsors benefit plans to pay costs of extended health, vision benefits and dental for eligible employees after they retire. All benefits are provided upon retirement and continue for a maximum period of 5 years based on years of service, but not beyond the age of 65, at which time the benefits cease. In the event of the death of a former eligible employee, the benefit coverage continues to the surviving spouse to the earlier of 12 months, the spouse reaches age 65 or remarriage. Employees who retire on or after January 1, 2015 with at least 20 years of service are eligible to continue coverage to age 65 once the employer paid benefits have expired, provided the retiree pays 100% of the premium. The plans are not funded by the Township until paid.

The actuarial valuation as at December 31, 2020 was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates and employee turnover and mortality. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group, which was 10 years. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows:

Expected inflation rate	2.2%
Future health care premiums rates - first year 2020	7.66%
and decreasing each year to ultimate rate in 2041 of	4.0%

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CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

5. 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:

	2020	2019
	\$	\$
Development charges	21,463,035	19,251,527
Parkland	430,379	426,434
Willoughby road and bridge charges	52	52
Federal gas tax	1,971,136	1,319,403
	<u>23,864,602</u>	<u>20,997,416</u>

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

	2020	2019
	\$	\$
Balance - beginning of year	20,997,416	21,481,627
Add amounts received:		
Development charges received	2,778,630	783,350
Federal gas tax received	639,579	1,240,830
Parkland fees	-	7,500
Interest	206,401	273,672
	<u>3,624,610</u>	<u>2,305,352</u>
Less transfer to operations:		
Development charges earned	757,424	1,642,346
Federal gas tax earned	-	1,147,217
	<u>757,424</u>	<u>2,789,563</u>
Balance - end of year	<u>23,864,602</u>	<u>20,997,416</u>

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CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

6. LONG TERM DEBT

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

	2020	2019
	\$	\$
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.	2,837,929	3,041,843
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.	508,361	645,701
	<u>3,346,290</u>	<u>3,687,544</u>

(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 \$158,220 (2019 - \$177,446).

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

	Principal	Interest	Total
	\$	\$	\$
2021	354,559	144,916	499,475
2022	368,427	131,048	499,475
2023	382,884	116,591	499,475
2024	321,672	101,520	423,192
2025	258,240	88,667	346,907
	1,685,782	582,742	2,268,524
2026 and subsequent years	1,660,508	247,479	1,907,987
	<u>3,346,290</u>	<u>830,221</u>	<u>4,176,511</u>

Draft January 11, 2022

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

7. TANGIBLE CAPITAL ASSETS

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

	2020	2019
	\$	\$
General		
Land	19,091,791	19,091,791
Land improvements	2,993,153	2,895,871
Buildings	14,598,217	14,354,054
Equipment	15,562,153	11,165,233
Vehicles	3,450,061	3,655,773
Infrastructure		
Roads and bridges	29,721,919	28,964,181
Water and sanitary sewer systems	25,079,559	24,347,736
Storm sewers	9,149,234	8,889,877
	119,646,087	113,364,516
Assets under construction	929,392	8,893,917
	120,575,479	122,258,433

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

During the year there were no write-downs of assets (2019 - \$Nil) and no interest capitalized (2019 - \$Nil).

Land is further broken down between general capital assets \$5,929,977 (2019 - \$5,929,977) and infrastructure (linear) assets \$13,161,814 (2019 - \$13,161,814).

Land improvements is further broken down between general capital assets \$1,849,848 (2019 - \$1,715,531) and infrastructure (linear) assets \$1,148,005 (2019 - \$1,180,340).

	2020	2019
	\$	\$
General government	1,385,436	1,283,512
Protection services	3,213,305	3,205,461
Transportation services	46,445,436	47,609,577
Environmental services	55,841,977	56,408,305
Recreation and cultural services	13,649,809	13,728,198
Planning and development	39,516	23,380
	120,575,479	122,258,433

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CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

8. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2020	2019
	\$	\$
Surplus/(Deficit)		
Township	-	(4,246)
Unfunded employee future benefits	(620,142)	(720,004)
	(620,142)	(724,250)
Invested In Capital Assets		
Tangible capital assets - net book value	120,575,479	122,258,433
Long term debt	(3,346,290)	(3,687,544)
	117,229,189	118,570,889
Surplus	116,609,047	117,846,639
Reserves		
Working funds	1,673,321	1,673,321
Contingencies	37,372	37,372
Acquisition of capital assets	2,231,385	1,929,649
Operations	109,903	109,903
Water and sewer - see (b) below	4,921,027	4,537,902
Future enforcement of Building Code Act - see (c) below	1,143,449	983,351
Special projects	2,966,457	2,131,164
Essa Public Library Board	25,194	17,757
Total Reserves	13,108,108	11,420,419
Reserve Funds		
Water and sewer services	161,123	159,409
Angus Business Improvement Area	825	19,201
Total Reserve Funds	161,948	178,610
	129,879,103	129,445,668

(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. In relation to the reserve loan of \$2,073,400, the Township contributed \$141,459 in loan principal and \$15,775 in interest to the water and sewer reserve in 2020. The balance of the loan owing to the reserve at December 31, 2020 is \$1,120,568 (2019 - \$1,262,026).

(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.

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CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

9. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF SIMCOE

During 2020, 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	8,807,429	9,507,034
Taxation from other governments	321,765	1,107,430
	9,129,194	10,614,464
<u>Amounts requisitioned and remitted</u>	<u>9,129,194</u>	<u>10,614,464</u>

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

10. 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 2020 Annual Report disclosed total actuarial liabilities of \$113,055 million in respect of benefits accrued for service with actuarial assets of \$109,844 million indicating an actuarial deficit of \$3,211 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 2020 were \$288,395 (2019 - \$273,833).

11. COMMITMENT

The Township along with two neighbouring municipalities (Adjala Tosorontio Township and New Tecumseth Township) 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. Upon the expiration of this contract, the municipalities agreed to a 3-year extension with similar terms. The Township's cost for policing is based on a per capita amount plus a per call charge. The 2020 Township OPP costs were \$2,980,460 (2019- \$2,916,607).

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CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

12. EXPENSES BY OBJECT

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

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
Salaries and benefits	5,397,899	4,979,271	4,762,800
Interest charges	158,220	158,220	177,446
Materials	4,222,642	4,099,928	3,878,892
Contracted services	4,994,477	4,617,558	4,924,455
Rents and financial	24,225	41,270	44,489
External transfers	200,173	195,435	190,846
Amortization	4,077,693	4,293,095	4,077,692
Loss (gain) on disposal of tangible capital assets	-	262,146	64,710
	19,075,329	18,646,923	18,121,330

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. UNCERTAINTY CAUSED BY COVID-19

In March 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Township's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Township's operations. The extent of the impact of this outbreak and related containment measures on the Township's operations cannot be reliably estimated at this time.

Draft January 11, 2022

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CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

15. 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.

Draft January 11, 2022

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2020

	General					Infrastructure			Assets Under Construction	Totals
	Land	Land improvements	Buildings	Equipment	Vehicles	Roads and bridges	Water and sanitary sewer systems	Storm sewers		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST										
Balance, beginning of year	19,091,791	4,365,687	27,142,146	23,089,899	7,097,084	65,736,381	31,323,047	12,291,606	8,893,917	199,031,558
Add: additions during the year	-	231,236	111,282	223,527	30,766	491,493	-	-	1,795,524	2,883,828
Less: disposals during the year	-	5,222	-	592,149	-	429,692	-	-	-	1,027,063
Internal transfers	-	23,361	818,424	5,245,523	124,274	1,920,046	1,136,928	491,493	(9,760,049)	-
Balance, end of year	19,091,791	4,615,062	28,071,852	27,966,800	7,252,124	67,718,228	32,459,975	12,783,099	929,392	200,888,323
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	1,469,816	12,788,092	11,924,666	3,441,311	36,772,200	6,975,311	3,401,729	-	76,773,125
Add: additions during the year	-	152,354	685,543	925,513	360,752	1,531,692	405,105	232,136	-	4,293,095
Less: disposals during the year	-	261	-	445,532	-	307,583	-	-	-	753,376
Balance, end of year	-	1,621,909	13,473,635	12,404,647	3,802,063	37,996,309	7,380,416	3,633,865	-	80,312,844
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS										
	19,091,791	2,993,153	14,598,217	15,562,153	3,450,061	29,721,919	25,079,559	9,149,234	929,392	120,575,479

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CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2020

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues							
Property taxation	1,403,183	4,420,637	4,056,468	-	855,867	301,797	11,037,952
User charges	109,376	637,351	47,217	3,499,152	328,326	211,960	4,833,382
Government transfers - operating	1,319,497	-	35,140	-	57,655	18,362	1,430,654
Government transfers - capital	-	-	516,692	-	-	-	516,692
Other municipalities	-	32,163	-	-	-	-	32,163
Penalties and interest on taxes	213,478	-	-	-	-	-	213,478
Investment income	166,265	-	-	1,714	-	-	167,979
Donations	5,000	-	-	-	46,089	-	51,089
Sale of assets and other	13,054	-	-	26,491	-	-	39,545
Developer contributions earned	-	63,800	111,854	401,999	155,806	23,965	757,424
Total revenues	3,229,853	5,153,951	4,767,371	3,929,356	1,443,743	556,084	19,080,358
Expenses							
Salaries and benefits	973,179	1,126,679	1,187,063	144,012	1,312,263	236,075	4,979,271
Interest charges	-	-	-	158,220	-	-	158,220
Materials	462,582	456,172	1,499,656	1,081,366	532,673	67,479	4,099,928
Contracted services	157,133	3,091,251	55,173	1,136,380	133,126	44,495	4,617,558
Rents and financial	36,826	-	-	3,221	1,223	-	41,270
External transfers	9,112	186,323	-	-	-	-	195,435
Amortization	30,027	262,935	1,985,524	1,434,022	576,196	4,391	4,293,095
Loss (gain) on disposal of tangible capital assets	460	-	122,109	95,682	38,934	4,961	262,146
Total expenses	1,669,319	5,123,360	4,849,525	4,052,903	2,594,415	357,401	18,646,923
Net surplus/(deficit)	1,560,534	30,591	(82,154)	(123,547)	(1,150,672)	198,683	433,435

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2019

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues							
Property taxation	212,469	4,636,283	3,128,388	-	1,792,060	491,390	10,260,590
User charges	157,608	367,244	204,297	3,814,572	733,013	87,708	5,364,442
Government transfers - operating	1,743,314	-	-	-	25,297	-	1,768,611
Government transfers - capital	-	-	507,741	-	9,267	-	517,008
Other municipalities	-	173,903	-	-	-	-	173,903
Penalties and interest on taxes	286,909	-	-	-	-	-	286,909
Investment income	496,285	-	-	1,991	-	-	498,276
Donations	5,000	3,636	-	-	46,053	-	54,689
Donated tangible capital assets	-	-	-	91,042	-	-	91,042
Sale of assets and other	16,421	-	-	-	-	-	16,421
Developer contributions earned	-	-	1,084,751	475,562	82,033	-	1,642,346
Federal gas tax earned	-	-	1,147,217	-	-	-	1,147,217
Total revenues	2,918,006	5,181,066	6,072,394	4,383,167	2,687,723	579,098	21,821,454
Expenses							
Salaries and benefits	1,046,882	935,005	1,205,012	159,975	1,173,927	241,999	4,762,800
Interest charges	-	-	-	177,446	-	-	177,446
Materials	363,504	362,751	1,560,731	847,529	674,056	70,321	3,878,892
Contracted services	167,606	3,000,066	271,901	1,266,107	198,400	20,375	4,924,455
Rents and financial	35,724	-	51	4,504	4,210	-	44,489
External transfers	10,530	180,316	-	-	-	-	190,846
Amortization	29,411	229,599	1,931,582	1,364,026	522,813	261	4,077,692
Loss (gain) on disposal of tangible capital assets	-	25,623	25,342	-	13,745	-	64,710
Total expenses	1,653,657	4,733,360	4,994,619	3,819,587	2,587,151	332,956	18,121,330
Net surplus	1,264,349	447,706	1,077,775	563,580	100,572	246,142	3,700,124

CORPORATION OF THE TOWNSHIP OF ESSA
ESSA PUBLIC LIBRARY BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 2020

Draft January 11, 2022

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, 2020, the statements of operations and accumulated surplus, change in net financial assets/(net debt) 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, 2020, 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.

