

CORPORATION OF THE TOWNSHIP OF ESSA
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015

**CORPORATION OF THE TOWNSHIP OF ESSA
CONSOLIDATED FINANCIAL STATEMENTS
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CORPORATION OF THE TOWNSHIP OF ESSA

For The Year Ended December 31, 2015

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.

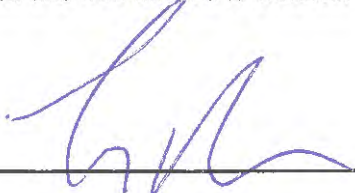
The Township maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted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

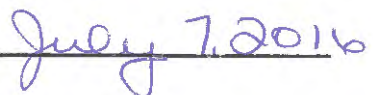
Council reviews and approves the Township's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Township of Essa. Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial 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 auditors' report.

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

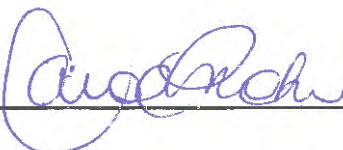
Mayor



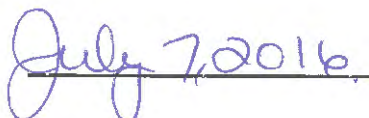
Date



Treasurer



Date



INDEPENDENT AUDITORS' REPORT

T. 705.742.3418
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To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Essa

www.collinsbarrowkawarthas.com

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Essa and its local boards, which comprise the consolidated statement of financial position as at December 31, 2015, 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.

Auditors' 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 auditors' 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 Township of Essa and its local boards as at December 31, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
November 25, 2016

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2015

	2015	2014
	\$	\$
FINANCIAL ASSETS		
Cash	12,277,021	12,046,982
Investments (note 4)	10,132,712	10,136,260
Taxes receivable	2,213,377	2,105,961
Accounts receivable	1,535,549	1,342,272
Accounts receivable - developers (note 7)	418,852	505,847
TOTAL FINANCIAL ASSETS	26,577,511	26,137,322
LIABILITIES		
Accounts payable and accrued liabilities	3,883,735	4,124,460
Accounts payable - developers (note 7)	526,652	897,447
Deferred revenue - obligatory reserve fund (note 9)	13,477,858	9,541,427
Deferred revenue - other	249,791	291,324
Long term debt (note 10)	6,192,427	6,770,408
Employee future benefits payable (note 5)	667,026	720,469
TOTAL LIABILITIES	24,997,489	22,345,535
NET FINANCIAL ASSETS	1,580,022	3,791,787
NON-FINANCIAL ASSETS		
Tangible capital assets (note 8)	112,597,670	110,109,002
Prepaid expenses	12,480	10,578
TOTAL NON-FINANCIAL ASSETS	112,610,150	110,119,580
ACCUMULATED SURPLUS (note 11)	114,190,172	113,911,367

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, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
REVENUES			
Property taxation	7,664,099	7,976,875	7,057,978
User charges	4,254,576	4,686,653	4,159,856
Government of Canada	12,703	55,946	46,120
Province of Ontario	1,278,642	1,318,394	1,456,117
Other municipalities	172,323	271,577	265,286
Penalties and interest on taxes	278,000	275,117	285,760
Investment income	125,469	196,917	242,645
Donations	20,960	8,577	235,760
Contributed capital assets	800,000	3,157,988	-
Development charges earned	1,001,352	766,991	1,979,248
Federal gas tax earned	536,000	536,000	586,000
TOTAL REVENUES	16,144,124	19,251,035	16,314,770
EXPENSES			
General government	1,439,476	1,427,576	1,483,107
Protection services	4,580,385	4,751,381	4,917,189
Transportation services	3,753,485	4,069,891	4,044,154
Environmental services	3,411,631	3,470,445	3,481,237
Recreation and cultural services	2,399,426	2,435,780	2,351,719
Planning and development	2,471,752	2,817,157	376,260
TOTAL EXPENSES	18,056,155	18,972,230	16,653,666
ANNUAL SURPLUS/(DEFICIT)	(1,912,031)	278,805	(338,896)
ACCUMULATED SURPLUS - beginning of year	113,911,367	113,911,367	114,250,263
ACCUMULATED SURPLUS - end of year	111,999,336	114,190,172	113,911,367

