

**The Corporation of the  
Township of Severn**  
Consolidated Financial Statements  
For the year ended December 31, 2017

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# TOWNSHIP OF SEVERN

THE CORPORATION OF THE TOWNSHIP OF SEVERN

P.O. Box 159, Orillia, Ontario, L3V 6J3

## Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Township of Severn ("the Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Corporate Services Committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Collins Barrow Kawarthas LLP, independent external auditor appointed by the Township. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.

  
\_\_\_\_\_  
Chief Administrative Officer

  
\_\_\_\_\_  
Director of Corporate Services/Treasurer

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Severn

#### *Report on the Financial Statements*

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

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

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

*Collins Barrow Kawarthas LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
May 23, 2018

**The Corporation of the  
Township of Severn  
Consolidated Statement of Financial Position**

<b>December 31</b>	<b>2017</b>	<b>2016</b>
<b>Financial assets</b>		
Cash (Note 1)	\$ 28,967,115	\$ 27,534,514
Taxes receivable	1,996,533	2,456,005
Accounts receivable	1,025,608	1,035,329
Inventories for resale	3,003	6,675
Long-term receivables (Note 2)	73,941	71,669
	<u>32,066,200</u>	<u>31,104,192</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,799,939	2,242,044
Other liabilities	1,237,061	1,139,632
Deferred revenue (Note 4)	5,488,853	5,246,356
Long-term debt (Note 5)	7,337,117	7,552,862
	<u>15,862,970</u>	<u>16,180,894</u>
<b>Net financial assets</b>	<b>16,203,230</b>	<b>14,923,298</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 6)	85,134,960	83,368,034
<b>Accumulated surplus (Note 7)</b>	<b>\$101,338,190</b>	<b>\$ 98,291,332</b>

**Contingencies (Note 10)**

**The Corporation of the  
Township of Severn**

**Consolidated Statement of Operations and Accumulated Surplus**

<b>For the year ended December 31</b>	(Note 14) Budget 2017	Actual 2017	Actual 2016
<b>Revenue</b>			
Taxation (Note 12)	\$ 9,991,469	\$ 10,067,785	\$ 9,395,700
Government grants - Federal	376,300	449,675	112,283
Government grants - Provincial	2,189,173	1,522,228	1,514,365
Government grants - Municipal	51,287	130,165	585,760
User fees and service charges	4,439,915	4,624,139	5,299,491
Investment income	260,500	318,021	241,552
Contributed assets	-	92,600	2,152,031
Other (Note 8)	850,800	996,486	1,165,576
	<u>18,159,444</u>	<u>18,201,099</u>	<u>20,466,758</u>
<b>Expenses</b>			
General government	1,920,117	1,919,575	2,002,344
Fire department	1,193,685	1,224,458	1,203,598
Police services	2,370,600	2,362,566	2,230,105
Protective inspection and control	604,502	573,862	559,178
Transportation services	4,026,900	4,046,836	3,641,677
Water and sewer	3,790,996	3,553,362	3,460,430
Parks and recreation	869,760	913,074	828,131
Library and culture	269,745	254,620	192,653
Planning and development	378,403	305,888	294,111
	<u>15,424,708</u>	<u>15,154,241</u>	<u>14,412,227</u>
<b>Annual surplus</b>	2,734,736	3,046,858	6,054,531
<b>Accumulated surplus, beginning of year</b>	<u>98,291,332</u>	<u>98,291,332</u>	<u>92,236,801</u>
<b>Accumulated surplus, end of year</b>	<u>\$101,026,068</u>	<u>\$101,338,190</u>	<u>\$ 98,291,332</u>

**The Corporation of the  
Township of Severn**

**Consolidated Statement of Change in Net Financial Assets**

<b>For the year ended December 31</b>	(Note 14) Budget 2017	2017	2016
<b>Annual surplus</b>	\$ 2,734,736	\$ 3,046,858	\$ 6,054,531
Acquisition of tangible capital assets	(13,767,050)	<b>(4,795,393)</b>	(6,892,146)
Amortization of tangible capital assets	2,899,000	<b>2,899,195</b>	2,697,300
Net loss on disposal of tangible capital assets	-	<b>94,372</b>	18,228
Proceeds on disposal of tangible capital assets	37,500	<b>34,900</b>	106,461
<b>Net change in net financial assets</b>	(8,095,814)	<b>1,279,932</b>	1,984,374
<b>Net financial assets, beginning of year</b>	14,923,298	<b>14,923,298</b>	12,938,924
<b>Net financial assets, end of year</b>	\$ 6,827,484	<b>\$ 16,203,230</b>	\$ 14,923,298