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.

Draft January 11, 2022

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.

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
January 19, 2022

Draft January 11, 2022

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CORPORATION OF THE TOWNSHIP OF ESSA

**ESSA PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2020**

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash	52,374	51,786
LIABILITIES		
Accounts payable	5,000	2,500
Due to Township of Essa (note 5)	28,061	43,223
TOTAL LIABILITIES	33,061	45,723
NET FINANCIAL ASSETS	19,313	6,063
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	573,186	586,759
Prepaid expenses	5,881	11,694
TOTAL NON-FINANCIAL ASSETS	579,067	598,453
ACCUMULATED SURPLUS (note 3)	598,380	604,516

Draft January 11, 2022

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, 2020

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
REVENUES			
Contribution from Township of Essa	786,137	737,922	708,101
Province of Ontario	25,297	25,297	25,297
Government of Canada	5,448	32,358	-
User fees, fundraising and donations	86,320	59,902	96,604
TOTAL REVENUES	903,202	855,479	830,002
EXPENSES			
Salaries and benefits	620,702	614,094	549,094
Utilities	26,200	25,473	27,806
Subscriptions and periodicals	1,740	1,552	1,844
Insurance and audit	7,625	6,997	6,066
Computer support and supplies	16,950	14,826	15,315
Facility costs	47,600	31,102	45,381
Office	50,650	43,164	42,435
Fundraising costs	2,000	1,130	2,255
Amortization	96,961	109,253	96,961
Other operating costs	23,235	13,700	22,027
Contract services	3,300	324	3,582
TOTAL EXPENSES	896,963	861,615	812,766
ANNUAL SURPLUS/(DEFICIT)	<u>6,239</u>	(6,136)	17,236
ACCUMULATED SURPLUS - beginning of year		604,516	587,280
ACCUMULATED SURPLUS - end of year		598,380	604,516

Draft January 11, 2022

The accompanying notes are an integral part of these financial statements

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CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(NET DEBT) For the Year Ended December 31, 2020

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
ANNUAL SURPLUS/(DEFICIT)	6,239	(6,136)	17,236
Amortization of tangible capital assets	96,961	109,253	96,961
Acquisition of tangible capital assets	(130,700)	(95,680)	(107,578)
Change in prepaid expenses	-	5,813	(6,130)
CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)	(27,500)	13,250	489
NET FINANCIAL ASSETS - beginning of year	6,063	6,063	5,574
NET FINANCIAL ASSETS/(NET DEBT) - end of year	(21,437)	19,313	6,063

Draft January 11, 2022

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, 2020**

	2020	2019
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	(6,136)	17,236
Items not involving cash		
Amortization of tangible capital assets	109,253	96,961
Change in non-cash assets and liabilities		
Accounts receivable	-	227
Prepaid expenses	5,813	(6,130)
Accounts payable	2,500	-
Due to Township of Essa	(15,162)	24,957
Net change in cash from operating activities	96,268	133,251
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(95,680)	(107,578)
NET CHANGE IN CASH	588	25,673
CASH - beginning of year	51,786	26,113
CASH - end of year	52,374	51,786

Draft January 11, 2022

The accompanying notes are an integral part of these financial statements

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CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2020

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 of tangible capital assets are based on estimates of useful life and residual values.

(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. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. 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.

Draft January 11, 2022

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2020

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 \$	2020 Totals \$	2019 Totals \$
COST				
Balance, beginning of year	347,276	729,638	1,076,914	980,663
Add: additions during the year	10,775	84,905	95,680	107,578
Less: disposals during the year	19,259	-	19,259	11,327
Balance, end of year	338,792	814,543	1,153,335	1,076,914
ACCUMULATED AMORTIZATION				
Balance, beginning of year	157,625	332,530	490,155	404,521
Add: additions during the year	28,021	81,232	109,253	96,961
Less: disposals during the year	19,259	-	19,259	11,327
Balance, end of year	166,387	413,762	580,149	490,155
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	172,405	400,781	573,186	586,759

Draft January 11, 2022

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2020

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2020	2019
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	573,186	586,759
Surplus	573,186	586,759
Reserve		
Future capital costs	25,194	17,757
	598,380	604,516

4. BUDGET FIGURES

The operating budget, approved by the Board, for 2020 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets/(Net Debt). 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. 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.

Details of the inter-entity expense transactions are as follows:

	2020	2019
	\$	\$
Allocated costs:		
Treasurer wages	4,400	4,400
Insurance	3,300	2,100
	7,700	6,500

In addition, the Township provides rental of buildings 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.

Draft January 11, 2022

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

6. UNCERTAINTY CAUSED BY COVID-19

In March 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Board's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Board's operations. The extent of the impact of this outbreak and related containment measures on the Board's operations cannot be reliably estimated at this time.

Draft January 11, 2022

**CORPORATION OF THE TOWNSHIP OF ESSA
ANGUS BUSINESS IMPROVEMENT AREA BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Draft January 11, 2022

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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**

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, 2020, 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, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.

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.

Draft January 11, 2022

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.

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
January 19, 2022

Draft January 11, 2022

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CORPORATION OF THE TOWNSHIP OF ESSA

**ANGUS BUSINESS IMPROVEMENT AREA BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2020**

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Due from Township of Essa (note 5)	825	19,201
NET FINANCIAL ASSETS	825	19,201
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	39,516	23,380
ACCUMULATED SURPLUS (note 3)	40,341	42,581

Draft January 11, 2022

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, 2020

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
REVENUES			
Taxation	25,000	30,399	28,124
EXPENSES			
Decorations	5,600	8,943	2,080
Landscaping	11,260	11,304	16,053
Amortization	-	4,391	261
Tax write offs	-	1,484	-
Professional fees	-	1,500	1,500
Memberships and other	980	56	2,413
Loss on disposal of tangible capital assets	-	4,961	-
TOTAL EXPENSES	17,840	32,639	22,307
ANNUAL SURPLUS/(DEFICIT)	<u>7,160</u>	(2,240)	5,817
ACCUMULATED SURPLUS - beginning of year		42,581	36,764
ACCUMULATED SURPLUS - end of year		40,341	42,581

Draft January 11, 2022

The accompanying notes are an integral part of these financial statements

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CORPORATION OF THE TOWNSHIP OF ESSA

**ANGUS BUSINESS IMPROVEMENT AREA BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2020**

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
ANNUAL SURPLUS/(DEFICIT)	7,160	(2,240)	5,817
Amortization of tangible capital assets	-	4,391	261
Acquisition of tangible capital assets	(7,160)	(25,488)	(23,641)
Loss on disposal of tangible capital assets	-	4,961	-
DECREASE IN NET FINANCIAL ASSETS	-	(18,376)	(17,563)
NET FINANCIAL ASSETS - beginning of year	19,201	19,201	36,764
NET FINANCIAL ASSETS - end of year	19,201	825	19,201

Draft January 11, 2022

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, 2020

	2020 \$	2019 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	(2,240)	5,817
Items not involving cash		
Amortization of tangible capital assets	4,391	261
Loss on disposal of tangible capital assets	4,961	-
Change in non-cash assets and liabilities		
Due from Township of Essa	18,376	17,563
Net change in cash from operating activities	25,488	23,641
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(25,488)	(23,641)
NET CHANGE IN CASH	-	-
CASH - beginning of year	-	-
CASH - end of year	-	-

Draft January 11, 2022

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, 2020

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. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. 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	20 years
Machinery and equipment	10 years

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

(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.

Draft January 11, 2022



CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(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.

2. TANGIBLE CAPITAL ASSETS

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

	Land Improvements \$	Machinery and equipment \$	Assets Under Construction \$	2020 Totals \$	2019 Totals \$
COST					
Balance, beginning of year	5,222	-	18,419	23,641	-
Add: additions during the year	-	-	25,488	25,488	23,641
Less: disposals during the year	5,222	-	-	5,222	-
Internal transfers	-	43,907	(43,907)	-	-
Balance, end of year	-	43,907	-	43,907	23,641
ACCUMULATED AMORTIZATION					
Balance, beginning of year	261	-	-	261	-
Add: additions during the year	-	4,391	-	4,391	261
Less: disposals during the year	261	-	-	261	-
Balance, end of year	-	4,391	-	4,391	261
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS					
	-	39,516	-	39,516	23,380

Draft January 11, 2022

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CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2020

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2020	2019
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	39,516	23,380
Surplus	39,516	23,380
Reserve Fund		
Operations	825	19,201
	<u>40,341</u>	<u>42,581</u>

4. 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.

Details of the inter-entity expense transactions are as follows:

	2020	2019
	\$	\$
Allocated costs:		
Professional fees	1,500	1,500
	<u>1,500</u>	<u>1,500</u>

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.

5. BUDGET FIGURES

The operating budget, approved by the Board, for 2020 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.

Draft January 11, 2022

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

6. UNCERTAINTY CAUSED BY COVID-19

In March 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Board's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Board's operations. The extent of the impact of this outbreak and related containment measures on the Board's operations cannot be reliably estimated at this time.

Draft January 11, 2022



TOWNSHIP OF ESSA STAFF REPORT

STAFF REPORT NO.: PD002-22

DATE: January 19th, 2022

TO: Committee of the Whole

FROM: Aimee Powell, B.URPI., MPA, MCIP, RPP
 Manager of Planning and Development

SUBJECT: Additional Delegation of Planning Decisions/ Schedule
 19 - Bill 13

RECOMMENDATION

That Staff Report PD022-02 be received and that Council delegate routine powers and duties to Staff for the approval of Site Plan Control, the Lifting of Holding Provisions and Part Lot Control and “red-line” revisions to Draft Plans of Subdivision/Condominium.

BACKGROUND

Bill 13, the proposed “Supporting People and Businesses Act, 2021 Act, 2021”, was introduced on October 7, 2021. Schedule 19 of the Bill proposes to make changes to the *Planning Act*, *Municipal Act, 2001* and *City of Toronto Act, 2006*. The proposed amendments would make changes to the *Planning Act* to expand the matters that the Council of a local municipality may delegate to help streamline planning decisions.

The *Planning Act* currently allows Council to delegate certain decisions to a Committee of Council, to staff, or the Committee of Adjustment, where applicable. Consents, Site Plan Control and Plans of Subdivision are examples of approvals that Council can delegate to Staff.