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, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
ANNUAL SURPLUS/(DEFICIT)	(1,912,031)	278,805	(338,896)
Amortization of tangible capital assets	3,680,948	3,759,032	3,680,948
Purchase of tangible capital assets	(4,260,581)	(3,094,958)	(3,442,532)
Loss/(gain) on disposal of tangible capital assets	-	(51,943)	34,844
Proceeds on sale of tangible capital assets	-	57,189	-
Contributed capital assets	(800,000)	(3,157,988)	-
Increase in prepaid expenses	-	(1,902)	(4,148)
DECREASE IN NET FINANCIAL ASSETS	(3,291,664)	(2,211,765)	(69,784)
NET FINANCIAL ASSETS - beginning of year	3,791,787	3,791,787	3,861,571
NET FINANCIAL ASSETS - end of year	500,123	1,580,022	3,791,787

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, 2015

	2015	2014
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus/(deficit)	278,805	(338,896)
Increase in taxes receivable	(107,416)	(8,707)
(Increase)/decrease in accounts receivable	(193,277)	156,401
(Increase)/decrease in accounts receivable - developers	86,995	(11,366)
Decrease in land held for resale	-	26,557
Decrease in other receivables	-	29,309
Increase in prepaid expenses	(1,902)	(4,148)
Increase/(decrease) in accounts payable and accrued liabilities	(240,725)	1,257,945
Increase/(decrease) in accounts payable - developers	(370,795)	11,366
Increase in deferred revenue - obligatory reserve fund	3,936,431	744,065
Decrease in deferred revenue - other	(41,533)	(33,381)
Non-cash charges to operations		
Amortization of tangible capital assets	3,759,032	3,680,948
Loss/(gain) on disposal of tangible capital assets	(51,943)	34,844
Contributed capital assets	(3,157,988)	-
Increase/(decrease) in employee future benefits payable	(53,443)	60,432
Net increase in cash from operating transactions	3,842,241	5,605,369
CAPITAL		
Purchase of tangible capital assets	(3,094,958)	(3,442,532)
Proceeds on disposal of tangible capital assets	57,189	-
Net decrease in cash from capital transactions	(3,037,769)	(3,442,532)
INVESTING		
Purchase of investments	(10,132,712)	(10,136,260)
Disposal of investments	10,136,260	-
Net increase/(decrease) in cash from investing transactions	3,548	(10,136,260)
FINANCING		
Debt principal repayments	(577,981)	(559,989)
INCREASE/(DECREASE) IN CASH	230,039	(8,533,412)
CASH - beginning of year	12,046,982	20,580,394
CASH - end of year	12,277,021	12,046,982

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, 2015

The Township of Essa is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

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

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

- Essa Public Library Board
- Angus Business Improvement Area Board

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

(b) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	15 to 30 years
Buildings	25 to 60 years
Equipment	5 to 50 years
Vehicles	10 to 25 years
Roads and bridges	7 to 75 years
Water and sanitary 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.

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

(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.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Non-financial Assets

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

(e) Reserves and Reserve Funds

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

(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) 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.

(h) 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.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) Use of Estimates

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

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates; and
- The values of employee future benefit obligations and the amount of employee future benefits charged to earnings depend on certain economic assumptions.

2. CHANGE IN ACCOUNTING POLICY

The Township has implemented PSA section 3260 Liability for Contaminated Sites. Section 3260 requires governments to record a liability in their financial statements if they have a contaminated site that meets the requirements set out in the standard. The standard defines contamination as the introduction into air, soil, water, or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The standard generally applies to sites that are not in productive use. Sites that are in productive use are only considered contaminated if there was an unexpected event that resulted in contamination. This change has been applied retroactively without restatement of prior periods. The adoption of this standard did not have an impact on the Township's financial statements.

3. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF SIMCOE

During 2015, 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 \$
Amounts requisitioned and remitted	5,691,675	7,443,985

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

4. SHORT TERM INVESTMENTS

The investments consist of non-redeemable GIC investments invested with Scotia McLeod. The GIC's are due in 2016 and have interest rates of 1.40% per annum. The investments are recorded at cost of \$10,000,000 (2014 - \$10,000,000) plus accrued interest of \$132,712 (2014 - \$136,260).

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

5. EMPLOYEE FUTURE AMOUNTS PAYABLE

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

	2015	2014
	\$	\$
Extended health care benefits	510,777	536,294
Vacation pay entitlement	156,249	184,175
	667,026	720,469

6. EXPENSES BY OBJECT

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

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
Salaries and benefits	4,097,366	4,141,669	4,187,521
Interest charges	255,999	255,999	273,991
Materials	3,330,508	3,569,604	3,577,943
Contracted services	6,489,082	7,075,382	4,715,604
Rents and financial	21,436	41,707	29,535
External transfers	180,816	180,780	153,279
Amortization	3,680,948	3,759,032	3,680,948
Loss (gain) on disposal of tangible capital assets	-	(51,943)	34,845
	18,056,155	18,972,230	16,653,666

7. ACCOUNTS RECEIVABLE - DEVELOPERS AND ACCOUNTS PAYABLE - DEVELOPERS

The Township has entered into agreements with three developers as they have already provided \$884,511 of financing for certain Willoughby Road and Bridge works. The financing contributions are to be repaid from the collection of Willoughby Road and Bridge works charges by the Township from the development of other Willoughby Road and Bridge development lands. As at December 31, 2015, accounts payable - developers is \$526,652 (2014 - \$897,447) and accounts receivable - developers is \$418,852 (2014 - \$505,847). The difference between the payable and the receivable of \$107,800 is Willoughby Road and Bridge collections in 2015 and will be repaid to the financing developers according to the agreements. Interest will be paid on the financing contributions of each financing developer at the Bank of Canada prime rate subject to certain conditions. The Township's obligations under the agreements terminate on the earlier of the date that the developers have been repaid for their financing contributions or January 1, 2028.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

8. TANGIBLE CAPITAL ASSETS

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

	2015	2014
	\$	\$
General		
Land	18,433,539	18,223,949
Land improvements	3,018,803	2,973,728
Buildings	16,527,998	16,787,154
Equipment	12,392,108	12,567,137
Vehicles	2,366,456	2,358,196
Infrastructure		
Roads and bridges	27,222,993	24,761,832
Water and sanitary sewer systems	23,437,710	23,294,324
Storm sewers	8,606,831	8,728,341
	112,006,438	109,694,661
Assets under construction	591,232	414,341
	112,597,670	110,109,002

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

During the year there were no write-downs of assets (2014 - \$Nil) and no interest capitalized (2014 - \$Nil).

Land is further broken down between general capital assets \$5,780,908 (2014 - \$5,780,908) and infrastructure (linear) assets \$12,652,630 (2014 - \$12,443,041).

Land improvements is further broken down between general capital assets \$1,731,337 (2014 - \$1,654,279) and infrastructure (linear) assets \$1,287,466 (2014 - \$1,319,449).

