

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

CORPORATION OF THE TOWNSHIP OF ESSA
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

TABLE OF CONTENTS

	Page Number
MANAGEMENT REPORT	
INDEPENDENT AUDITOR'S REPORT	
CONSOLIDATED FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 16
Schedule of Tangible Capital Assets	17
Schedules of Segment Disclosure	18 - 19
LOCAL BOARDS	
Essa Public Library Board	20 - 31
Angus Business Improvement Area Board	32 - 42

Corporation of the Township of Essa
5786 County Road 21
Utopia, Ontario
L0M 1T0



Telephone: (705) 424-9770
Fax: (705) 424-2367
Web Site: www.essatownship.on.ca

CORPORATION OF THE TOWNSHIP OF ESSA

For The Year Ended December 31, 2021

MANAGEMENT REPORT

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

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

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

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

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

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

Mayor

Treasurer

December 7, 2022



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

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

www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Essa and its local boards (the Township), which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2021, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

ASSURANCE • TAX • ADVISORY

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

Peterborough

Courtice

Lindsay

Cobourg

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Township to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
December 14, 2022



CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2021

	2021	2020
	\$	\$
		(Restated - Note 2)
FINANCIAL ASSETS		
Cash	37,269,440	37,683,784
Taxes receivable	2,341,510	2,691,999
Accounts receivable	2,583,013	3,634,658
TOTAL FINANCIAL ASSETS	42,193,963	44,010,441
LIABILITIES		
Accounts payable and accrued liabilities	5,564,657	5,919,539
Accounts payable - developers	645,000	645,000
Deferred revenue - obligatory reserve fund (note 6)	21,918,425	23,121,621
Deferred revenue - other	223,624	357,320
Long term debt (note 7)	2,991,730	3,346,290
Employee future benefits payable (note 5)	665,864	620,142
TOTAL LIABILITIES	32,009,300	34,009,912
NET FINANCIAL ASSETS	10,184,663	10,000,529
NON-FINANCIAL ASSETS		
Tangible capital assets (note 8)	123,315,962	120,353,322
Prepaid expenses	76,942	46,077
TOTAL NON-FINANCIAL ASSETS	123,392,904	120,399,399
ACCUMULATED SURPLUS (note 9)	133,577,567	130,399,928

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, 2021

	Budget 2021 \$	Actual 2021 \$	Actual 2020 \$ (Restated - Note 2)
	(Unaudited)		
REVENUES			
Property taxation	11,423,285	11,427,565	11,037,952
User charges	3,888,920	4,983,008	4,833,382
Government of Canada	27,888	31,098	50,720
Province of Ontario	2,627,697	2,262,817	1,896,626
Other municipalities	95,000	24,046	32,163
Penalties and interest on taxes	275,000	317,013	213,478
Investment income	156,000	91,127	167,979
Donations	43,000	51,121	51,089
Sale of assets and other	80,000	29,532	39,545
Developer contributions earned (note 6)	338,100	1,119,095	757,424
Federal gas tax earned (note 6)	1,961,726	2,480,805	140,600
TOTAL REVENUES	20,916,616	22,817,227	19,220,958
EXPENSES			
General government	1,832,755	2,088,266	1,669,319
Protection services	5,413,440	5,092,273	5,123,360
Transportation services	5,308,612	5,167,685	4,743,773
Environmental services	3,905,468	4,025,217	4,053,701
Health services	500	38,550	-
Recreation and cultural services	3,201,083	2,855,576	2,586,707
Planning and development	530,674	372,021	357,404
TOTAL EXPENSES	20,192,532	19,639,588	18,534,264
ANNUAL SURPLUS	<u>724,084</u>	3,177,639	686,694
ACCUMULATED SURPLUS - beginning of year		130,399,928	129,713,234
ACCUMULATED SURPLUS - end of year		133,577,567	130,399,928

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$ (Restated - Note 2)
ANNUAL SURPLUS	724,084	3,177,639	686,694
Amortization of tangible capital assets	4,293,095	4,405,132	4,165,004
Purchase of tangible capital assets	(5,235,884)	(7,367,772)	(2,868,394)
Loss on disposal of tangible capital assets	-	-	262,146
Proceeds on sale of tangible capital assets	-	-	11,540
Change in prepaid expenses	-	(30,865)	(33,412)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(218,705)	184,134	2,223,578
NET FINANCIAL ASSETS - beginning of year	10,000,529	10,000,529	7,776,951
NET FINANCIAL ASSETS - end of year	9,781,824	10,184,663	10,000,529