COMMENTS AND CONSIDERATIONS

The amendments to the *Planning Act* would provide a new discretionary authority to delegate planning decisions dealing with minor amendments to zoning by-laws, subject to criteria established through official plan policies. This authority could include delegating decisions for temporary use by-laws, the lifting of holding symbols, and other minor zoning by-law amendments. It would be up to each municipality to determine whether to exercise this proposed new authority and the types of minor zoning by-law amendments decisions to delegate.

decisions to be consistent with the Provincial Policy Statement and to conform or not conflict with provincial plans.

The proposed amendment is intended to streamline the planning process for routine applications, and shift some of the burden of making decisions under the *Planning Act* from elected officials to municipal staff and matter-specific committees. In addition, applicants may be able to avoid delays in Council meeting and reporting cycles, particularly in the summer months.

The ministry has been advised by senior municipal planning officials that most medium to large municipalities would likely implement at least some aspects of the proposed delegation authority.

In order to ensure the efficient management of the municipality and an ability to respond to issues in a timely manner, Council has the ability to delegate certain powers and duties to municipal officers, employees or agents, while maintaining accountability through this Policy.

Council, at their sole discretion, retains the right to hear any appeal made by a person or body of a delegated approval decision and to determine the process by which an appeal hearing shall proceed. Council may delegate the right to hear any appeal in a manner to be determined by Council. Township Staff shall prepare regular reports for Council providing detail on any delegated approvals granted.

The following *Planning Act* approvals may be under the purview of the Manager of Planning and Development, however still allow for Council to have the ability to prioritize applications for Council consideration as they deem appropriate:

- Site Plan;
- Lifting of Holding Provisions and Part Lot Control; and
- "red-line" revisions to Draft Plan of Subdivision/Condominium

Staff believe it is more appropriate for these *Planning Act* approvals that currently are going to Council for approval be delegated to the head of the municipal planning department because they hold the professional qualification to make a decision on these matters, implement already established community policies, they are technical in nature, and their impact is minor and/or localized. Default delegation would serve to advance efficiency in service delivery and would help municipalities achieve *Planning Act* timelines.

Although potential savings in terms of times and costs are difficult to estimate, the Ministry has been advised that where municipalities have delegated current authorities, service level timelines have improved and it is estimated that by avoiding a Council reporting cycle and utilizing the new delegations, some planning applications might obtain approval

one to four months faster. These time savings would increase efficiencies potentially accelerate development in the Township. The decision to delegate this authority may be made with regard for time-savings, implementation costs, frequency of use and the suitability of alternative decision-making bodies.

Compliance costs for municipalities who choose to implement the changes would include the time to update their processes, including delegation by-laws, and related applications, websites, guidance materials, etc., dealing with the lifting of holding provisions, temporary use by-laws and technical zoning by-law processes.

FINANCIAL IMPACT

None, as application fees will still be collected on the subject applications that are being recommended to be delegated to Staff for approval.



Reviewed by the Manager of Finance

SUMMARY/OPTIONS

Council may:

1. Take no further action.
2. Receive this Report for information and that Council delegate routine powers and duties to Staff for the approval of Site Plan Control, the Lifting of Holding Provisions and Part Lot Control and "red-line" revisions to Draft Plans of Subdivision/Condominium
3. Direct Staff in another manner Council deems appropriate

CONCLUSION

Option #2 is recommended.

Prepared by:



Silva Yousif MPlan, EIT, PMP
Sr Planner

Respectfully submitted by:



Aimee Powell BURPI, MPA, MCIP, RPP
Manager of Planning &
Development

Reviewed by:



Colleen Healey-Dowdall
CAO

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TOWNSHIP OF ESSA STAFF REPORT

STAFF REPORT NO.: FD001-22
DATE: January 19, 2022
TO: Committee of the Whole
FROM: D Burgin, Fire Chief
SUBJECT: Purchase of an RTV

RECOMMENDATION

That Staff Report FD001-22 be received; and

That Council authorize the Fire Chief to purchase a Kubota RTV X1100C from Earth Power Tractors and Equipment Inc. located in Stayner at the purchase price of \$ 37,152.78 tax included.

BACKGROUND

The Essa Fire Department has seen an increase in the number of emergency responses, rescue calls and fire calls that necessitate off road response capability. This has clearly demonstrated the need to have access and availability to an RTV within the Essa Fire Department for emergency operations, in a timely fashion.

This capital project will also require the purchase of a trailer, skid packages for firefighting and rescue operations, emergency lighting, radio and associated small equipment. All items are included within the approved total budgetary amount.

COMMENTS AND CONSIDERATIONS:

Many County Fire Departments have recognized the same need over the years and have purchased RTV units. The following Departments all have Kubota units and have experienced success with this type of RTV. Departments include Springwater Fire, Clearview Fire, New Tecumseth Fire and Adjala-Tosorontio Fire.

It should be noted that demand for these types of units is outstripping the stock availability and the representative from Earth Power Tractors and Equipment has indicated that they only have two available in roughly June of this year.

The following quotes have been reviewed:

- Earth Power – Kubota \$37,152.78 incl tax, free delivery, includes track system and winch.
- John Deere – Gator \$34,303.00 plus tax, does not include track system or winch which would be an extra cost (online quote)
- St. Onge Recreation – Mule No quote provided

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FINANCIAL IMPACT:

The purchase of a RTV has been included in the 2022 Fire Department capital budget with funding approval of \$ 70,000.00 to cover the RTV and all remaining components required to make it operational.

SUMMARY/OPTIONS

Council may:

1. Take no action
2. **Authorize the Fire Chief to purchase a Kubota RTV X1100C from Earth Power Tractors and Equipment Inc. at the cost of \$37,152.78 tax included.**
3. Request additional quotes

CONCLUSION

Option 2 is recommended by the Fire Chief.

Respectfully submitted:

Reviewed by:

Doug Burgin
 Doug Burgin
 Fire Chief

for Colleen Healey-Dowdall
 for Colleen Healey-Dowdall
 CAO



TOWNSHIP OF ESSA STAFF REPORT

STAFF REPORT NO.: TR001-22

DATE: January 19, 2022

TO: Committee of the Whole

FROM: Carol Traynor-Richter, Manager of Finance

SUBJECT: 2022 Business Improvement Area of Angus Budget

RECOMMENDATION

That Staff Report TR001-22 be received; and

That the 2022 Business Improvement Area of Angus Budget, as presented by the Business Improvement Area of Angus Board of Management, with an Operating budget levy of \$29,035 be approved; and

That a Business Improvement Area of Angus tax rating by-law be prepared for the consideration of Council.

BACKGROUND

The Manager of Finance received the attached BIA budget dated November 25, 2021, from the Angus BIA Committee. The Municipal Act S.O. 2001, Chapter 25, Section 204 states that a local municipality may designate an improvement area. Essa Township has designated the Business Improvement Area of Angus.

The Municipal Act S.O. 2001, Chapter 25, Section 205 indicates the following in regards to the approval of a budget for an improvement area:

Budget

205. (1) A board of management shall prepare a proposed budget for each fiscal year by the date and in the form required by the municipality and shall hold one or more meetings of the members of the improvement area for discussion of the proposed budget. 2002, c. 17, Sched. A, s. 40 (1).

Council to approve

(2) A board of management shall submit the budget to council by the date and in the form required by the municipality and the municipality may approve it in whole or in part but may not add expenditures to it. 2001, c. 25, s. 205 (2); 2002, c. 17, Sched. A, s. 40 (2).

Limitations

(3) A board of management shall not,

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- (a) spend any money unless it is included in the budget approved by the municipality or in a reserve fund established under section 417;
- (b) incur any indebtedness extending beyond the current year without the prior approval of the municipality; or
- (c) borrow money. 2001, c. 25, s. 205 (3).

Limitations on power

(4) Section 65 of the *Ontario Municipal Board Act* and section 401 of this Act apply to the municipality's approval under clause (3) (b) in the same manner as if it were incurring a debt of the municipality. 2001, c. 25, s. 205 (4).

FINANCIAL IMPACT

The Business Improvement Area of Angus Board of Management has presented a 2022 budget for a total of \$29,035. The budget form as required by the Township of Essa is attached.



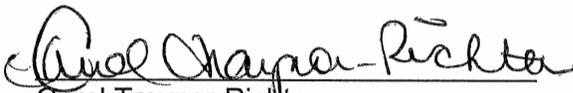
SUMMARY/OPTIONS

Council may:

- 1. Take no further action.
- 2. Approve the 2022 Business Improvement Area of Angus budget in whole for a levy of \$29,035.
- 3. Approve the 2022 Business Improvement Area of Angus budget in part for a levy of \$_____.
- 4. Provide further direction to Staff.

Respectfully submitted:

Reviewed by:



Carol Traynor-Richter
Manager of Finance



Colleen Healey-Dowdall
CAO

Attachment: [Business Improvement Area of Angus 2022 budget.]

Attachment: [Township of Essa budget form for the Business Improvement Area of Angus 2022 budget]

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Angus Business Improvement Area - Operating Budget 2022 - Board Approved Oct. 19, 2021

30-Oct-21	Budget 2020	Budget 2021	Budget 2022	
Description:				
Planters	\$ 8,160.00	\$ 8,625.00	\$ 9,348.00	
Planters Misc Materials (fertilizer)		\$ 100.00	\$ 100.00	
Labour to Look After, June - Oct.	\$ 3,100.00	\$ 3,100.00	\$ 3,100.00	
Flags & Banners - Spring:	\$ 2,800.00	\$ 1,550.00	\$ 1,498.00	
Repairs	Arms	\$ 540.00	\$ -	
Install		\$ 1,000.00	\$ 990.00	
New Pole Locations/Repairs:	Labour	\$ 900.00	\$ 2,022.00	
Flags & Banners - Fall:	\$ 2,800.00	\$ 2,700.00	\$ 1,498.00	
Install			\$ 990.00	
Trees	\$ -	\$ -	\$ -	
Planters	\$ -	\$ -	\$ -	
Garbage & ReCycle Containers	\$ -	\$ -	\$ -	
Labour (Township Staff)	\$ -	\$ -	\$ -	
Digital Welcome Sign - Promote BIA & Members & Essa				
Adverts:	\$ 2,160.00	\$ -	\$ -	
Hydro:	\$ -	\$ 3,960.00	\$ 3,120.00	
Grass Cutting:			\$ 500.00	
Miscellaneous Operating			\$ 1,309.00	
<u>Other Misc Expenses:</u>				
Annual General Meeting 2019	\$ 200.00	\$ 200.00	\$ 200.00	
Shop Angus Campaign				
Santa Claus Parade / Xmas Tree	\$ 350.00	\$ 350.00	\$ 350.00	
Special Events-Farmers Market	\$ -	\$ 500.00	\$ 500.00	
Ontario BIA Fees	\$ 230.00	\$ 230.00	\$ 230.00	
Adjustment Vacancies to Assessment Rebates	\$ -	\$ -	\$ -	
HST - add	\$ 200.00	\$ 280.00	\$ 280.00	
Audit (by Township of Essa Auditor)	\$ -	\$ -	\$ -	
Contribution to Capital Projects	\$ 5,000.00	\$ 3,000.00	\$ 3,000.00	
Total Expenses = Total BIA Levy	\$ 25,000.00	\$ 27,035.00	\$ 29,035.00	
Reserve/Surplus Balance:				
	Jan. 1, 2021	\$ 16,810.00	Jan. 1, 2022	\$ 19,810.00
		\$ 3,000.00		\$ 3,000.00
	Dec. 31, 2021	\$ 19,810.00	Dec. 31, 2022	\$ 22,810.00