	2015	2014
	\$	\$
General government	1,322,109	1,290,655
Protection services	2,236,049	2,059,166
Transportation services	41,212,076	38,428,561
Environmental services	53,672,344	54,273,209
Recreation and cultural services	14,155,092	14,057,411
	112,597,670	110,109,002

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

9. 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:

	2015	2014
	\$	\$
Development charges	13,380,956	9,459,596
Parkland	26,386	26,094
Willoughby Road and Bridge	68,904	55,089
Federal gas tax	1,612	648
	13,477,858	9,541,427

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

	2015	2014
	\$	\$
Balance - beginning of year	9,541,427	8,797,362
Add amounts received:		
Development charges received	4,571,783	2,636,017
Federal gas tax received	535,820	549,671
Willoughby Road and Bridge charges received	13,200	2,200
Interest	118,619	121,425
	5,239,422	3,309,313
Less transfer to operations:		
Development charges earned	766,991	1,979,248
Federal gas tax earned	536,000	586,000
	1,302,991	2,565,248
Balance - end of year	13,477,858	9,541,427

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

10. LONG TERM DEBT

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

	2015	2014
	\$	\$
Ontario Municipal Economic Infrastructure Financing Authority Debenture, matures December 2, 2019, repayable in blended semiannual payments of \$167,252, bears interest at 2.62% per annum. Borrowed for waterworks.	1,262,466	1,558,072
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 works.	3,767,658	3,928,676
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 waterworks.	1,162,303	1,283,660
	6,192,427	6,770,408

- (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 waterworks 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 works will be recovered from sewer development charges.

- (c) Interest paid during the year on long term debt amounted to \$255,999 (2014 - \$273,991).

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

	Principal	Interest	Total
	\$	\$	\$
2016	596,605	237,375	833,980
2017	615,889	218,091	833,980
2018	635,856	198,124	833,980
2019	656,534	177,446	833,980
2020	341,255	158,220	499,475
2021 to 2025	1,685,781	582,741	2,268,522
2026 and subsequent years	1,660,507	247,480	1,907,987
	6,192,427	1,819,477	8,011,904

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

11. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2015	2014
	\$	\$
Surplus/(Deficit)		
Township	320,524	86,641
Waterworks	100,189	76,754
Sewer	-	183,211
Unfunded employee future benefits	(667,026)	(720,469)
Erosion control works - see (c) below	(257,723)	-
	(504,036)	(373,863)
Invested in Capital Assets		
Tangible capital assets - net book value	112,597,670	110,109,002
Long term debt	(6,192,427)	(6,770,408)
Unfunded capital - see (b) below	(68,075)	(235,916)
	106,337,168	103,102,678
Surplus	105,833,132	102,728,815
Reserves		
Working funds	1,673,321	1,673,321
Contingencies	37,372	179,733
Acquisition of capital assets	2,254,032	2,539,831
Operations	109,903	109,903
Water and sewer - see (c) below	4,089,853	6,486,947
Total Reserves	8,164,481	10,989,735
Reserve Funds		
Water and sewer services	151,198	149,528
Angus Business Improvement Area	41,361	43,289
Total Reserve Funds	192,559	192,817
	114,190,172	113,911,367

(b) The unfunded capital balance from 2015 will be funded from the 2016 Federal Gas Tax allocation. The 2014 unfunded capital amount related to the sewer systems and this amount was paid off in 2015 from revenues collected from development charges to which these sewer system expansion projects relate.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

11. ACCUMULATED SURPLUS, continued

- (c) In 2015 the Township approved a transfer of \$2,073,400 from the reserves 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. To complete the erosion control project the Township expects 2016 costs of \$111,000 plus applicable taxes. The 2016 costs and the 2015 deficit from erosion controls works of \$257,933 will be funded from another repayable transfer from the reserve for water and sewer infrastructure and be repaid from taxation. The Township has commenced legal actions against various parties to recover these costs.

12. PENSION AGREEMENTS

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions required on account of current service in 2015 were \$244,738 (2014 - \$245,562).

13. BUDGET FIGURES

The budget, approved by the Township, for 2015 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated 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 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.

14. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$2,000,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate less .75% per annum. Council authorized the temporary borrowing limit by By-law 2015-01. At December 31, 2015 there was no balance outstanding (2014 - \$Nil).

15. CONTINGENT LIABILITIES

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

16. COMPARATIVE FIGURES

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

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

17. SUBSEQUENT EVENT

In 2016, the Township sold a piece of land for \$304,306. This parcel of land is recorded as part of the tangible capital assets reported on the Consolidated Statement of Financial Position.