**The Corporation of the  
Township of Severn  
Consolidated Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2017</b>	<b>2016</b>
<b>Operating transactions</b>		
Annual surplus	\$ 3,046,858	\$ 6,054,531
Items not involving cash		
Amortization of tangible capital assets	2,899,195	2,697,300
Net loss on disposal of tangible capital assets	94,372	18,228
Contributed tangible capital assets	(92,600)	(2,152,031)
Changes in non-cash operating balances		
Taxes receivable	459,472	294,571
Accounts receivable	9,721	(55,146)
Inventories for resale	3,672	210
Long term receivables	(2,272)	19,300
Accounts payable and accrued liabilities	(442,105)	68,520
Other current liabilities	97,429	387,988
Deferred revenue	242,497	62,777
	<u>6,316,239</u>	<u>7,396,248</u>
<b>Capital transactions</b>		
Purchase of tangible capital assets	(4,702,793)	(4,740,115)
Proceeds on disposal of tangible capital assets	34,900	106,461
	<u>(4,667,893)</u>	<u>(4,633,654)</u>
<b>Financing transactions</b>		
Proceeds from issuance of long-term debt	22,700	-
Repayment of long-term debt	(238,445)	(226,217)
	<u>(215,745)</u>	<u>(226,217)</u>
<b>Net change in cash</b>	<b>1,432,601</b>	<b>2,536,377</b>
<b>Cash, beginning of year</b>	<b>27,534,514</b>	<b>24,998,137</b>
<b>Cash, end of year (Note 1)</b>	<b>\$ 28,967,115</b>	<b>\$ 27,534,514</b>

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**The Corporation of the  
Township of Severn  
Summary of Significant Accounting Policies**

**December 31, 2017**

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**Basis of Consolidation**

The consolidated statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenditures have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

Township of Severn Public Library Board - 100%

**Basis of Accounting**

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

The consolidated statement of financial position reflects all of the financial assets and liabilities of the municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations.

The accumulated surplus represents the financial position of the municipality, and is the difference between its assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

**Inventories For Resale**

Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.

**Long-term Receivables**

Long-term receivables are recorded at their face value. Allowances for doubtful receivables are recorded when it is determined that the Township will be unable to collect all amounts due according to the terms of the underlying agreements. Interest revenue is recognized as received.

**Deferred Revenue**

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations and accumulated surplus in the year in which it is used for the specified purpose.



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**The Corporation of the  
Township of Severn  
Summary of Significant Accounting Policies**

**December 31, 2017**

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**Non-financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the consolidated change in net financial assets for the year.

**Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Construction in progress (CIP) assets are not amortized until the asset is put into use. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Vehicles	8 to 25 years
Equipment	7 to 25 years
Buildings	20 to 50 years
Site improvements	15 to 50 years
Roads and bridges	15 to 60 years
Water systems	20 to 80 years
Sewer systems	20 to 80 years

**Trust Funds**

Trust funds held in trust by the Corporation of the Township of Severn, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately. (Page 25).

**Post Retirement Benefits**

The Corporation of the Township of Severn is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

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**The Corporation of the  
Township of Severn  
Summary of Significant Accounting Policies**

**December 31, 2017**

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**Government Transfers**

Government transfers, which include legislative grants, are recognized in the consolidated financial statements 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 amount can be made and there is reasonable assurance of collection.

**County and School Boards**

The municipality collects taxation revenue on behalf of the school boards and the County of Simcoe. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the County of Simcoe are not reflected in these financial statements.

**Revenue Recognition**

The municipality recognizes taxation revenue on an annual basis using total assessment values for the year and annually established tax rates. Property assessment values are provided by the Municipal Property Assessment Corporation (MPAC) and tax rates are established and approved by members of Council. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal are known.

Charges for sewer and water usage are recognized as user fees when services have been provided. Connection fee revenues are recognized when the connection has been established. Charges for interment and vaults are recognized as user fees when services are purchased. Charges for the use of recreation facilities and programs like arena and hall rentals are recognized when services have been provided.

Sales of services and other revenue are recognized when services are provided and collection is reasonably assured.

**Use of Estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these consolidated financial statements are the determination of the allowance for doubtful accounts, the estimated useful life of tangible capital assets and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

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**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2017**

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**1. Cash**

	<u>2017</u>	<u>2016</u>
Unrestricted	\$ 23,478,262	\$ 22,288,158
Restricted	5,488,853	5,246,356
	<u>\$ 28,967,115</u>	<u>\$ 27,534,514</u>

All cash is held at one chartered bank with interest paid monthly at prime less 1.75%.