APPROVED

NOV 18-2021
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[Signature]

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**Township of Essa
2022 Draft Budget
December 15, 2021**

BIA

	2021 Actual	2021 Budget	2022 Budget	Change	% Change
650-790 - BIA Expenses					
6089 - Miscellaneous	17,355	24,035	26,035	2,000	8.32%
6091 - Transfer to Reserve from Gener	0	3,000	3,000	0	0.00%
Total 650-790 - BIA Expenses	17,355	27,035	29,035	2,000	7.40%
650-794 - BIA Revenue Revenues					
4520 - BIA of Angus Tax Levy	27,110	27,035	29,035	2,000	7.40%
4521 - BIA of Angus Supplementary Tax	175	0	0	0	0.00%
4950 - Contribution from Reserves		0	0	0	0.00%
Total 650-794 - BIA Revenues	27,285	27,035	29,035	2,000	7.40%
Variance	(9,930)	0	0	0	100.00%

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TOWNSHIP OF ESSA STAFF REPORT

STAFF REPORT NO.: CAO054-21

DATE: December 1, 2021

TO: Committee of the Whole

FROM: Colleen Healey-Dowdall, Chief Administrative Officer

SUBJECT: Policy No. A01-2021 COVID-19 Vaccination Policy

RECOMMENDATION

That Staff Report CAO054-21 be received; and

That Council endorse Policy No. A01-2021 COVID-19 Vaccination Policy which would apply to staff, volunteers, Members of Council and all Council-appointed Committee Members. Volunteers being those persons appointed by Council or paid, and requiring to enter an Essa Township facility or building in order to carry out their municipal business. This would include volunteer Firefighters.

BACKGROUND

Council directed that a mandatory vaccination policy be put in place which would apply to staff, volunteers, Members of Council and all Council-appointed Committee Members.

At the last meeting of Council, Council requested clarification on which volunteers the policy would apply to. Upon review of a number of similar policies from other municipalities, it is suggested that the mandatory vaccination policy should apply to volunteers who are either appointed or paid, and requiring access to a municipal facility or building.

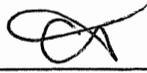
COMMENTS AND CONSIDERATIONS

The attached policy, in general, was provided to the municipality by the County of Simcoe and has already been approved by the Emergency Community Control Group (CCG) to apply to staff. Council has further expressed the request for the policy to apply to themselves and Council-appointed Committee Members, and for clarification on volunteers.

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FINANCIAL IMPACT

None

Manager of Finance Approval:  _____

SUMMARY/OPTIONS

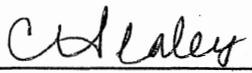
Council may:

- 1. Take no further action.
- 2. Amend Policy No. A01-2021 COVID-19 Vaccination Policy to apply to volunteers (defined for clarity), Members of Council and all appointed Committee Members.
- 3. Amend Policy No. A01-2021 COVID-19 Vaccination Policy as desired by Council.

CONCLUSION

Option #2 is recommended.

Respectfully submitted:



Colleen Healey-Dowdall
CAO

Attachments:
Policy No. A01-2021 COVID-19 Vaccination Policy

THE CORPORATION OF THE TOWNSHIP OF ESSA CORPORATE POLICY AND PROCEDURE MANUAL

Subject: COVID-19 Vaccination Policy

Approved by CCG: September 15, 2021

Policy Number: A01-2021

Department: Administration – All Departments

Effective Date: September 16, 2021

Date of Amendment: n/a December 1, 2021

Approval:

Application

This policy applies to all employees in all classifications of employment and at all locations of the Corporation plus volunteers, Council members and Council-appointed Committee members.

New employees will be subject to this policy as a condition of their employment with the Township of Essa.

Policy Statement

The Township of Essa is firmly committed to providing a safe working environment for our employees, and members of the public with whom we interact regularly. The Township recognizes the importance of full vaccination in providing a high level of protection against COVID-19 and the COVID-19 variants. Full COVID-19 vaccination is the best defence against the virus.

As part of the commitment in providing a safe workplace and to help reduce the risk of COVID-19 transmission, this mandatory vaccination verification policy is important in providing direction to employees on the requirement to receive the COVID-19 vaccination, proof of vaccination or a bona fide exemption and conditions for attending work without vaccination. This policy is in alignment with provincial directives and within the limits of the Human Rights Code(Ontario).

The Township reserves the right to amend the scope of this policy as needed, with minimal notice, to meet changing provincial or federal requirements.

Purpose

The purpose of the COVID-19 Vaccination Policy is to provide guidelines pertaining to the expectations and requirements of employees, contract employees, students, and volunteers with respect to COVID-19 and vaccination. For the purpose of this policy only, reference to "employees" shall also be read to include contract employees, students, and volunteers.

Definitions

COVID-19 - A virus belonging to a large family called coronavirus, which includes the virus that causes the common cold and more severe disease such as Severe Acute Respiratory

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Policy Title: COVID-19 Vaccination Policy
Department: Administration – All Departments

Policy Number: A01-2021
Approved by Council: September 15, 2021
Date of Revision: n/a December 1, 2021

Syndrome (SARs) and Middle East Respiratory Syndrome (MERS-COV). The virus that causes COVID- 19 is a novel coronavirus, named SARS-CoV-2.

Fully Vaccinated - Having received the full series of a COVID-19 vaccine or combination of COVID-19 vaccines approved by the World Health Organization; and having received the final dose of the COVID-19 vaccine at least 14 days ago.

Rapid Antigen Testing - Antigen-based tests detect specific proteins on the surface of the virus. They are often referred to as rapid tests and typically provide results in less than an hour.

For purposes of this policy, the term “employee” is interchangeable with “volunteer”, “Council member” and/or “Committee member”. Furthermore, “volunteer” shall refer to anyone appointed by Council or paid, and requiring to enter an Essa Township facility or building in order to carry out their municipal business.

Guidelines

All Township employees are required to receive full COVID-19 vaccination, to access Township facilities for the purpose of conducting work. Employees who are unvaccinated must provide proof of a negative rapid antigen test before accessing Township facilities at the beginning of each week during a pay period, or as otherwise directed by the Fire Chief in the case of firefighters.

Vaccination Requirement

All Township employees who do not provide a valid medical or human rights exemption, are required to be fully vaccinated with a COVID-19 vaccine series by November 1, 2021. For a two dose vaccine series, employees must receive one dose of vaccine by October 1, 2021 and two doses of vaccine by November 1, 2021.

Proof of Vaccination

The Township requires proof of vaccination from all employees, which will include documentation verifying receipt of a vaccination series approved by the Ministry of Health/ Public Health.

COVID-19 Vaccination Exemptions

Vaccination exemptions will be made for grounds protected by the Ontario Human Rights Code and confirmed medical reasons. Written documentation is required for both circumstances and will be submitted to supervisors for approval. The CAO will assist with accommodation questions, concerns, and requests.

Employees with medical exemptions are required to provide written documentation, from either a physician or nurse practitioner, that the individual cannot be vaccinated against COVID-19, and the effective time period for the medical reason (i.e., permanent or time limited).

Policy Title: COVID-19 Vaccination Policy
Department: Administration – All Departments

Policy Number: A01-2021
Approved by Council: September 15, 2021
Date of Revision: n/a December 1, 2021

Employees who disclose that they have not received two doses of -vaccine (or a single dose in the case of a single dose vaccine series), or who have not disclosed their vaccination status as required, shall attend mandatory education on the benefits of vaccination.

Employees must disclose their vaccination status to their supervisor in accordance with the established process by no later than October 1, 2021.

COVID-19 Rapid Antigen Testing

All unvaccinated employees who wish to access a Township facility will be required to undertake regular rapid antigen testing at their own cost, at the beginning of each week during a pay period, or as otherwise directed by the Fire Chief in the case of firefighters.

Any isolation periods required as a result of a positive test will be considered on a case-by-case basis.

Mandatory COVID-19 Vaccination Education

Employees who are unvaccinated for reasons not related to medical exemptions or for grounds protected by the Ontario Human Rights Code, will be required to attend mandatory education on the benefits of the COVID-19 vaccination and the risks of not being vaccinated in the workplace. These employees will need to provide proof they have completed the educational program to their supervisor/manager.

Support for Vaccinations

The Township of Essa will work to support employees in obtaining their COVID-19 vaccination. If operationally-feasible and with the permission of their immediate supervisor, Township employees can be released on work time to be vaccinated while on-duty, either in the work location or at a designated vaccination site, without loss of compensation.

Confidentiality

The Township will maintain vaccination disclosure information in accordance with privacy legislation. This information will only be used to the extent necessary for implementation of this policy, for administering health and safety protocols, and infection and prevention control measures in the workplace.

Responsibilities

All levels of management are responsible for the administration of this Policy.

Supervisor/ Management Duties

- Lead by example;
- Ensure employees complete any required education or training about COVID-19, including safety protocols.

Employee Duties

- Follow all health and safety policies and protocols;

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Policy Title: COVID-19 Vaccination Policy
Department: Administration – All Departments

Policy Number: A01-2021
Approved by Council: September 15, 2021
Date of Revision: ~~n/a~~ December 1, 2021

- Complete any required education or training about COVID-19, including safety protocols;
- Wear appropriate PPE when required;
- Complete screening before entering a Township facility.

Compliance

In accordance with Township of Essa policies and applicable legislation, and provincial directives, any continued non-compliance with the COVID-19 Vaccination Policy will result in a meeting with the employee. Non-compliance is subject to possible discipline up to and including termination.

Resources

Ontario Human Rights Code - <http://www.ohrc.on.ca/en/guide-your-rights-and-responsibilities-under-human-rights-code/part-i-%E2%80%93-freedom-discrimination>

Ontario Health - <https://covid19.ontariohealth.ca/>



TOWNSHIP OF ESSA STAFF REPORT

STAFF REPORT NO.: CAO02-22
DATE: January 19, 2022
TO: Committee of the Whole
FROM: Colleen Healey-Dowdall, Chief Administrative Officer
SUBJECT: Briarwood Subdivision (Part Lot 31, Con 4)
Centre St, Angus

RECOMMENDATION

That Staff Report CAO02-22 be received; and

That Council consider directing staff to issue final approval to Briarwood (Angus) Ltd once the last clearance from the NVCA is received, as it is understood to be forthcoming, and further,

That Council adopt a by-law to allow the Mayor and Clerk to enter into a subdivision agreement to be registered on title to govern the development of a 156-lot residential plan of subdivision.

BACKGROUND

The Briarwood subdivision is located at the northwest corner of Centre Street and the 5th Line, in the settlement of Angus. The vacant lands contain a mixture of vegetation and two creeks (Bear and Truax). The surrounding lands contain single-detached homes on larger lots and additional vacant land to the west. A recent townhouse project has been constructed across the street to the southeast.

The draft plan contains 156 single-family, detached residential lots on 8.54 hectares; a park block; a stormwater management pond; and open space blocks (draft plan attached). The appropriate zoning is in place (R1-28 applicable to residential lots) and all streets and land dedications will occur with the registration of the subdivision agreement.

The subdivision has been appropriately designed and works, to-date, constructed in accordance with the Township's Engineering Design Standards. All homes will be connected to municipal services.