18. 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.

Other Environmental Services

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

Recreation and Cultural Services

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

Planning and Development

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

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

19. COMMITMENTS

The Township along with two neighbouring municipalities negotiated a joint policing contract with the Minister of Community Safety and Correctional Services for the provision of police services by the Ontario Provincial Police (OPP), effective July 1, 2015 to June 30, 2020. The Township's cost for policing is based on a per capita amount plus a per call charge. The 2015 Township OPP costs were \$3,031,111. The remaining costs under this contract are expected to decrease until June 30, 2020.

The Township entered into an agreement with Honeywell Limited in May 2014 to complete capital works at the Angus waste water treatment plant and water treatment facilities at a total cost of \$2,017,623 plus HST. The project will be funded through reserves for water and sewer infrastructure. The remaining commitment at December 31, 2015 is \$1,495,620 (2014- \$1,745,244).

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2015

	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	18,223,949	3,829,305	26,457,658	21,337,538	4,943,811	55,447,648	28,341,154	11,022,974	414,341	170,018,378
Add: additions during the year	-	163,404	17,297	572,164	301,278	-	-	-	5,198,803	6,252,946
Less: disposals during the year	-	-	-	157,635	175,993	331,160	-	-	-	664,788
Internal transfers	209,590	5,249	410,284	55,440	-	3,744,433	506,731	90,185	(5,021,912)	-
Balance, end of year	18,433,539	3,997,958	26,885,239	21,807,507	5,069,096	58,860,921	28,847,885	11,113,159	591,232	175,606,536
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	855,577	9,670,504	8,770,401	2,585,615	30,685,816	5,046,830	2,294,633	-	59,909,376
Add: additions during the year	-	123,578	686,737	802,633	287,772	1,283,272	363,345	211,695	-	3,759,032
Less: disposals during the year	-	-	-	157,635	170,747	331,160	-	-	-	659,542
Balance, end of year	-	979,155	10,357,241	9,415,399	2,702,640	31,637,928	5,410,175	2,506,328	-	63,008,866
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	18,433,539	3,018,803	16,527,998	12,392,108	2,366,456	27,222,993	23,437,710	8,606,831	591,232	112,597,670

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2015

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sanitary Sewer Services \$	Other Environmental \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	(454,819)	4,018,473	2,768,290	44,240	-	1,266,439	334,252	7,976,875
User charges	253,137	880,281	128,722	2,666,795	-	684,150	73,568	4,686,653
Government transfers - operating	1,208,381	990	-	-	-	44,762	13,996	1,268,129
Government transfers - capital	-	-	106,211	-	-	-	-	106,211
Other municipalities	56,073	163,004	50,000	-	-	2,500	-	271,577
Penalties and interest on taxes	275,117	-	-	-	-	-	-	275,117
Investment income	147,665	-	-	49,252	-	-	-	196,917
Donations	749	7,546	-	-	-	282	-	8,577
Contributed capital assets	-	-	2,505,632	652,356	-	-	-	3,157,988
Development charges earned	-	68,090	150,000	360,371	-	170,530	18,000	766,991
Federal gas tax earned	-	-	536,000	-	-	-	-	536,000
Total revenues	1,486,303	5,138,384	6,244,855	3,773,014	-	2,168,663	439,816	19,251,035
Expenses								
Salaries and benefits	868,473	921,185	819,519	175,672	-	1,093,466	263,354	4,141,669
Interest charges	-	-	-	255,999	-	-	-	255,999
Materials	360,690	473,619	1,266,804	729,877	-	653,868	84,746	3,569,604
Contracted services	116,657	3,084,156	354,152	914,559	-	136,801	2,469,057	7,075,382
Rents and financial	19,771	-	20,805	652	-	479	-	41,707
External transfers	38,959	141,821	-	-	-	-	-	180,780
Amortization	23,026	179,098	1,612,056	1,162,923	230,763	551,166	-	3,759,032
Loss (gain) on disposal of tangible capital assets	-	(48,498)	(3,445)	-	-	-	-	(51,943)
Total expenses	1,427,576	4,751,381	4,069,891	3,239,682	230,763	2,435,780	2,817,157	18,972,230
Net surplus/(deficit)	58,727	387,003	2,174,964	533,332	(230,763)	(267,117)	(2,377,341)	278,805