The restricted cash represents the balance of the deferred revenue (Note 4).

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**2. Long-Term Receivables**

	<u>2017</u>	<u>2016</u>
Tile drainage loans	\$ 73,941	\$ 71,669
	<u>\$ 73,941</u>	<u>\$ 71,669</u>

The tile drainage loans have interest rates of 6% and are due from 2020 to 2027.

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**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2017**

**3. Credit Facility**

The Township has arranged an operating loan for \$500,000 at prime less 0.75% to assist with working capital requirements.

The Township has arranged a demand loan for \$4,500,000 at prime less 0.75% to assist with the Coldwater Sewer project.

As at December 31, 2017 no amounts have been drawn relating to either credit facility.

**4. Deferred Revenue - Obligatory Reserve Funds**

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 751,165	\$ 382,962	\$ 5,962	\$ (449,675)	\$ 690,414
Development charges	3,815,466	942,820	30,284	(717,251)	4,071,319
Recreational land	679,725	42,000	5,395	-	727,120
	<u>\$ 5,246,356</u>	<u>\$ 1,367,782</u>	<u>\$ 41,641</u>	<u>\$ (1,166,926)</u>	<u>\$ 5,488,853</u>

Federal gas tax

The Ministry of Transportation requires the Municipality to include unspent gas tax funding in an obligatory reserve fund which is reported as deferred revenue. The funding and interest earned in the obligatory reserve fund must be spent on approved projects.

Development charges

Certain user charges and fees are collected for which the related services have yet to be performed. These revenues will be recognized at the time the related services are performed.

Recreational land

These monies are received through subdivision agreements and are used for such things as acquisition of land for park or public recreation, including erection or repair of buildings and the acquisition of machinery for park or other public recreational uses. Monies received from subdividers is in lieu of land being conveyed to the municipality.

**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2017**

**5. Long-term Debt**

Long term debt reported on the consolidated statement of financial position is comprised of the following:

	<b>2017</b>	<b>2016</b>
Ontario Strategic Infrastructure Financing Authority Debenture, 5.28%, repayable \$305,092 semi-annually, due August 2036	<b>\$ 7,263,176</b>	\$ 7,481,193
Tile drainage loans, interest rate of 6%, annual payments ranging from \$3,084 to \$3,981 per year, due 2020 to 2027	<b>73,941</b>	71,669
	<b>\$ 7,337,117</b>	\$ 7,552,862

Long-term debt principal repayments for the next five years and thereafter are due as follows:

2018	\$ 242,308
2019	255,353
2020	269,101
2021	276,796
2022	291,657
Thereafter	6,001,902
	<b>\$ 7,337,117</b>

The annual principal and interest payments required to service the long-term liabilities of the municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing. Interest expense paid relating to the long-term debt above is \$396,467 (2016 - \$408,694).

**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2017**

**6. Tangible Capital Assets**

	<b>2017</b>								
	Land and Site Improvements	Buildings	Equipment	Roads and Bridges	Water systems	Sewer systems	Vehicles	Construction in progress	Total
Cost, beginning of year	\$ 9,502,251	\$ 11,849,185	\$ 1,676,871	\$ 41,886,948	\$ 23,096,872	\$ 29,247,749	\$ 6,329,834	\$ 291,607	\$ 123,881,317
Additions	352,813	126,468	179,534	2,711,145	378,241	208,966	743,460	94,766	4,795,393
Disposals	-	(23,833)	(59,170)	(408,039)	(26,062)	-	(241,001)	-	(758,105)
Cost, end of year	9,855,064	11,951,820	1,797,235	44,190,054	23,449,051	29,456,715	6,832,293	386,373	127,918,605
Accumulated amortization, beginning of year	482,406	4,935,381	912,824	20,326,143	5,572,110	5,391,388	2,893,031	-	40,513,283
Amortization	54,975	298,389	149,496	1,071,273	447,365	436,695	441,002	-	2,899,195
Disposals	-	(23,833)	(52,019)	(323,926)	(6,358)	-	(222,697)	-	(628,833)
Accumulated amortization, end of year	537,381	5,209,937	1,010,301	21,073,490	6,013,117	5,828,083	3,111,336	-	42,783,645
Net carrying amount, end of year	\$ 9,317,683	\$ 6,741,883	\$ 786,934	\$ 23,116,564	\$ 17,435,934	\$ 23,628,632	\$ 3,720,957	\$ 386,373	\$ 85,134,960