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, 2021

	2021	2020
	\$	\$
		(Restated - Note 2)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	3,177,639	686,694
Items not involving cash		
Amortization of tangible capital assets	4,405,132	4,165,004
Loss on disposal of tangible capital assets	-	262,146
Change in employee future benefits payable	45,722	(99,862)
Change in non-cash assets and liabilities		
Taxes receivable	350,489	(413,662)
Accounts receivable	1,051,645	(400,648)
Prepaid expenses	(30,865)	(33,412)
Accounts payable and accrued liabilities	(354,882)	687,004
Deferred revenue - obligatory reserve fund	(1,203,196)	2,726,586
Deferred revenue - other	(133,696)	218,660
Net change in cash from operating activities	7,307,988	7,798,510
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(7,367,772)	(2,868,394)
Proceeds on disposal of tangible capital assets	-	11,540
Net change in cash from capital activities	(7,367,772)	(2,856,854)
FINANCING ACTIVITIES		
Debt principal repayments	(354,560)	(341,254)
NET CHANGE IN CASH	(414,344)	4,600,402
CASH - beginning of year	37,683,784	33,083,382
CASH - end of year	37,269,440	37,683,784

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, 2021

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

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

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

- Essa Public Library Board
- Angus Business Improvement Area Board

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

(b) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

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

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

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

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Recognition of Revenues and Expenses

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

Taxation

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

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

Government Funding

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

Other Revenue

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

Investment income is recorded when earned.

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

(d) Non-Financial Assets

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

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Reserves and Reserve Funds

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

(f) Deferred Revenue

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

(g) Use of Estimates

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

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

2. RESTATEMENT FOR PREVIOUS PERIOD

The Township has restated its consolidated financial statements to correct for tangible capital assets not previously recorded, tangible capital assets that should have been recorded as an expense, adjustments to amortization and for Federal gas tax funding that should have been recorded as earned. The effects of these corrections are as follows:

Adjustment to 2020 Tangible Capital Assets

Net book value of tangible capital assets previously reported to December 31, 2020	\$ 120,575,479
Accumulated amortization to December 31, 2020, not previously recorded	(197,775)
Tangible capital asset additions, previously recorded as expenses	6,252
Expenses previously recorded as tangible capital assets	<u>(30,634)</u>
Closing 2020 and opening 2021 net book value of tangible capital assets as restated	<u>\$ 120,353,322</u>

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

2. RESTATEMENT FOR PREVIOUS PERIOD, continued

Adjustment to Opening 2020 Accumulated Surplus

Accumulated surplus as previously stated	
Current fund	\$ (724,250)
Capital fund	118,570,889
Reserves and reserve funds	<u>11,599,029</u>
	129,445,668
Federal gas tax funding previously not recorded as earned	602,381
Tangible capital additions previously recorded as expenses	6,252
Amortization expense not previously recorded	(325,866)
Expenses previously recorded as tangible capital assets	<u>(15,201)</u>
Opening 2020 accumulated surplus as restated	<u>\$ 129,713,234</u>

Adjustment to 2020 Annual Surplus

2020 annual surplus as previously stated	\$ 433,435
Add: Federal gas tax funding previously not recorded as earned	140,600
Amortization previously overstated	128,092
Expenses previously recorded as tangible capital assets	<u>(15,433)</u>
2020 annual surplus as restated	<u>\$ 686,694</u>

3. BUDGET FIGURES

The budget, approved by the Township, for 2021 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

4. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$2,000,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate less 0.75% per annum. Council authorized the temporary borrowing limit by By-law 2021-01. At December 31, 2021 there was no balance outstanding.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

5. EMPLOYEE FUTURE BENEFITS PAYABLE

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

	2021	2020
	\$	\$
Extended health care benefits	506,600	473,400
Vacation pay entitlement	159,264	146,742
	<u>665,864</u>	<u>620,142</u>

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

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

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

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

	2021	2020
	\$	\$
Liability at January 1	473,400	532,900
Current year benefit cost	58,200	56,900
Interest cost	11,300	10,600
Benefit payments	(36,300)	(40,400)
Transitional adjustment	-	(86,600)
Liability at December 31	<u>506,600</u>	<u>473,400</u>

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

6. 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:

	2021	2020 (Restated- Note2)
	\$	\$
Development charges	21,403,451	21,463,035
Parkland	433,401	430,379
Willoughby road and bridge charges	53	52
Federal gas tax	76,560	1,228,155
Ontario Community Infrastructure Fund	4,960	-
	21,918,425	23,121,621

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

	2021	2020 (Restated- Note2)
	\$	\$
Balance - beginning of year	23,121,621	20,395,035
Add amounts received:		
Development charges received	905,196	2,778,630
Federal gas tax received	1,311,443	639,579
Ontario Community Infrastructure Fund	516,692	-
Interest	180,065	206,401
	2,913,396	3,624,610
Less transfer to operations:		
Development charges earned	1,119,095	757,424
Federal gas tax earned	2,480,805	140,600
Ontario Community Infrastructure Fund	516,692	-
	4,116,592	898,024
Balance - end of year	21,918,425	23,121,621

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

7. LONG TERM DEBT

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

	2021	2020
	\$	\$
Ontario Strategic Infrastructure Financing Authority Debenture, matures February 2, 2031, repayable in blended semiannual payments of \$173,452, bears interest at 4.78% per annum. Borrowed for sanitary sewer systems.	2,624,151	2,837,929
Ontario Infrastructure Projects Corporation Debenture, matures May 1, 2024, repayable in blended semiannual payments of \$76,284, bears interest at 2.49% per annum. Borrowed for water systems.	367,579	508,361
	2,991,730	3,346,290

- (b) The long term debt in (a) issued in the name of the Township have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing. The long term debt principal and interest payments for water systems will be recovered from a combination of water user charges and water development charges. The long term debt principal and interest payments for sanitary sewer systems will be recovered from sewer development charges.

- (c) Interest paid during the year on long term debt amounted to \$144,916 (2020 - \$158,220).

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

	Principal	Interest	Total
	\$	\$	\$
2022	368,427	131,048	499,475
2023	382,884	116,591	499,475
2024	321,672	101,520	423,192
2025	258,240	88,667	346,907
2026	270,731	76,175	346,906
	1,601,954	514,001	2,115,955
2027 and subsequent years	1,389,776	171,304	1,561,080
	2,991,730	685,305	3,677,035

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

8. TANGIBLE CAPITAL ASSETS

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

	2021	2020 Restated- (Note 2)
	\$	\$
General		
Land	19,091,791	19,091,791
Land improvements	2,870,915	2,997,344
Buildings	13,922,496	14,591,346
Equipment	13,822,870	14,050,058
Vehicles	4,110,465	3,450,082
Infrastructure		
Roads and bridges	30,157,111	31,037,881
Water and sanitary sewer systems	25,178,551	25,079,544
Storm sewers	8,919,585	9,156,514
	118,073,784	119,454,560
Assets under construction	5,242,178	898,762
	123,315,962	120,353,322

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

During the year there were no write-downs of assets (2020 - \$Nil) and no interest capitalized (2020 - \$Nil).

Land is further broken down between general capital assets \$5,929,977 (2020 - \$5,929,977) and infrastructure (linear) assets \$13,161,814 (2020 - \$13,161,814).

Land improvements is further broken down between general capital assets \$1,753,498 (2020 - \$1,849,320) and infrastructure (linear) assets \$1,117,417 (2020 - \$1,148,024).

	2021	2020 Restated- (Note 2)
	\$	\$
General government	1,351,860	1,384,435
Protection services	3,786,349	3,218,856
Transportation services	49,401,394	46,167,495
Environmental services	55,184,821	55,888,700
Recreation and cultural services	13,556,412	13,654,320
Planning and development	35,126	39,516
	123,315,962	120,353,322

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

9. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2021	2020 Restated- (Note 2)
	\$	\$
Surplus/(Deficit)		
Township	1,597,147	742,981
Unfunded employee future benefits	(665,864)	(620,142)
	<u>931,283</u>	<u>122,839</u>
Invested In Capital Assets		
Tangible capital assets - net book value	123,315,962	120,353,322
Long term debt	(2,991,730)	(3,346,290)
	<u>120,324,232</u>	<u>117,007,032</u>
Surplus	<u>121,255,515</u>	<u>117,129,871</u>
Reserves		
Working funds	1,692,480	1,673,321
Contingencies	37,372	37,372
Acquisition of capital assets	4,127,671	2,231,386
Operations	109,903	109,903
Water and sewer - see (b) below	5,114,477	4,921,027
Future enforcement of Building Code Act - see (c) below	1,052,967	1,143,449
Special projects	-	2,966,457
Essa Public Library Board	17,757	25,194
Total Reserves	<u>12,152,627</u>	<u>13,108,109</u>
Reserve Funds		
Water and sewer services	163,230	161,123
Angus Business Improvement Area	6,195	825
Total Reserve Funds	<u>169,425</u>	<u>161,948</u>
	<u>133,577,567</u>	<u>130,399,928</u>