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2014

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sanitary Sewer Services \$	Other Environmental \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	34,798	2,811,304	2,745,456	44,240	-	1,104,550	317,630	7,057,978
User charges	203,894	593,796	95,478	2,531,586	-	647,073	88,029	4,159,856
Government transfers - operating	20,696	1,423,200	-	-	-	43,870	852	1,488,618
Government transfers - capital	-	-	-	-	-	13,619	-	13,619
Other municipalities	32,834	158,413	51,539	-	-	22,500	-	265,286
Penalties and interest on taxes	285,760	-	-	-	-	-	-	285,760
Investment income	184,494	-	-	58,151	-	-	-	242,645
Donations	-	201,158	-	-	-	34,602	-	235,760
Development charges earned	346,907	112,892	660,925	530,045	-	317,910	10,569	1,979,248
Federal gas tax earned	-	-	586,000	-	-	-	-	586,000
Total revenues	1,109,383	5,300,763	4,139,398	3,164,022	-	2,184,124	417,080	16,314,770
Expenses								
Salaries and benefits	930,702	929,827	864,734	168,105	-	1,039,975	254,178	4,187,521
Interest charges	-	-	-	273,991	-	-	-	273,991
Materials	384,543	378,303	1,370,393	755,678	-	610,776	78,250	3,577,943
Contracted services	116,795	3,297,135	228,809	880,672	-	148,361	43,832	4,715,604
Rents and financial	17,706	-	11,367	267	-	195	-	29,535
External transfers	16,165	137,114	-	-	-	-	-	153,279
Amortization	17,196	174,810	1,534,006	1,172,563	229,961	552,412	-	3,680,948
Loss (gain) on disposal of tangible capital assets	-	-	34,845	-	-	-	-	34,845
Total expenses	1,483,107	4,917,189	4,044,154	3,251,276	229,961	2,351,719	376,260	16,653,666
Net surplus/(deficit)	(373,724)	383,574	95,244	(87,254)	(229,961)	(167,595)	40,820	(338,896)

CORPORATION OF THE TOWNSHIP OF ESSA
ESSA PUBLIC LIBRARY BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 2015

INDEPENDENT AUDITORS' 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**T. 705.742.3418
F. 705.742.9775www.collinsbarrowkawarthas.com*Report on the Financial Statements*

We have audited the accompanying financial statements of the Essa Public Library Board of the Corporation of the Township of Essa, which comprise the statement of financial position as at December 31, 2015, the statements of operations and accumulated surplus, change in net financial liabilities and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

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

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

Basis for Qualified Opinion

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

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the Essa Public Library Board as at December 31, 2015 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 AccountantsPeterborough, Ontario
November 25, 2016

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2015

	2015 \$	Restated 2014 \$ (Note 2)
FINANCIAL ASSETS		
Cash	3,605	345
Accounts receivable	951	-
Due from Township	-	9,864
TOTAL FINANCIAL ASSETS	4,556	10,209
LIABILITIES		
Accounts payable	1,553	4,993
Due to Township	1,932	-
Deferred revenue	10,675	13,344
TOTAL LIABILITIES	14,160	18,337
NET FINANCIAL LIABILITIES	(9,604)	(8,128)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	569,790	579,229
Prepaid expenses	9,604	8,128
TOTAL NON-FINANCIAL ASSETS	579,394	587,357
ACCUMULATED SURPLUS (note 4)	569,790	579,229