(Note 16)

	<b>2016</b>								
	Land and Site Improvements	Buildings	Equipment	Roads and Bridges	Water systems	Sewer systems	Vehicles	Construction in Progress	Total
Cost, beginning of year	\$ 8,978,293	\$ 11,777,034	\$ 1,647,623	\$ 37,175,235	\$ 22,564,752	\$ 28,854,376	\$ 6,468,954	\$ 130,109	\$ 117,596,376
Additions	523,958	72,151	99,300	4,721,427	532,120	393,373	388,319	161,498	6,892,146
Disposals	-	-	(70,052)	(9,714)	-	-	(527,439)	-	(607,205)
Cost, end of year	9,502,251	11,849,185	1,676,871	41,886,948	23,096,872	29,247,749	6,329,834	291,607	123,881,317
Accumulated amortization, beginning of year	442,252	4,640,115	832,056	19,412,007	5,138,121	4,961,061	2,872,887	-	38,298,499
Amortization	40,154	295,266	144,958	923,850	433,989	430,327	428,756	-	2,697,300
Disposals	-	-	(64,190)	(9,714)	-	-	(408,612)	-	(482,516)
Accumulated amortization, end of year	482,406	4,935,381	912,824	20,326,143	5,572,110	5,391,388	2,893,031	-	40,513,283
Net carrying amount, end of year	\$ 9,019,845	\$ 6,913,804	\$ 764,047	\$ 21,560,805	\$ 17,524,762	\$ 23,856,361	\$ 3,436,803	\$ 291,607	\$ 83,368,034

Included in additions are \$92,600 (2016 - \$2,152,031) in contributed capital assets that were recognized in the financial statements during the year. The cost of land included in land and site improvement is \$7,681,160 (2016 - \$7,598,560) and is not being amortized.

**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2017**

**7. Accumulated Surplus**

The Corporation of the Township of Severn segregates its accumulated surplus in the following categories:

	2017	2016
Investment in tangible capital assets		
Tangible capital assets - net book value	\$ 85,134,960	\$ 83,368,034
Long Term Debt - amounts to be recovered	(7,291,444)	(7,507,700)
	<b>77,843,516</b>	<b>75,860,334</b>
Current Fund		
General area taxation	2,500	2,500
Police	92,698	39,181
Waterworks and sewer systems	432,146	336,237
Coldwater Business Improvement Area (Schedule 1)	18,908	21,047
Severn Library Board	241,071	241,071
	<b>787,323</b>	<b>640,036</b>
Reserves set aside for specific purposes by Council:		
Working funds	3,583,112	3,579,585
Election	74,168	56,668
Emergency planning	40,000	40,000
Parkland	273,521	156,166
Capital purposes	11,633,032	9,566,830
Severn Sound	-	50,000
Taxation	500,000	1,000,000
Administration	1,560,469	1,550,670
Fire protection	1,987,697	2,186,305
Water and sewer systems	1,559,014	1,785,902
Environment	-	319,926
Building department	421,093	356,517
Gravel pit restoration	121,056	120,103
Westshore	954,189	1,022,290
	<b>22,707,351</b>	<b>21,790,962</b>
	<b>\$101,338,190</b>	<b>\$ 98,291,332</b>

The balance available to offset future revenue requirements for the fiscal year ending December 31, 2017 has been decreased by an amount of \$578,526, transferred to reserves as authorized by by-law #2017-46 dated June 7, 2017. Had this decrease not been made the current fund balance would have shown a surplus of \$1,365,849.

**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2017**

**8. Other Revenue**

	(Note 14) Budget 2017	Actual 2017	Actual 2016
Penalties and interest on taxation	\$ 390,000	\$ 369,869	\$ 389,078
Other fines and penalties	100,000	91,737	89,420
Licences, permits and fines	357,700	468,062	646,793
Donations	3,100	45,871	11,427
Gain on disposal of tangible capital assets	-	14,597	28,658
Other	-	6,350	200
	<b>\$ 850,800</b>	<b>\$ 996,486</b>	<b>\$ 1,165,576</b>

Losses on disposal of tangible capital assets amounted to \$109,800 (2016 - \$46,578) and are included in the other expense line in respect to the department they pertain to, resulting in a total net loss of \$94,372 (2016 - \$18,228).