COMMENTS AND CONSIDERATIONS

The Township currently holds approximately \$4.5 million in securities as the developer has constructed preliminary works under a pre-servicing agreement. There is \$4,098,695 worth of works remaining to be constructed. The Township's Engineering Consultant firm AECOM has approved the engineering drawings and recommends acceptance.

Specific to this plan, for Council's information:

- Streetlights will be LED
- Road names: Wakefield, Baycroft, Turley and Hilliard
- The developer has worked around several butternut trees which will be preserved in the park block
- There are several geotechnical requirements which will be adhered to
- There will be a rear yard easement along the rear of lots 1 – 18 which all border existing lands/homes to the east to provide for drainage flow north to Bear Creek
- Similar to other new plans in Angus, the engineering design will incorporate a third pipe to allow for appropriate drainage to storm sewers
- The developer is contributing to a future pedestrian crossing on Centre Street
- The developer has worked with neighbours to help clean debris on open space land to be transferred to the municipality (block 160)
- The developer will retain ownership of a block with "access" on the 5th Line although impeded by the Bear Creek
- Children are able to be accommodated within existing schools according to school boards

All review bodies have issued their approval with the last to come from the NVCA. The NVCA issues approval on review of an executed subdivision agreement.

Provincial policy directs that municipalities provide healthy, liveable and safe communities, a clean environment and a strong economy. To achieve this, the PPS (2020) provides direction for focusing development in existing settlement areas. Planning decisions must be consistent with the policies of the PPS.

The current growth plan in place is, A Place to Grow. This high-level provincial document contains guidance to promote complete communities and to prioritize intensification. The majority of growth should be directed where there is municipal water and wastewater facilities and existing or planned public services.

While first approved in the nineties, the Briarwood plan will promote efficient development, provide for park and open space lands, avoid land use patterns that may cause environmental harm and will ensure good connectivity. As such, it is now appropriate that Council may issue final approval of this plan, with all draft plan conditions addressed (NVCA clearance forthcoming). Staff puts forward that the plan represents good planning and conforms to the PPS and the growth plan, and official plans in play in the municipality and County.

FINANCIAL IMPACT

No direct impact.

Manager of Finance Approval: _____



SUMMARY/OPTIONS

Council may:

1. Take no further action and risk appeal.
2. Issue final approval (once the NVCA has submitted clearance) and adopt a by-law to allow the Mayor and Clerk to enter into a subdivision agreement to be registered on title to govern the development of the 156-lot residential plan of subdivision.

CONCLUSION

Option #2 is recommended.

Respectfully submitted:



Colleen Healey-Dowdall
CAO

Attachments:
Draft Plan



TOWNSHIP OF ESSA STAFF REPORT

STAFF REPORT NO.: CAO03-22

DATE: January 19, 2022

TO: Committee of the Whole

FROM: Colleen Healey-Dowdall, Chief Administrative Officer

SUBJECT: OMERS Pension Investments

RECOMMENDATION

That Staff Report CAO03-22 be received for information purposes.

BACKGROUND

Council requested further information on the call by a union for an independent third-party review on the OMERS pension fund (in 2021, with a proposed resolution on the Consent Agenda Nov 17th).

Ontario Municipal Employees' Retirement System (OMERS) represents 500,000 members (generally employees) and 1000 employers and has \$114 billion in assets. Both plan members and employers make contributions to a pool of investments that provides members with income in their retirement.

OMERS is a defined benefit plan and offers a predictable, steady monthly income on retirement. Staff and Council all contribute a set amount from each pay cheque. The Township (as the employer) matches each dollar.

OMERS employs knowledgeable and expert staff to manage funds. OMERS' funds are invested under the oversight of sponsors and administrators. OMERS has excellent ratings from third party credit rating agencies (despite the results from 2020 which caused the current alarm).

Note that in preparing this report, this CAO accessed the OMERS website as well as that of benefits review organizations and spoke to an independent former financial advisor versed on the matter, to collect the perspective of varying experts/agencies.

COMMENTS AND CONSIDERATIONS

Many pension funds took a dip in 2020 following the onset of COVID but regained strength in 2021. All investment portfolios cycle through periods of surplus and deficit when assets

are worth more or less than pension obligations. The slide in 2020 caused a union to "panic" and launch a public campaign for an independent third-party review.

All pension plans are subject to volatility in the market and OMERS files a detailed actuarial valuation every 3 years with a Regulator. Their board contains representation from both employers and unions. Their own sponsors decide on rates with reserves and inflation in mind.

OMERS wasn't the only poor performer in 2020. Since the outcry, OMERS has held meetings and discussions with those concerned. The position of the varying parties remains as different but, in any case, the experience has put even greater scrutiny on OMERS. While an independent third-party review does not seem warranted, the additional scrutiny can't hurt.

FINANCIAL IMPACT

None direct from this report.

Manager of Finance Approval: _____



SUMMARY/OPTIONS

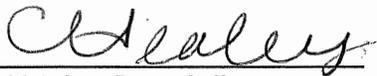
Council may:

1. Receive this report for information.
2. Direct staff to conduct further research for Council or collect further specific information.
3. Adopt the November 17th, 2021, resolution presented on the Consent Agenda.

CONCLUSION

Option #1 is recommended.

Respectfully submitted:



Colleen Healey-Dowdall
CAO

Attachments:

Item A9 from November 17th, 2021, Consent Agenda

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Markham, ON L3T 0B2
Phone: 905-739-9739 • Fax: 905-739-9740
Web: cupe.on.ca E-mail: info@cupe.on.ca

TOWNSHIP OF ESSA
OCT 29 2021
RECEIVED

Dear Township of Essa Council:

On behalf of CUPE Ontario's nearly 125,000 active members of the Ontario Municipal Employees Retirement System (OMERS), I am writing today to express our serious concerns with OMERS' investment performance.

In 2020, OMERS posted a net loss 2.7%, representing three billion dollars in losses. This was during a year that comparable defined benefit pension plans and funds in Canada posted substantial investment gains. CUPE Ontario investigated further and tracked investment returns at OMERS for ten years. We found that OMERS has underperformed relative to other large pension plans and funds, as well as relative to its own benchmarks. We also found that OMERS no longer shares this critical information in their annual reporting, making it difficult for plan members to hold their investment managers accountable.

Attached you will find a report detailing OMERS investment underperformance. Also attached, you will find the analysis of a third-party actuary (PBI Actuarial consultants) who confirmed that our reasoning and conclusions were sound.

CUPE Ontario believes plan members and employers have the right to know why OMERS' investments have, over a ten-year period, underperformed other large defined benefit pension plans and funds. If OMERS had performed in line with the average large Canadian public pension plan, it would have a substantial, multi-billion-dollar surplus, versus the deficit it currently faces.

Considering the significant impact such underperformance could have on plan members and on all sponsors who hold the liabilities of the plan, **we are calling on OMERS to cooperate fully with an independent and transparent third-party review of its investment performance** transparent and accountable to plan members, sponsors like CUPE Ontario, other unions, and employers like the Township of Essa.

We are hoping that the Township of Essa Council will join our call for an independent expert review of OMERS. **We are asking you, and other municipal councils across the province, to debate the following motion or to pass a similar motion calling for a third-party expert review of OMERS.** The terms of such a review would need to be agreed upon by sponsors and they could explore whether reasonable costs could be funded from the plan.

Fred Hahn
President

PUBLIC SERVICES SAVE LIVES
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Candace Rennick
Secretary-Treasurer

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We simply cannot afford another decade of investment returns so far below other pension plans and funds. We know that ensuring strong investment returns is a goal shared by employers like the Township of Essa and by unions like CUPE.

CUPE Ontario staff person Liam Bedard is available to answer any questions you may have. He can be reached at lbedard@cupe.on.ca.

All materials are available in French at cupe.on.ca/francaisomers.

It's time for all of us to work together to #FixOMERS.

Thank you,



Fred Hahn
President of CUPE Ontario

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Proposed Motion – Independent Review of OMERS’ Investment Performance

1. The Township of Essa Council is calling for an immediate, comprehensive and independent third-party expert review of OMERS’ investment performance and practices over the past ten years, conducted by the OMERS Pension Plan’s sponsors and stakeholders.

2. Such a review would, at a minimum:
 - a. Compare OMERS plan-level, and asset class-level performance to other comparable defined benefit pension plans and funds, OMERS internal benchmarks, and market-based benchmarks.
 - b. Examine OMERS decision-making processes around the timing of various investment decisions.
 - c. Assess the risk management policies and protocols that were in place and determine if they were followed and/or if they were sufficient to protect the plan from undue risk.
 - d. Assess whether the disclosures provided to the OMERS Administrative and Sponsorship Boards were sufficient evidence to allow the Boards to respond appropriately and in a timely manner.
 - e. Examine executive compensation, investment fees and investment costs at OMERS in comparison to other major defined benefit pension plans and funds.
 - f. Examine other relevant issues identified by the third-party expert review.
 - g. Make recommendations for changes at OMERS to ensure stronger returns moving forward.
 - h. Issue their final report and recommendations in a timely manner.
 - i. Publicly release its full report and recommendations to ensure that it is available to OMERS sponsors, stakeholders, and plan members.

3. The Township of Essa Council further calls on the OMERS Administrative Corporation to:
 - a. Provide all requested data, documentation and information required of the review panel to fulfill its mandate.
 - b. Establish a step-by-step plan, with OMERS sponsors and stakeholders, to implement any recommendations set out in the review report.

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PBI



PBI Actuarial Consultants Ltd.
Suite 1070, One Bentall Centre, 505 Burrard Street, Box 42, Vancouver, BC V7X 1M5
pbi@pbiactuarial.ca T. 604-687-8056 F. 604-687-8074

April 27, 2021

To: Fred Hahn, President CUPE Ontario
CUPE Ontario

From: Bradley Hough

Subject: **OMERS Performance Review**

Scope of review

CUPE has asked PBI to review "CUPE Ontario Concerns With OMERS Investment Returns". PBI has reviewed the performance data, methods, and comparisons of OMERS with peer pension plans and funds in CUPE's report.

The intention of our review is to determine:

- a) if comparisons made between the pension plans and funds and their respective benchmarks are reasonable; and
- b) if the analysis completed by CUPE supports the conclusions of their report.

We have reviewed the performance comparisons in CUPE's report by reviewing public information provided by the plans and funds referenced. Statements of investment policies and procedures, actuarial valuation reports, annual reports and other governance documents were reviewed to add as much context around plan performance as possible with the public information available.

Summary

We conclude that the comparisons made by CUPE are reasonable and show that there is a significant gap in performance between OMERS and other comparable public pension plans and funds. In our opinion, public information is unable to fully explain the performance gap. More information is required to truly understand why performance is so different between OMERS and comparable public pension plans and funds.

In our opinion, the comparisons and analysis in the report support CUPE's request for further review of performance.

Review

Is the choice of peer universe reasonable?

CUPE has chosen a universe of large public sector defined benefit plans ("plans"), or public sector investment managers managing assets ("funds") including, but not exclusively, defined benefit pension plans. Scale gives public plans and funds a different opportunity set versus smaller private sector plans as a result of the size of assets and also investment opportunities. We therefore believe that CUPE's approach of focusing on a limited universe of public sector peers rather than a broader pension plan universe is reasonable and fair.