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, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Restated Actual 2014 \$ (Note 2)
REVENUES			
Contribution from Township	604,196	566,456	553,284
Province of Ontario	29,731	32,724	27,066
Government of Canada	7,324	5,982	8,421
Other	43,270	52,105	53,732
TOTAL REVENUES	684,521	657,267	642,503
EXPENSES			
Salaries and benefits	455,136	450,676	425,639
Utilities	20,950	22,385	23,115
Subscriptions and periodicals	1,752	1,726	1,506
Insurance and audit	11,360	7,691	10,998
Computer support and supplies	18,000	17,714	17,770
Facility costs	18,110	15,647	18,530
Office	5,650	4,109	6,297
Fundraising costs	2,000	609	1,955
Amortization	90,288	103,494	105,691
Other operating costs	19,250	18,425	14,367
Contract services	24,513	24,230	21,741
TOTAL EXPENSES	667,009	666,706	647,609
ANNUAL SURPLUS/(DEFICIT)	17,512	(9,439)	(5,106)
ACCUMULATED SURPLUS - beginning of year	579,229	579,229	584,335
ACCUMULATED SURPLUS - end of year	596,741	569,790	579,229

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES For the Year Ended December 31, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Restated Actual 2014 \$ (Note 2)
ANNUAL SURPLUS/(DEFICIT)	17,512	(9,439)	(5,106)
Amortization of tangible capital assets	90,288	103,494	105,691
Acquisition of tangible capital assets	(107,800)	(94,055)	(100,585)
Increase in prepaid expenses	-	(1,476)	(2,091)
INCREASE IN NET FINANCIAL LIABILITIES	-	(1,476)	(2,091)
NET FINANCIAL LIABILITIES - beginning of year	(8,128)	(8,128)	(6,037)
NET FINANCIAL LIABILITIES - end of year	(8,128)	(9,604)	(8,128)

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, 2015**

	2015 \$	Restated 2014 \$ (Note 2)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus/(deficit)	(9,439)	(5,106)
Increase in accounts receivable	(951)	-
Decrease in due from Township	9,864	24,909
Increase in prepaid expenses	(1,476)	(2,091)
Decrease in accounts payable	(3,440)	(19,465)
Increase in due to Township	1,932	-
Decrease in deferred revenue	(2,669)	(3,336)
Non-cash charges to operations		
Amortization of tangible capital assets	103,494	105,691
Net increase in cash from operating transactions	97,315	100,602
CAPITAL		
Acquisition of tangible capital assets	(94,055)	(100,585)
INCREASE IN CASH	3,260	17
CASH - beginning of year	345	328
CASH - end of year	3,605	345

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2015

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.

(b) Use of Estimates

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

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

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

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

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

(d) 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.

(e) 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.

(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.

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2015

2. RESTATEMENT OF TANGIBLE CAPITAL ASSETS

The Board has restated its financial statements to include tangible capital assets that were not originally reported as Library Board assets since they were funded through a grant received by the Township and as such were reported as Township assets. Adjustments necessary to the 2014 financial information as a result of this are as follows:

Adjustment to 2014 Tangible Capital Assets

Assets previously recorded to December 31, 2014	\$ 815,065
Accumulated amortization to December 31, 2014, previously recorded	(371,684)
Cost of assets not previously reported	169,063
Accumulated amortization of assets not previously reported	<u>(33,215)</u>
Closing 2014 and opening 2015 net book value of tangible capital assets as restated	<u>\$ 579,229</u>

Adjustment to Opening 2014 Accumulated Surplus

Accumulated surplus as previously stated	
Net book value of tangible capital assets at January 1, 2014	433,084
Net book value of assets not previously reported	<u>151,251</u>
Opening 2014 accumulated surplus, as restated	<u>\$ 584,335</u>

Adjustment to 2014 Annual Surplus/(Deficit)

2014 annual surplus/(deficit) as previously stated	\$ 10,297
Less: Amortization expense not previously recorded	<u>(15,403)</u>
2014 annual surplus/(deficit) as restated	<u>\$ (5,106)</u>