**9. Expenses by Object**

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

	(Note 14) Budget 2017	Actual 2017	Actual 2016
<b>Expenses</b>			
Salaries and wages	\$ 5,331,316	\$ 5,003,064	\$ 4,832,726
Materials and supplies	3,514,360	3,717,508	3,616,558
Contracted services	3,202,733	2,955,382	2,747,127
Rents and financial	14,950	13,372	20,224
Interest	402,349	392,147	404,594
Other	60,000	173,573	93,698
Amortization	2,899,000	2,899,195	2,697,300
	<b>\$ 15,424,708</b>	<b>\$ 15,154,241</b>	<b>\$ 14,412,227</b>

**10. Contingencies**

Claims have been filed against the Township requesting damages. The ultimate outcome of these claims is not determinable at the time of issue of these financial statements. No provision for these claims has been recorded in these financial statements. Settlements in excess of insurance, if any, will be reflected in the periods in which settlement occurs.



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**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2017**

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**11. Post Retirement Benefits**

OMERS provides pension services to approximately 482,000 active and retired members and almost 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2017. The results of this valuation disclosed total actuarial liabilities of \$94,431 (2016 - \$87,554) million in respect of benefits accrued for service with actuarial assets at that date of \$89,028 (2016 - \$81,834) million indicating an actuarial deficit of \$5,403 (2016 - \$5,720) 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 municipality does not recognize any share of the OMERS pension surplus or deficit.

Contributions made by the municipality to OMERS for 2017 were \$307,314 (2016 - \$290,633).

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**12. Taxation**

During the year, the following taxation revenue was raised and remitted to the school boards and the County of Simcoe:

	2017	2016
Taxation revenue	<b>\$ 24,142,198</b>	\$ 23,424,904
Amount levied and remitted to School Boards	<b>(6,195,191)</b>	(6,332,206)
Amount levied and remitted to the County of Simcoe	<b>(7,792,593)</b>	(7,573,316)
	<b>10,154,414</b>	9,519,382
Available for general municipal purposes		
Amounts written off during the year	<b>(86,629)</b>	(123,682)
	<b>\$ 10,067,785</b>	\$ 9,395,700

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**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2017**

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**13. Trust Funds**

The trust funds administered by the municipality amounting to \$118,409 (2016 - \$115,466) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations. At December 31, 2017, the trusts fund balances are as follows:

	<u>2017</u>		<u>2016</u>
Cemetery Care and Maintenance funds	\$ 108,479	\$	105,649
Cemetery pre-need	6,050		5,981
Other	3,880		3,836
	<u>\$ 118,409</u>	<u>\$</u>	<u>115,466</u>

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**14. Budget Figures**

The budget, approved by the Township, for 2017 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit.

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**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2017**

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**15. Segmented Information**

The Corporation of the Township of Severn is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire and water services. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

**General Government**

This relates to the activities of Council and the general financial and administrative management of the Municipality.

**Fire Department**

The fire department is responsible for providing fire suppression service, fire prevention programs, training and education. The members of the fire department consist of full-time employees and volunteers.

**Police Services**

The police services work to ensure the safety and protection of the citizens and their property.

**Protective Inspection and Control**

Protective inspection is comprised of the building department and animal control. The building department provides a number of services including maintenance and enforcement of building and construction codes.

**Transportation Services**

Transportation is responsible for maintaining the municipality's roadway, streetlight systems and cemeteries.

**Water and Sewer**

This service provides the municipality's drinking water. They process and clean sewage and ensure the Municipality's water system meets all Provincial standards.

**Parks and Recreation**

Parks and recreation represents recreational activity support within the municipality. This includes maintenance and upkeep of parks, community centres and administering recreation programs.

**Library and Cultural**

The municipality provides library services to assist with its citizens' informational needs.

**Planning and Development**

The planning department provides a number of services including municipal planning and review of all property development plans through its application process.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter segment transfers are measured on the basis of the percentage of budgeted expenditures.