Of the universe supplied, HOOPP, OTHPP, BCMPP and LAPP are easier to directly compare given they are pension plans rather than funds; however, the public sector investment managers referenced by CUPE are still useful

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points of reference when looking at comparable performance. Performance of funds such as PSP, CDPQ, BCI and AIMCO suggests that client defined benefit plans are likely to have higher absolute returns than OMERS for 2020.

LAPP and AIMCO have not published full performance information for 2020.

Would conclusions change if the universe of plans was expanded?

Defined benefit plans have different benefits, contributions, funding policies, and member demographics. Making comparisons across universes of defined benefit plans requires caution and it is difficult to draw firm conclusions. However, it is worth noting that OMERS performance is significantly below not only public peers, but wider universes of defined benefit plans.

RBC's universe of pension plans shows a median return of 9.2% for 2020¹. PBI has access to the Northern Trust universe of Canadian defined benefit pension plans² and note that the median return is similar to RBC (full year 2020 median return is 9.9%). The lowest return in the Northern Trust Universe is 5% for 2020. We are not aware of an absolute return for PBI clients below 5%.

Could 'context' such as different asset mixes driven by Plan demographics or situation explain OMERS performance?

a. Asset Mix

We compared asset mixes with HOOPP, BCMPP and OTPP. HOOPP has a liability driven investment strategy and has a higher fixed income allocation. BCMPP and OTPP are return focused like OMERS. OMERS has a higher proportion in real assets and credit than these plans and lower fixed income assets. OTPP has a specific inflation management strategy. However, at a high level, asset allocations between OMERS, BCMPP and OTPP make use of similar asset classes and are comparable.

Asset Class	OMERS	BCMPP	OTPP	HOOPP
Public Equity	31%	33%	19%	23%
Fixed Income	6%	21%	16%	86%
Private Equity	14%	10%	19%	13%
Real Assets	34%	27%	21%	15%
Credit/Mortgages	17%	6%	8%	0%
Inflation Sensitive	0%	0%	17%	0%
Innovation	0%	0%	2%	0%
Absolute Return Strategies	0%	0%	6%	0%
Money Market	-2%	2%	-8%	-37%

Source: annual reports as of December 31, 2020, except for BCMPP, which is as of December 31, 2019.

¹ The RBC pension plan universe is published by RBC Investor and Treasury Services. "All Plan Universe" currently tracks the performance and asset allocation of a cross-section of assets under management across Canadian defined benefit pension plans.

² The Northern Trust universe of defined benefit plans is provided to PBI by Northern Trust. It consists of 34 defined benefit plans ranging from \$16.4M to \$8.7B in size. Average plan assets are \$1.9B, median plan assets are \$627M as of December 31, 2020.

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As the differences in performance are so large between OMERS and two plans with comparable asset mixes (albeit with some differences), more information on specific strategies within each asset class, such as style of equity manager, exposure to office, retail, and industrial real estate within real assets, use of leverage/overlay strategies and derivatives, currency hedging, and approach to liquidity management would be required to explain differences in performance.

We note that on page 43 of the OMERS 2020 Annual Report, losses were incurred on foreign currency hedging positions due to actions taken to protect liquidity. This contributed \$2.2B to the overall loss. Again, this indicates that a review, significantly beyond simple asset mix comparisons, is required to truly understand performance differentials.

Finally, understanding the role of the 'Total Portfolio Management' approach in determining asset allocations and strategies would be helpful to putting context around the asset mix choices and investment strategies.

b. Membership Demographics

We note that BCMPP and HOOPP have broadly similar membership demographics to OMERS. OTPP is more mature with a greater proportion of retirees. PBI does not believe plan demographics are different enough to render comparisons between the plans invalid.

Comments on CUPE's five principal findings:

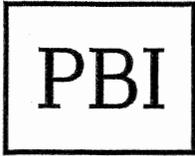
- 1) **OMERS 10-year annualized performance was below peer group as of December 31, 2019.** PBI believes the comparisons made are reasonable and agree with the conclusion.
- 2) **OMERS performance in 2020 was significantly below peers.** PBI agrees with this conclusion and notes that expanding the peer group adds weight to this conclusion.
- 3) **OMERS does not report comparisons of its annualized long-term returns to its own benchmarks**
Page 143 of the 2020 report has a comparison of calendar year returns vs benchmarks to 2011. We could not find a comparison of annualized long term performance vs benchmarks for OMERS.

We understand benchmarks are set annually by OMERS and approved by the Administration Corporation Board. From the information made public by OMERS, we would need more detail on the methodology used to derive the absolute return benchmark to interpret performance.

4) **5 to 10-year returns versus 5 to 10-year benchmarks.**

PBI verified the calendar year returns shown by CUPE. We were unable independently to verify the 5 and 10-year performance versus the benchmark as this was provided verbally to CUPE by OMERS and is not published. The peer group of public plans and funds all take different approaches to benchmarking. Some use composites of public market indices/asset class benchmarks according to their target allocations. PSP uses a reference portfolio approach and HOOPP may use a liability focused benchmark. We note that comparisons of relative performance vs stated benchmarks across peer group plans are challenging because of the differences in methodology.

However, in our opinion the analysis is sufficient to show that OMERS is the only Plan underperforming their internal benchmark over a 10-year horizon. Understanding why requires a deeper understanding



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of performance and benchmarking methodology beyond the information made public. In our opinion this adds weight to CUPE's request for a review of performance.

- 5) **OMERS 20-year return is not above its 20-year benchmark.** We were unable to independently verify this point as the performance versus the benchmark was provided verbally to CUPE by OMERS and is not publicly available.

Conclusions

The comparisons made by CUPE are high level and broad by the nature of information made public. However, we believe the comparisons are reasonable and that CUPE has chosen similar public plans and funds as practically possible. Overall, we believe the analysis is sufficient to conclude that OMERS investment performance in 2020 and longer term is significantly lower than other comparable plans.

PBI would require considerably more information than made public on OMERS' total portfolio management approach, investment strategies, third party managers, asset mix policies, liquidity management approach and derivative positions to interpret performance.

In our opinion, the comparisons made demonstrate that the longer-term performance gap between comparable peers is significant and supports CUPE's request for a further, more detailed review of performance beyond the information made public.

Bradley Hough, FIA, ACIA, CAIA

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NOT JUST ONE "TOUGH YEAR": THE NEED FOR A REVIEW OF OMERS INVESTMENT PERFORMANCE

May 2021



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Executive Summary

CUPE Ontario represents nearly half of the 289,000 active members of the Ontario Municipal Employees Retirement System (OMERS) – the province's Defined Benefit (DB) pension plan for municipal, school board and certain other public sector workers.

While most pension plans had strong returns in 2020, OMERS recently reported billions of dollars of losses over the year. This has prompted CUPE Ontario to examine how OMERS investments have performed compared to other large pension plans and funds. We have also looked at how OMERS has performed against its own internal benchmarks.

We find that OMERS underperformance is not a new or a short-term problem. Specifically, we find that:

- 1) OMERS longer-term performance has significantly lagged behind other large pension funds and plans, in periods both before and after 2020 results were in.
- 2) OMERS has now fallen behind even some of its own internal longer-term return benchmarks – a troubling fact that, contrary to industry standards, is not disclosed in OMERS Annual Report.

Since investment returns fund the vast majority of pensions paid from the plan, returns are incredibly important to DB plan members. Lower investment returns may lead to members being asked to pay more into the plan, or could result in additional pressure for more benefit cuts.

Despite requests, OMERS has not committed to an independent, transparent review of its investment decisions.

CUPE Ontario feels these issues are so serious that a fully transparent expert review of OMERS investment strategies, returns, and internal performance assessment is urgently needed. This review should be conducted by the plan sponsors and stakeholders themselves (the risk-bearing parties to OMERS) and should be fully independent of OMERS staff, who have a clear conflict of interest in conducting a review of their own performance. We invite the other sponsors of OMERS, including our employer counterparts and the broader community of the plan's organizational stakeholders, to support this proposal and to work with us to conduct this review.



Introduction

CUPE Ontario represents 125,000 plan members of the Ontario Municipal Employees Retirement System (OMERS). We are the largest sponsor in this defined benefit (DB) pension plan that is – at least in theory – jointly-controlled by plan sponsors like CUPE Ontario and other unions and employers.



**WE CONTINUE
TO STRONGLY
BELIEVE THAT
DB PLANS ARE
A MODEL WORTH
NOT ONLY
DEFENDING,
BUT EXTENDING
TO ALL WORKERS.**

CUPE Ontario strongly believes that DB pension plans are the best way to provide a decent and secure retirement for our hard-working members. Large public sector DB plans like OMERS allow for an efficient pooling and sharing of costs and risks between employers and plan members. DB plans allow members to know what their pensions will be in retirement. This security is incredibly important for plan members. However, it is not only retirees who benefit from good, secure pension benefits. DB pension plans have been shown to have positive macroeconomic effects on the economy as a whole.¹ The concerns we raise in this report are not concerns with the DB model itself; we continue to strongly believe that DB plans are a model worth not only defending, but extending to all workers.

For a number of years, we have been concerned with the lower level of OMERS pension fund investment returns in comparison to those of other similar plans. OMERS recently reported that the plan had a very bad year in 2020. This has led CUPE Ontario to perform a more in-depth examination of publicly-available annual reporting documents to determine how, in our view, OMERS is performing compared to the seven other large (\$50 billion+) pension plans and funds in Canada.² OMERS themselves refer to this club of large plans and funds as the “eight leading Canadian pension plan investment managers,” and occasionally takes coordinated activity with them.³

¹ Conference Board of Canada, “Economic Impact of British Columbia’s Public Sector Pension Plans,” October 2013; Boston Consulting Group, “Measuring Impact of Canadian Pension Funds,” October 2015; Ontario Teachers Pension Plan News Release, “New analysis confirms that defined benefit pensions provide significant benefits to Canadian economy,” October 22, 2013.

² Unless otherwise specified, the data in this document has been compiled from publicly-available annual reporting of the respective plans. With the exception of CDPQ, returns are as reported in these documents, and are net. CDPQ results were reported gross of some expenses, and have been reduced by 0.2% to best approximate a net return. Longer-term periods are annualized, and are as reported by the respective plans.

³ OMERS News Release, “CEOs of Eight Leading Canadian Pension Plan Investment Managers Call on Companies and Investors to Help Drive Sustainable and Inclusive Economic Growth,” November 25, 2020.



**AS BAD AS
OMERS
PERFORMANCE
WAS IN 2020,
THIS IS NOT A
NEW OR A SHORT-
TERM PROBLEM**

Due to their scale, these large pension plans and funds are able to invest in asset classes that are typically not available to smaller investors or individuals. At the same time, we acknowledge that these eight plans are not completely similar: they have their own governance structures, asset mixes, risk appetites, and reporting periods, all of which are described in the public documents of the respective plans. However, we also acknowledge that many of these differences are the result of specific investment decisions made by the respective plans and funds. We therefore believe that there is value in comparing the performance of this small set of large funds, particularly over longer-term periods.