(b) In 2015, the Township approved a transfer of \$2,073,400 from the reserve for water and sewer infrastructure to fund the erosion control on the Nottawasaga River through by-law 2015-34. The by-law provides that this amount will be repaid over 15 years plus interest at the prevailing reserve interest rate which was 1.25% at the time of the by-law, and be funded from taxation. In relation to the reserve loan of \$2,073,400, the Township contributed \$138,227 in loan principal and \$17,278 in interest to the water and sewer reserve in 2021. The balance of the loan owing to the reserve at December 31, 2021 is \$982,341 (2020 - \$1,120,568).

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

9. ACCUMULATED SURPLUS, continued

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

10. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF SIMCOE

During 2021, requisitions were made by the County of Simcoe and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxes	5,973,353	9,544,174
Taxation from other governments	223,793	1,177,964
	6,197,146	10,722,138
Amounts requisitioned and remitted	6,197,146	10,722,138

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

11. PENSION AGREEMENTS

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

The Actuarial Opinion contained in the 2021 Annual Report disclosed total actuarial liabilities of \$120,796 million in respect of benefits accrued for service with actuarial assets of \$117,665 million indicating an actuarial deficit of \$3,131 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The Township's required contributions to OMERS in 2021 were \$307,676 (2020 - \$288,395).

12. COMMITMENT

The Township along with two neighbouring municipalities (Adjala Tosorontio Township and New Tecumseth Township) negotiated a joint policing contract with the Minister of Community Safety and Correctional Services for the provision of police services by the Ontario Provincial Police (OPP), effective July 1, 2015 to June 30, 2020. Upon the expiration of this contract, the municipalities agreed to a 3 year extension with similar terms. The Township's cost for policing is based on a per capita amount plus a per call charge. The 2021 Township OPP costs were \$2,906,903 (2020 - \$2,980,460).

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

13. EXPENSES BY OBJECT

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

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$ Restated- (Note 2)
Salaries and benefits	6,007,889	5,617,628	4,979,271
Interest charges	144,916	144,916	158,220
Materials	5,056,072	5,219,314	4,115,360
Contracted services	4,467,121	4,036,272	4,617,558
Rents and financial	24,625	17,912	41,270
External transfers	198,814	198,414	195,435
Amortization	4,293,095	4,405,132	4,165,004
Loss (gain) on disposal of tangible capital assets	-	-	262,146
	20,192,532	19,639,588	18,534,264

14. CONTINGENT LIABILITIES

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

15. UNCERTAINTY CAUSED BY COVID-19

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

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

16. SEGMENTED INFORMATION

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

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

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

General Government

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

Protection Services

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

Transportation Services

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

Water and Sanitary Sewer Systems

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

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

Health Services

The health services function consists of the activities of the cemetery board.

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

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS - Restated Note 2 For the Year Ended December 31, 2021

	General				Infrastructure			Totals		
	Land	Land improvements	Buildings	Equipment	Vehicles	Roads and bridges	Water and sanitary sewer systems		Storm sewers	Assets Under Construction
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
COST										
Balance, beginning of year	19,091,791	4,620,282	28,064,783	24,402,421	7,252,128	71,290,703	32,459,976	12,783,099	898,762	200,863,945
Add: additions during the year	-	27,848	-	662,749	881,155	786,134	-	-	5,009,886	7,367,772
Less: disposals during the year	-	-	-	85,447	-	-	-	-	-	85,447
Internal transfers	-	-	-	-	151,999	-	514,471	-	(666,470)	-
Balance, end of year	19,091,791	4,648,130	28,064,783	24,979,723	8,285,282	72,076,837	32,974,447	12,783,099	5,242,178	208,146,270
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	1,622,938	13,473,437	10,352,363	3,802,046	40,252,822	7,380,432	3,626,585	-	80,510,623
Add: additions during the year	-	154,277	668,850	889,937	372,771	1,666,904	415,464	236,929	-	4,405,132
Less: disposals during the year	-	-	-	85,447	-	-	-	-	-	85,447
Balance, end of year	-	1,777,215	14,142,287	11,156,853	4,174,817	41,919,726	7,795,896	3,863,514	-	84,830,308
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	19,091,791	2,870,915	13,922,496	13,822,870	4,110,465	30,157,111	25,178,551	8,919,585	5,242,178	123,315,962



CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2021

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	736,807	4,758,008	2,541,353	-	-	2,874,339	517,058	11,427,565
User charges	194,028	489,176	119,032	3,667,729	33,878	318,202	160,963	4,983,008
Government transfers - operating	1,704,780	11,762	1,756	-	-	33,600	25,325	1,777,223
Government transfers - capital	-	-	516,692	-	-	-	-	516,692
Other municipalities	-	24,046	-	-	-	-	-	24,046
Penalties and interest on taxes	317,013	-	-	-	-	-	-	317,013
Investment income	89,934	-	-	1,132	-	-	61	91,127
Donations	5,000	-	-	-	-	46,121	-	51,121
Sale of assets and other	29,532	-	-	-	-	-	-	29,532
Developer contributions earned	-	100,235	718,267	-	-	275,086	25,507	1,119,095
Federal gas tax earned	-	-	2,480,805	-	-	-	-	2,480,805
Total revenues	3,077,094	5,383,227	6,377,905	3,668,861	33,878	3,547,348	728,914	22,817,227
Expenses								
Salaries and benefits	1,298,430	1,161,354	1,349,020	96,939	-	1,465,008	246,877	5,617,628
Interest charges	-	-	-	144,916	-	-	-	144,916
Materials	624,834	427,186	1,513,063	1,847,639	31,590	714,154	60,848	5,219,314
Contracted services	110,368	3,018,531	291,205	477,837	6,960	71,466	59,905	4,036,272
Rents and financial	13,459	-	-	3,142	-	1,311	-	17,912
External transfers	8,600	189,814	-	-	-	-	-	198,414
Amortization	32,575	295,388	2,014,397	1,454,744	-	603,637	4,391	4,405,132
Total expenses	2,088,266	5,092,273	5,167,685	4,025,217	38,550	2,855,576	372,021	19,639,588
Net surplus/(deficit)	988,828	290,954	1,210,220	(356,356)	(4,672)	691,772	356,893	3,177,639



CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE - Restated Note 2 For the Year Ended December 31, 2020

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues							
Property taxation	1,403,183	4,420,637	4,056,468	-	855,867	301,797	11,037,952
User charges	109,376	637,351	47,217	3,499,152	328,326	211,960	4,833,382
Government transfers - operating	1,319,497	-	35,140	-	57,655	18,362	1,430,654
Government transfers - capital	-	-	516,692	-	-	-	516,692
Other municipalities	-	32,163	-	-	-	-	32,163
Penalties and interest on taxes	213,478	-	-	-	-	-	213,478
Investment income	166,265	-	-	1,714	-	-	167,979
Donations	5,000	-	-	-	46,089	-	51,089
Sale of assets and other	13,054	-	-	26,491	-	-	39,545
Developer contributions earned	-	63,800	111,854	401,999	155,806	23,965	757,424
Federal gas tax earned	-	-	140,600	-	-	-	140,600
Total revenues	3,229,853	5,153,951	4,907,971	3,929,356	1,443,743	556,084	19,220,958
Expenses							
Salaries and benefits	973,179	1,126,679	1,187,063	144,012	1,312,263	236,075	4,979,271
Interest charges	-	-	-	158,220	-	-	158,220
Materials	462,582	456,172	1,515,085	1,081,366	532,673	67,482	4,115,360
Contracted services	157,133	3,091,251	55,173	1,136,380	133,126	44,495	4,617,558
Rents and financial	36,826	-	-	3,221	1,223	-	41,270
External transfers	9,112	186,323	-	-	-	-	195,435
Amortization	30,027	262,935	1,864,343	1,434,820	568,488	4,391	4,165,004
Loss (gain) on disposal of tangible capital assets	460	-	122,109	95,682	38,934	4,961	262,146
Total expenses	1,669,319	5,123,360	4,743,773	4,053,701	2,586,707	357,404	18,534,264
Net surplus/(deficit)	1,560,534	30,591	164,198	(124,345)	(1,142,964)	198,680	686,694

**CORPORATION OF THE TOWNSHIP OF ESSA
ANGUS BUSINESS IMPROVEMENT AREA BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 2021**