**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2017**

**15. Segmented Information (continued)**

For the year ended December 31, 2017		For the year ended December 31, 2016	
Revenue	Taxation (Note 12)	Revenue	Taxation (Note 12)
General government	\$ -	General government	\$ -
Fire department	\$ -	Fire department	\$ -
Police services	\$ 2,416,084	Police services	\$ 2,110,688
Protective inspection and control	\$ -	Protective inspection and control	\$ -
Transportation services	\$ 806,001	Transportation services	\$ 1,028,148
Water and sewer	\$ -	Water and sewer	\$ -
Parks and recreation	\$ -	Parks and recreation	\$ 30,614
Library and cultural	\$ -	Library and cultural	\$ 50,646
Planning and development	\$ 17,260	Planning and development	\$ -
Unallocated	\$ 7,651,701	Unallocated	\$ 7,285,012
<b>Total</b>	<b>\$ 10,067,785</b>	<b>Total</b>	<b>\$ 9,395,700</b>
Salaries and wages	75,000	Salaries and wages	51,152
Materials and supplies	-	Materials and supplies	106,170
Contracted services	187,348	Contracted services	13,274
Rents and financial	13,372	Rents and financial	-
Interest	-	Interest	-
Other	68,924	Other	-
Amortization	96,175	Amortization	394,670
Net surplus (deficit)	\$ (1,101,975)	Net surplus (deficit)	\$ (1,101,975)
Expenses	1,142,780	Expenses	652,682
Salaries and benefits	1,158,916	Salaries and benefits	1,158,916
Materials and supplies	435,400	Materials and supplies	435,400
Contracted services	237,818	Contracted services	237,818
Rents and financial	20,161	Rents and financial	20,161
Interest	-	Interest	-
Other	52,431	Other	52,431
Amortization	97,618	Amortization	225,944
Net surplus (deficit)	\$ (1,349,662)	Net surplus (deficit)	\$ (1,349,662)

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**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2017**

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**16. Comparative Amounts**

Certain comparative amounts for the prior year have been reclassified to conform to the current year financial statement presentation. Such reclassifications had no effect on the annual surplus or the accumulated surplus.

## **AUDITOR'S COMMENTS ON SUPPLEMENTARY FINANCIAL INFORMATION**

### **To the Members of the Coldwater Business Improvement Area, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Severn**

The audited consolidated financial statements of the Corporation of the Township of Severn as at December 31, 2017 and our report thereon dated May 23, 2018 are presented in the preceding section. The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the consolidated financial statements and, in our opinion, it is fairly presented in all material respects in relation to the consolidated financial statements taken as a whole.

We have audited the consolidated financial statements of the Corporation of the Township of Severn, which comprise the statement of financial position as at December 31, 2017, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have issued our report thereon dated May 23, 2018. The audit was performed to form an opinion on the consolidated financial statements as a whole. The supplementary information is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the consolidated financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

*Collins Barrow Kawarthas LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
May 23, 2018

**The Corporation of the  
Township of Severn**  
**Schedule 1 - Coldwater Business Improvement Area**

<b>For the year ended December 31</b>	Budget 2017	2017	2016
<b>Revenue</b>			
BIA Coldwater taxation	\$ 25,000	\$ 25,000	25,000
Other revenue	-	9,903	3,400
	<u>25,000</u>	<u>34,903</u>	<u>28,400</u>
Advertising	11,600	6,936	7,775
Beautification	8,000	6,606	12,358
Special Events	-	12,962	-
Contingency	-	4,789	500
Insurance	1,000	980	950
Professional fees	2,000	2,000	2,000
Promotion and public relations	5,600	2,539	2,641
Taxes written off	-	230	234
	<u>28,200</u>	<u>37,042</u>	<u>26,458</u>
<b>Annual surplus</b>	(3,200)	(2,139)	1,942
<b>Accumulated surplus, beginning of year</b>	21,047	21,047	19,105
<b>Accumulated surplus, end of the year</b>	\$ 17,847	\$ 18,908	\$ 21,047

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Severn

#### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Township of Severn, which comprise the statement of financial position as at December 31, 2017, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the Township of Severn as at December 31, 2017 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
May 23, 2018



**The Corporation of the Township of Severn  
Trust Funds  
Statement of Financial Position**

<b>December 31</b>	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Cash	\$ 115,567	\$ 115,458
Due from Township	2,842	8
	<b>\$ 118,409</b>	<b>\$ 115,466</b>
<b>Fund Balance</b>	<b>\$ 118,409</b>	<b>\$ 115,466</b>

**Statement of Financial Activities**

<b>For the year ended December 31</b>	<b>2017</b>	<b>2016</b>
<b>Fund balance, beginning of the year</b>	<b>\$ 115,466</b>	<b>\$ 112,853</b>
<b>Revenue</b>		
Care and maintenance - plots	1,500	600
Care and maintenance - niches	930	1,620
Monuments placed	400	300
Bank interest	113	93
	<b>2,943</b>	<b>2,613</b>
<b>Fund balance, end of the year</b>	<b>\$ 118,409</b>	<b>\$ 115,466</b>

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**The Corporation of the Township of Severn  
Trust Funds  
Notes to Financial Statements**

**December 31, 2017**

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**1. Cemetery Perpetual Care**

The cemetery perpetual care trust funds represent a portion of the sale of cemetery plots and monument foundations at the Coldwater Cemetery. The capital amounts are to be kept intact in perpetuity, with investment income earned on these funds used to maintain the cemetery.