Acronym	Name	Assets Under Management (\$ Billion)	Funded Status in Most Recent Annual Report	Most Recent Annual Reporting Date
CPPIB	Canada Pension Plan Investment Board	410	N/A	March 31, 2020
CDPQ	Caisse de dépôt et placement du Québec	366	108% (RREGOP)	Dec 31, 2020
OTPP	Ontario Teachers Pension Plan	221	103%	Dec 31, 2020
PSP	Public Sector Pension Investment Board	170	111% (Public Service Plan)	March 31, 2020
OMERS	Ontario Municipal Employees Retirement System	105	97%	Dec 31, 2020
HOOPP	Healthcare of Ontario Pension Plan	104	119%	Dec 31, 2020
BC MPP	BC Municipal Pension Plan (investments managed by BCI, the BC Investment Management Corporation)	59 (MPP) 171 (BCI)	105%	Dec 31, 2019 (MPP) March 31, 2020 (BCI)
LAPP	Alberta Local Authorities Pension Plan (investments managed by Alberta Investment Management Corporation)	50 (LAPP) 119 (AIMCO)	119%	Dec 31, 2019

In some cases, the pension funds above manage the investments of several pension plans (CDPQ, PSP, BCI, AIMCO are all such cases). In those cases, we look most closely at the returns at an individual plan level for the respective client plan that most closely compares to OMERS.

We have also looked at how OMERS has performed against its own internal benchmarks.

This review has resulted in some very troubling findings which suggest that, as bad as OMERS performance was in 2020, this is not a new or a short-term problem. We found evidence that OMERS longer-term return performance has significantly lagged behind



HIGHER INVESTMENT RETURNS WOULD HAVE BEEN BETTER FOR OMERS PLAN MEMBERS, AND FOR OMERS EMPLOYERS.

other large pension funds and plans. We also found that OMERS has now fallen behind even some of its own internal longer-term return benchmarks – a troubling fact that, contrary to industry standards, is not disclosed in OMERS Annual Report.

Investment results are incredibly important to DB plan members because compounded returns typically fund the vast majority of the pensions that are eventually paid. OMERS indicates that investment returns are expected to fund approximately 70% of the pensions paid by the plan.⁴ When investment returns are insufficient, it can put upward pressure on required contribution rates for both members and employers. Most other plans have now returned to pension surpluses since the global financial crisis more than a decade ago, but OMERS continues its long climb out of deficit. Contribution levels were a central talking point from OMERS when plan decision-makers removed guaranteed indexation in 2020. And we expect that, in the months to come, OMERS will once again be looking to plan members to bear the burden of plan funding issues that are, in part, a result of these investment returns. Meanwhile other pension plans, who have had better returns, are currently holding significant surpluses, many have lower contribution rates and some are even improving pension benefits.⁵ Higher investment returns would have been better for OMERS plan members, and for OMERS employers.

Despite requests⁶, OMERS has not committed to an independent, transparent review of its investment decisions. Any reviews that have taken place have been behind closed doors at OMERS and have not been shared with sponsors or described in any detail. While OMERS has outlined several investment policy changes it plans to make, its overriding message remains: "the fundamentals of our long-term strategy remain sound, and we will continue to advance that strategy."⁷



A FULLY TRANSPARENT EXPERT REVIEW OF OMERS INVESTMENT STRATEGIES, RETURNS, AND INTERNAL PERFORMANCE ASSESSMENT IS URGENTLY NEEDED.

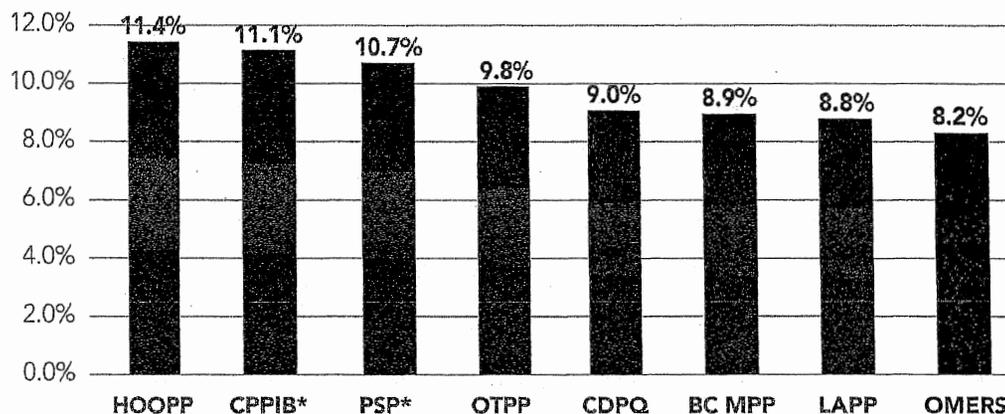
CUPE Ontario feels these issues are so serious that a fully transparent expert review of OMERS investment strategies, returns, and internal performance assessment is urgently needed. This review should be conducted by the plan sponsors and stakeholders themselves (the risk-bearing parties to OMERS) and should be fully independent of OMERS staff, who have a clear conflict of interest in conducting a review of their own performance. We invite the other sponsors of OMERS, including our employer counterparts and the broader community of the plan's organizational stakeholders, to support this proposal and to work with us to conduct this review.

⁴ OMERS 2020 Annual Report, p. 2.
⁵ HOOPP News Release, "HOOPP posts 11.42% return in 2020, surpasses \$100 billion in assets," March 31, 2021.
⁶ CUPE Ontario Press Release, "We won't pay for the mistakes of OMERS executives," February 25, 2021.
⁷ OMERS 2020 Annual Report, p. 23.

Our five principal findings are as follows:

- CUPE Ontario's concerns go beyond one "difficult" year in 2020. OMERS 10-year annualized returns trailed those of the other major funds and plans before the COVID crisis hit.**

10-Year Annualized Returns at 2019



*To March 31, 2019, otherwise to Dec 31, 2019
Source: Respective Annual Reports



THIS WAS A HISTORIC ANNUAL UNDER-PERFORMANCE COMPARED TO BENCHMARKS.

2. OMERS 2020 investment performance was especially poor

OMERS 2020 annual return (-2.7%) fell far short of the plan's own benchmark for the year of +6.9%. This was a historic annual underperformance compared to benchmarks.

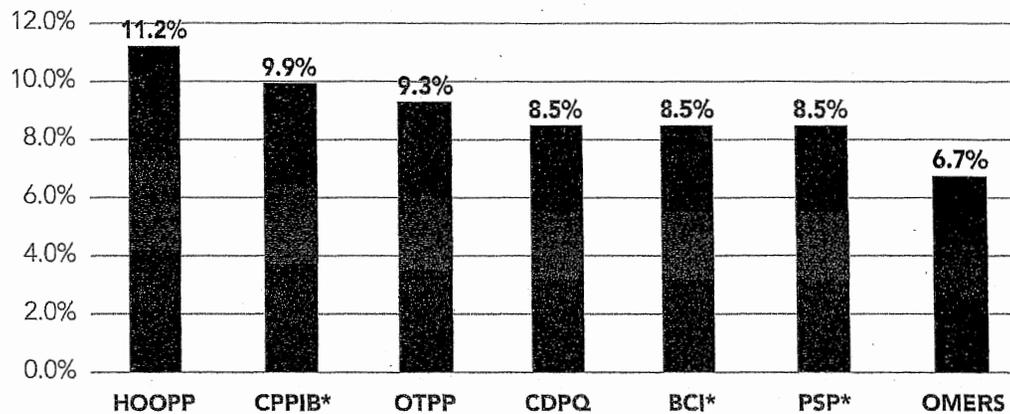
Other plans, however, have reported very strong annual returns for calendar year 2020:

2020 ANNUAL RETURNS	
HOOPP	+ 11.4%
RBC Pension Plan Universe ⁸	+ 9.2%
O TPP	+ 8.6%
CDPQ	+ 7.5%
OMERS	- 2.7%

⁸ RBC Investor & Treasury Services, "Canadian DB pensions post near-double-digit returns despite historic, turbulent year," January 29, 2021.

This negative result led OMERS 10-year annualized return to fall from 8.2% to 6.7%.

10-Year Annualized Returns at 2020



*To March 31, 2020 otherwise to Dec 31, 2020

The chart above reports the most recent available return information for the respective funds and plans as disclosed in their annual reports. LAPP and BC MPP have yet to report their December 31, 2020 results. AIMCO has also not fully reported its 2020 results. However, BCI (the investment agent for BC MPP and other BC public sector plans) has reported its March 31, 2020 results and has been included here. The chart can be updated as more plans report their 2020 investment returns.



OMERS
DOES NOT
REPORT CLEAR
COMPARISONS OF
THE PLAN'S LONG-
TERM ANNUALIZED
RETURNS TO ITS
CORRESPONDING
LONG-TERM
BENCHMARKS.

3. OMERS does not report comparisons of its annualized long-term returns to its own benchmarks.

Benchmarking is a common practice where an investment *standard or goal* is set, against which *actual plan returns* are compared for ongoing assessment of investment performance. OMERS itself describes a benchmark as "a point of reference against which the performance of an investment is measured."⁹ Comparisons of returns vs. benchmarks are typically done on a 1-year basis, but it is very common for long-term annualized comparisons to also be disclosed. Reporting these benchmarks is standard practice for pension plans and third-party investment managers. Even individual investment vehicles like mutual funds and ETFs typically provide details on how their performance compares to both annual and long-term benchmarks.

The OMERS Administration Corporation (AC) sets OMERS benchmarks each year, as described in the "Performance Management" section of the OMERS investment policy document.¹⁰ OMERS Annual Reports describe how these benchmarks are constructed for each asset class. For many years, these reports stated that "Our goal is to earn stable returns that meet or exceed our benchmarks." OMERS Annual Reports compare OMERS single-year returns to the plan's single-year benchmarks. However, in sections describing investment performance, **OMERS does not report clear comparisons of the plan's long-term annualized returns to its corresponding long-term benchmarks.** While the Annual Report does compare performance to the plan's discount rate and a long-term return expectation set by the AC Board, it omits comparisons of the plan's long-term performance against their own long-term benchmarks.

⁹ OMERS 2015 Annual Report, p. 131.

¹⁰ OMERS "Statement of Investment Policies and Procedures – Primary Plan," January 1, 2021.