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2015

3. TANGIBLE CAPITAL ASSETS

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

	Furniture and equipment \$	Books \$	2015 Totals \$	Restated 2014 Totals \$ (Note 2)
COST				
Balance, beginning of year	323,186	660,942	984,128	979,877
Add: additions during the year	12,952	81,103	94,055	100,585
Less: disposals during the year	1,109	80,920	82,029	96,334
Balance, end of year	335,029	661,125	996,154	984,128
ACCUMULATED AMORTIZATION				
Balance, beginning of year	97,179	307,720	404,899	395,542
Add: additions during the year	23,043	80,451	103,494	105,691
Less: disposals during the year	1,109	80,920	82,029	96,334
Balance, end of year	119,113	307,251	426,364	404,899
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	215,916	353,874	569,790	579,229

4. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2015 \$	Restated 2014 \$ (Note 2)
Invested In Capital Assets		
Tangible capital assets - net book value	569,790	579,229
	569,790	579,229

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2015

5. BUDGET FIGURES

The operating budget, approved by the Board, for 2015 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Liabilities. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

6. COMPARATIVE FIGURES

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

**CORPORATION OF THE TOWNSHIP OF ESSA
ANGUS BUSINESS IMPROVEMENT AREA BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 2015**

INDEPENDENT AUDITORS' REPORT**To the Members of the Angus Business Improvement Area Board,
the Members of Council, Inhabitants and Ratepayers of the
Corporation of the Township of Essa***Report on the Financial Statements*

We have audited the accompanying financial statements of the Angus Business Improvement Area Board of the Corporation of the Township of Essa, which comprise the statement of financial position as at December 31, 2015, 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.

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Angus Business Improvement Area Board as at December 31, 2015 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 AccountantsPeterborough, Ontario
November 25, 2016

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2015

	2015	2014
	\$	\$
FINANCIAL ASSETS		
Due from Township	41,361	43,289
NET FINANCIAL ASSETS	41,361	43,289
ACCUMULATED SURPLUS (note 2)	41,361	43,289

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, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
REVENUES			
Taxation	19,700	19,800	19,952
Investment income	-	543	586
TOTAL REVENUES	19,700	20,343	20,538
EXPENSES			
Decorations	8,970	8,654	6,859
Landscaping	10,000	9,955	10,165
Tax write offs	-	1,952	1,218
Professional fees	525	1,500	1,200
Memberships	205	210	-
TOTAL EXPENSES	19,700	22,271	19,442
ANNUAL SURPLUS/(DEFICIT)	-	(1,928)	1,096
ACCUMULATED SURPLUS - beginning of year	43,289	43,289	42,193
ACCUMULATED SURPLUS - end of year	43,289	41,361	43,289

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
ANNUAL SURPLUS/(DEFICIT)	-	(1,928)	1,096
NET FINANCIAL ASSETS - beginning of year	43,289	43,289	42,193
NET FINANCIAL ASSETS - end of year	43,289	41,361	43,289

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, 2015

	2015	2014
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus/(deficit)	(1,928)	1,096
(Increase)/decrease in due from Township	1,928	(1,096)
Net increase in cash from operating transactions	-	-
INCREASE IN CASH	-	-
CASH - beginning of year	-	-
CASH - end of year	-	-

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ESSA
ANGUS BUSINESS IMPROVEMENT AREA BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

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.

(b) Use of Estimates

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

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The Angus Business Improvement Area has no significant capital assets.

(d) Reserves and Reserve Funds

Certain amounts, as approved by the Board, 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.

2. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2015	2014
	\$	\$
Reserve Fund		
Operations	41,361	43,289
	41,361	43,289

CORPORATION OF THE TOWNSHIP OF ESSA
ANGUS BUSINESS IMPROVEMENT AREA BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

3. BUDGET FIGURES

The operating budget, approved by the Board, for 2015 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.