**2. Summary of Significant Accounting Policies**

**Management Responsibility** The financial statements of The Corporation of the Township of Severn Trust Funds are the responsibility of management.

**Accrual Basis of Accounting** Sources of revenue and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

**The Corporation of the  
Township of Severn  
Library Board  
Financial Statements  
For the year ended December 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

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

### *Report on the Financial Statements*

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

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### *Opinion*

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

*Collins Barrow Kawarthas LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
May 23, 2018

**The Corporation of the Township of Severn Library Board**  
**Statement of Financial Position**

<b>December 31</b>	<b>2017</b>	<b>2016</b>
<b>Financial assets</b>		
Cash	\$ 306,623	\$ 253,222
	<u>306,623</u>	<u>253,222</u>
<b>Liabilities</b>		
Due to the Corporation of the Township of Severn	65,552	12,151
Deferred revenue	-	-
	<u>65,552</u>	<u>12,151</u>
<b>Net financial assets</b>	<b>241,071</b>	<b>241,071</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 2)	<u>324,534</u>	<u>332,266</u>
<b>Accumulated surplus (Note 3)</b>	<b>\$ 565,605</b>	<b>\$ 573,337</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Corporation of the Township of Severn Library Board**  
**Statement of Operations and Accumulated Surplus**

<b>For the year ended December 31</b>	(Note 4) Budget 2017	<b>Actual 2017</b>	Actual 2016
<b>Revenue</b>			
Township of Severn operating contribution	\$ 216,766	\$ <b>190,371</b>	\$ 160,885
Province of Ontario grant	25,342	<b>28,342</b>	29,979
Township of Oro-Medonte contribution	21,287	<b>21,300</b>	20,667
Fines	1,000	<b>773</b>	727
Miscellaneous	750	<b>1,281</b>	1,350
Interest	500	<b>3,117</b>	2,056
Donations	100	<b>1,705</b>	3,527
	265,745	<b>246,889</b>	219,191
<b>Expenses</b>			
Amortization of tangible capital assets	27,000	<b>27,159</b>	24,835
Equipment	-	<b>1,412</b>	1,113
General and office	11,750	<b>6,608</b>	6,045
Insurance	2,200	<b>2,157</b>	2,090
Library contract	75,000	<b>55,445</b>	7,418
Professional fees	700	<b>700</b>	700
Repairs and maintenance	8,775	<b>9,833</b>	9,946
Supplies	20,520	<b>25,787</b>	20,717
Telephone	2,000	<b>1,700</b>	1,868
Training	2,000	<b>1,184</b>	893
Utilities	6,000	<b>4,893</b>	5,450
Wages and benefits	113,800	<b>117,743</b>	111,579
	269,745	<b>254,621</b>	192,654
<b>Annual surplus (deficit)</b>	(4,000)	<b>(7,732)</b>	26,537
<b>Accumulated Annual surplus, beginning of year</b>	573,337	<b>573,337</b>	546,800
<b>Accumulated surplus, end of year</b>	\$ 569,337	\$ <b>565,605</b>	\$ 573,337

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Corporation of the Township of Severn Library Board**  
**Statement of Change in Net Financial Assets**

<b>For the year ended December 31</b>	(Note 4) Budget 2017	<b>2017</b>	<b>2016</b>
<b>Annual surplus (deficit)</b>	\$ (4,000)	\$ (7,732)	\$ 26,537
Acquisition of tangible capital assets	(93,000)	<b>(19,427)</b>	(18,921)
Amortization of tangible capital assets	27,000	<b>27,159</b>	24,835
<b>Net change in net financial assets</b>	(70,000)	-	32,451
<b>Net financial assets, beginning of year</b>	241,071	<b>241,071</b>	208,620
<b>Net financial assets, end of year</b>	\$ 171,071	\$ <b>241,071</b>	\$ 241,071

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## The Corporation of the Township of Severn Library Board Statement of Cash Flows

For the year ended December 31	2017	2016
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ (7,732)	\$ 26,537
Items not involving cash		
Amortization of tangible capital assets	27,159	24,835
Deferred revenue	-	(2,137)
	<u>19,427</u>	<u>49,235</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	<u>(19,427)</u>	<u>(18,921)</u>
<b>Financing transactions</b>		
Due to (from) the Corporation of the Township of Severn	<u>53,401</u>	<u>23,799</u>
	<u>53,401</u>	<u>23,799</u>
<b>Net change in cash</b>	<b>53,401</b>	<b>54,113</b>
<b>Cash, beginning of year</b>	<u><b>253,222</b></u>	<u><b>199,109</b></u>
<b>Cash, end of year</b>	<u><b>\$ 306,623</b></u>	<u><b>\$ 253,222</b></u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.