IN THE ABSENCE OF LONGER-TERM COMPARATIVE DATA, STAKEHOLDERS FACE SERIOUS OBSTACLES IN EVALUATING PERFORMANCE

OMERS believes that “paying pensions over decades means a long-term approach.”¹¹ But in the absence of longer-term comparative data, stakeholders face serious obstacles in evaluating performance. A review of historical Annual Reports shows that OMERS had a longstanding practice of reporting these long-term comparisons, but OMERS stopped this reporting, without explanation, in 2013. **This is dramatically out of step with other pension plans and is, in our view, a serious lack of transparency from OMERS.**

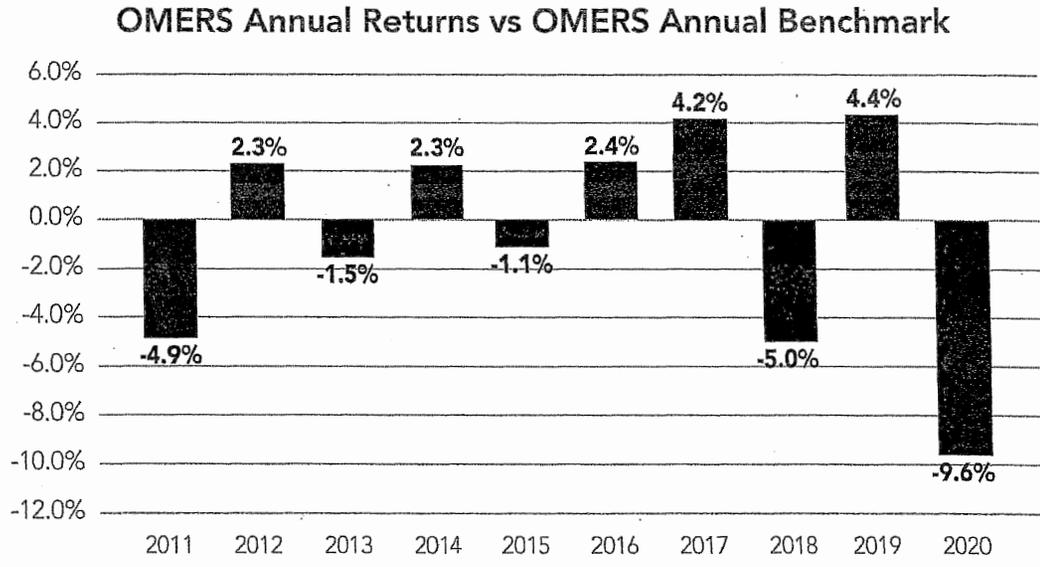
	HOOPP	CPPIB	PSP	OTPP	CDPO	BC MPP	LAPP	OMERS
Does annual report compare annualized longer-term returns to corresponding benchmarks?	YES	YES	YES	YES	YES	YES	YES	NO



THIS IS DRAMATICALLY OUT OF STEP WITH OTHER PENSION PLANS AND IS, IN OUR VIEW, A SERIOUS LACK OF TRANSPARENCY FROM OMERS.

The OMERS Statement of Investment Policies and Procedures states that “performance reporting is consistent with industry recognized practices.”¹² The OMERS Statement of Investment Beliefs says that “articulating our investment goals and performance measures helps ensure clear accountability.”¹³ We do not believe OMERS is meeting these standards of reporting and accountability on this point.

4. OMERS 5 and 10-Year Returns are now below OMERS own benchmarks for these periods.



Source: OMERS 2020 Annual Report, Ten-Year Financial Review, p. 142.

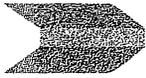
¹¹ OMERS News Release, “OMERS Reports 2020 Financial Results: paying pensions over decades means a long-term approach,” February 25, 2021.
¹² OMERS “Statement of Investment Policies and Procedures,” January 1, 2021. www.omers.com/governance-manual-policies-and-guidelines
¹³ OMERS “Statement of Investment Beliefs,” January 1, 2020. www.omers.com/governance-manual-policies-and-guidelines

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	OMERS Return	OMERS Benchmark	Difference
5-Year Annualized	6.5%	7.4%	-0.9%
10-Year Annualized	6.7%	7.3%	-0.6%

Source: Returns from OMERS 2020 Annual Report
 Annualized Long-Term benchmarks not referenced in Annual Report and were reported verbally to CUPE by OMERS on our request.

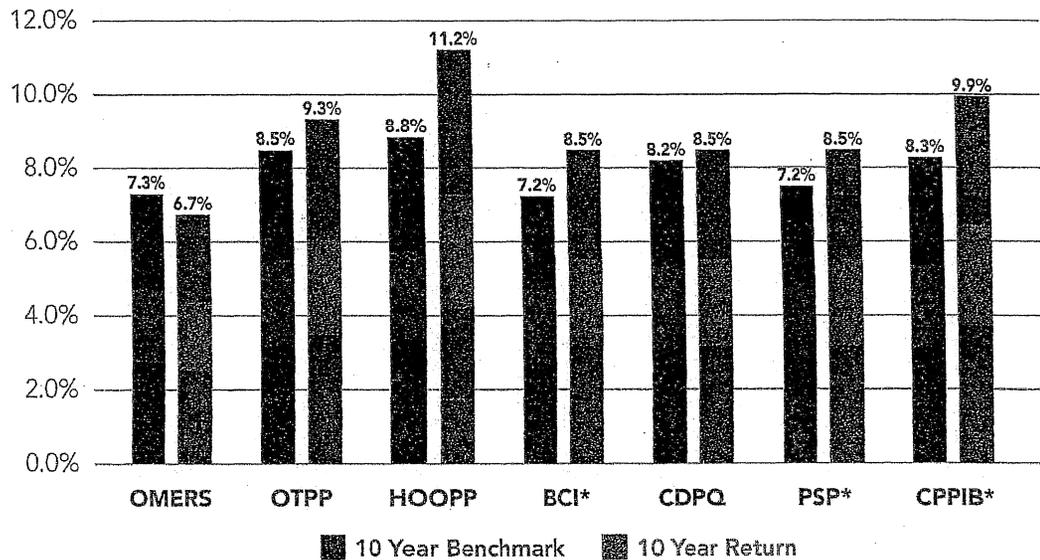
The 5 and 10-year annualized benchmark figures above were not disclosed in the OMERS 2020 Annual Report. OMERS provided these numbers verbally to CUPE Ontario upon our request. Previous OMERS Annual Reports normally included a statement that "Our goal is to earn stable returns that meet or exceed our benchmarks."¹⁴ This statement appears to have been struck from the 2020 Annual Report.



THE OTHER MAJOR PLANS AND FUNDS THAT HAVE REPORTED 2020 RESULTS, HOWEVER, ARE ALL AHEAD OF THEIR 10-YEAR BENCHMARKS AS OF THEIR MOST RECENT ANNUAL REPORTS.

We also note that, OMERS benchmarks are comparatively low over this period when examined alongside other plans. We believe this is due to a different benchmarking methodology for certain investments at OMERS compared to industry standards. The other major plans and funds that have reported 2020 results, however, are all ahead of their 10-year benchmarks as of their most recent annual reports.

10-Year Returns vs 10 Year Benchmarks to 2020



*To March 31, 2020 otherwise to Dec 31, 2020

¹⁴ 2010 Annual Report p. 27; 2011 Annual Report p. 25; 2012 Annual Report p. 23; 2013 Annual Report p. 22; 2014 Annual Report p. 12; 2015 Annual Report p. 9; 2016 Annual Report p. 33; 2017 Annual Report p. 33; 2018 Annual Report p. 33; 2019 Annual Report p. 42; 2020 Annual Report N/A.

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**HAD OMERS
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The impact on OMERS of these longer-term below-benchmark returns has been significant. The difference of 0.6% between OMERS actual annualized 10-year investment returns of 6.7% and its benchmark of 7.3% has meant an absolute return outcome that would have been roughly 6% higher after these 10 years (all other factors being equal). Even achieving just this benchmark return on an annualized 10 year basis would have resulted in an asset base of roughly \$6 billion higher current plan assets.¹⁵ This better result would have brought OMERS reported funding level into surplus.

This difference is even greater if we were to compare the impact of OMERS investment performance to that of any of these other large plans. For example, had OMERS achieved the actual 10-year annualized returns of the OTPP of 9.3% (just below the average of the other six plans listed above), the OMERS asset base would now be (all other factors being equal) approximately 27% higher than OMERS actual asset level. In dollar-value terms, this difference represents roughly \$28 billion more in assets after the 10-year period from 2011 to 2020. Had OMERS achieved these better results, the plan would now hold a very substantial surplus.

5. OMERS 20-year return is not above its 20-year benchmark.

Upon request from CUPE Ontario, OMERS also verbally disclosed that its 20-year return is equal to its 20-year benchmark of 6%. In our view, it is troubling that the plan has not outperformed its benchmark over this long period, and that this comparison is also not disclosed in OMERS annual reporting.

¹⁵ The alternative scenarios for investment performance results outlined in this section are necessarily approximate as they are based on data that is made publicly available by OMERS, and were generated using the reported OMERS asset base as at December 31, 2010 of \$53.3 billion.

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Conclusion

CUPE Ontario has serious concerns with OMERS investment performance, and with what we believe is a troubling lack of transparency about these issues. In our view, these issues cannot be dismissed as a one-year problem.



THESE ISSUES CANNOT BE DISMISSED AS A ONE-YEAR PROBLEM.

We anticipate that these long-term, below-benchmark investment returns are very likely to lead directly to yet another round of proposals to reduce pension benefits payable to current actives and future retirees. OMERS has already eliminated the guarantee of indexation of pension benefits for service after 2022, and OMERS management has indicated it will be examining further changes in plan design. OMERS has recently stated in writing to CUPE that "the OMERS pension plan has been facing sustainability issues for some time now and the investment results of 2020 have amplified the need to address those issues." At the recent 2021 OMERS AGM, OMERS Sponsors Corporation CEO Michael Rolland stated that "There are no guarantees as to what decisions we will have to make based on our performance...it's a long term performance we need to look at...the results of 2020 did have an impact...and that's why we're taking a look at it."



WE ANTICIPATE THAT THESE LONG-TERM, BELOW-BENCHMARK INVESTMENT RETURNS ARE VERY LIKELY TO LEAD DIRECTLY TO YET ANOTHER ROUND OF PROPOSALS TO REDUCE PENSION BENEFITS PAYABLE TO CURRENT ACTIVES AND FUTURE RETIREES.

CUPE Ontario is the largest sponsor representing plan members in OMERS, with over 125,000 active members in the plan. It is true that CUPE Ontario appoints representatives to both the OMERS Administrative Corporation and the OMERS Sponsors Corporation. However, because of restrictive confidentiality rules at both boards, our representatives are unable to keep CUPE Ontario fully-informed about what is really happening at OMERS governing boards, and the decisions that are being made about our members' hard-earned retirement savings. We do not believe this is how well-governed jointly-sponsored pension plans are supposed to function. The result is that we feel that we are a plan sponsor in name only. Our members are not being well-served by a structure that effectively cuts them out of playing the oversight function they should over their pension plan.

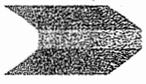
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WE ARE NOT CONFIDENT THAT **OMERS** MANAGEMENT ITSELF HAS TAKEN, OR IS PLANNING TO TAKE, SUFFICIENT STEPS TO CRITICALLY EXAMINE ITS OWN PERFORMANCE.

These barriers will not stop CUPE Ontario from doing everything we can to ensure these concerns about OMERS investment performance are addressed. Based on their public comments to date, we are not confident that OMERS management itself has taken, or is planning to take, sufficient steps to critically examine its own performance, nor are we confident that plan members or sponsors and organizational stakeholders will receive a transparent reporting of any such review.

Therefore, CUPE Ontario is calling on other plan sponsors from both sides of the table to work with us to commission a fully transparent and independent expert review of the investment program at OMERS. This review should be conducted in the open by the sponsors and stakeholders themselves, and not behind closed doors at OMERS. Ensuring our pension returns are as strong as they can be is not a partisan issue, nor is it an issue that the member and employer side of the table should have a difference of opinion on. We want to work with other OMERS sponsors and stakeholders to address these issues for the good of all OMERS members.



ENSURING OUR PENSION RETURNS ARE AS STRONG AS THEY CAN BE IS NOT A PARTISAN ISSUE, NOR IS IT AN ISSUE THAT THE MEMBER AND EMPLOYER SIDE OF THE TABLE SHOULD HAVE A DIFFERENCE OF OPINION ON. WE WANT TO WORK WITH OTHER **OMERS** SPONSORS AND STAKEHOLDERS TO ADDRESS THESE ISSUES FOR THE GOOD OF ALL **OMERS** MEMBERS.