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# The Corporation of the Township of Severn Library Board

## Summary of Significant Accounting Policies

December 31, 2017

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<b>Nature of Business</b>	The organization provides library services to the general public.								
<b>Basis of Accounting</b>	<p>Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.</p> <p>The statement of financial position reflects all of the financial assets and liabilities of the organization. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations.</p> <p>The accumulated surplus represents the financial position of the organization, and is the difference between its assets and liabilities. This provides information about the organization's overall future revenue requirements and its ability to finance activities and meets its obligations.</p>								
<b>Non-financial Assets</b>	Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the change in net financial assets for the year.								
<b>Tangible Capital Assets</b>	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:</p> <table><tr><td>Buildings</td><td>15 - 40 years</td></tr><tr><td>Books</td><td>7 years</td></tr><tr><td>Computer equipment</td><td>7 years</td></tr><tr><td>Furniture and equipment</td><td>10 years</td></tr></table>	Buildings	15 - 40 years	Books	7 years	Computer equipment	7 years	Furniture and equipment	10 years
Buildings	15 - 40 years								
Books	7 years								
Computer equipment	7 years								
Furniture and equipment	10 years								
<b>Government Transfers</b>	Government transfers, which include legislative grants, are recognized in the consolidated financial statements 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 amount can be made.								

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# The Corporation of the Township of Severn Library Board

## Summary of Significant Accounting Policies

December 31, 2017

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### **Revenue Recognition**

User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

### **Contributed Materials and Services**

Contributed materials and services which are used in the normal course of the organization's operations and would otherwise have been purchased are recorded at their fair value at the date of the contribution, if fair value can be reasonably estimated.

### **Post Retirement Benefits**

The Corporation of the Township of Severn Library Board is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

### **Use of Estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the determination of allowance for doubtful accounts, if any, and the estimated useful life of tangible capital assets. Actual results could differ from the management's best estimates as additional information becomes available in the future.

# The Corporation of the Township of Severn Library Board

## Notes to Financial Statements

**December 31, 2017**

### 1. Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the Corporation of the Township of Severn Library Board's ("Library Board") management and have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. A summary of significant accounting policies is provided in these financial statements. The preparation of the financial statements involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Library Board's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

### 2. Tangible Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 5,067	\$ -	\$ 5,067	\$ -
Buildings	424,361	169,470	424,361	156,365
Books	96,456	42,630	87,616	37,649
Computer equipment	18,684	10,587	15,169	9,086
Furniture and equipment	5,001	2,348	5,001	1,848
	<b>\$ 549,569</b>	<b>\$ 225,035</b>	<b>\$ 537,214</b>	<b>\$ 204,948</b>
Net book value		<b>\$ 324,534</b>		<b>\$ 332,266</b>

### 3. Accumulated Surplus

The Corporation of the Township of Severn Library Board segregates its accumulated surplus in the following categories:

	2017	2016
Investment in tangible capital assets	\$ 324,534	\$ 332,266
Surplus	241,071	241,071
	<b>\$ 565,605</b>	<b>\$ 573,337</b>

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

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# The Corporation of the Township of Severn Library Board

## Notes to Financial Statements

December 31, 2017

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#### 4. Budget

The budget, approved by the Board, for 2017 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The 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, many not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit.

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#### 5. Post Retirement Benefits

OMERS provides pension services to approximately 482,000 active and retired members and almost 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2017. The results of this valuation disclosed total actuarial liabilities of \$94,431 (2016 - \$87,554) million in respect of benefits accrued for service with actuarial assets at that date of \$89,028 (2016 - \$81,834) million indicating an actuarial deficit of \$5,403 (2016 - \$5,720) 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 municipality does not recognize any share of the OMERS pension surplus or deficit.

Contributions made by the Library Board to OMERS for 2017 were \$7,256 (2016 - \$6,546).

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