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

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

www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the Angus Business Improvement Area Board of the Corporation of the Township of Essa (the Board), which comprise the statement of financial position as at December 31, 2021, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

ASSURANCE • TAX • ADVISORY

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

Peterborough

Courtice

Lindsay

Cobourg

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
December 14, 2022

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2021

	2021	2020
	\$	\$
FINANCIAL ASSETS		
Due from Township of Essa (note 4)	6,195	825
NET FINANCIAL ASSETS	6,195	825
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	35,125	39,516
ACCUMULATED SURPLUS (note 3)	41,320	40,341

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
REVENUES			
Taxation	27,035	27,285	30,399
Investment income	-	61	-
TOTAL REVENUES	27,035	27,346	30,399
EXPENSES			
Decorations	10,650	8,349	8,943
Landscaping	11,825	11,777	11,304
Amortization	4,391	4,391	4,391
Tax write offs	-	-	1,484
Professional fees	-	1,500	1,500
Memberships and other	1,560	350	56
Loss on disposal of tangible capital assets	-	-	4,961
TOTAL EXPENSES	28,426	26,367	32,639
ANNUAL SURPLUS/(DEFICIT)	<u>(1,391)</u>	979	(2,240)
ACCUMULATED SURPLUS - beginning of year		40,341	42,581
ACCUMULATED SURPLUS - end of year		41,320	40,341

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
ANNUAL SURPLUS/(DEFICIT)	(1,391)	979	(2,240)
Amortization of tangible capital assets	4,391	4,391	4,391
Acquisition of tangible capital assets	-	-	(25,488)
Loss on disposal of tangible capital assets	-	-	4,961
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	3,000	5,370	(18,376)
NET FINANCIAL ASSETS - beginning of year	825	825	19,201
NET FINANCIAL ASSETS - end of year	3,825	6,195	825

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, 2021

	2021	2020
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	979	(2,240)
Items not involving cash		
Amortization of tangible capital assets	4,391	4,391
Loss on disposal of tangible capital assets	-	4,961
Change in non-cash assets and liabilities		
Due from Township of Essa	(5,370)	18,376
Net change in cash from operating activities	-	25,488
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	-	(25,488)
NET CHANGE IN CASH	-	-
CASH - beginning of year	-	-
CASH - end of year	-	-

The accompanying notes are an integral part of these financial statements



CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Recognition of Revenue and Expenses

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

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

Investment income is recognized as earned.

(b) Use of Estimates

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

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Machinery and equipment	10 years
-------------------------	----------

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

(d) Reserve Funds

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

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Inter-Entity Transactions

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

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

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

2. TANGIBLE CAPITAL ASSETS

The net book value of the machinery and equipment tangible capital assets are:

	2021 Totals \$	2020 Totals \$
COST		
Balance, beginning of year	43,907	23,641
Add: additions during the year	-	25,488
Less: disposals during the year	-	5,222
Balance, end of year	43,907	43,907
ACCUMULATED AMORTIZATION		
Balance, beginning of year	4,391	261
Add: additions during the year	4,391	4,391
Less: disposals during the year	-	261
Balance, end of year	8,782	4,391
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	35,125	39,516

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2021	2020
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	35,125	39,516
Surplus	35,125	39,516
Reserve Fund		
Operations	6,195	825
	41,320	40,341

4. INTER-ENTITY TRANSACTIONS

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

As part of the budgeting process, the Township approves a tax levy contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus. The tax levy contribution is adjusted for any tax adjustments for properties within the Board's geographical boundaries.

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

	2021	2020
	\$	\$
Allocated costs:		
Professional fees	1,500	1,500
	1,500	1,500

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

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

5. BUDGET FIGURES

The operating budget, approved by the Board, for 2021 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.

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

6. UNCERTAINTY CAUSED BY COVID-19

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

CORPORATION OF THE TOWNSHIP OF ESSA
ANGUS BUSINESS IMPROVEMENT AREA BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 2021



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

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

www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the Angus Business Improvement Area Board of the Corporation of the Township of Essa (the Board), which comprise the statement of financial position as at December 31, 2021, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

ASSURANCE • TAX • ADVISORY

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

Peterborough

Courtice

Lindsay

Cobourg

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
December 14, 2022

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2021

	2021	2020
	\$	\$
FINANCIAL ASSETS		
Due from Township of Essa (note 4)	6,195	825
NET FINANCIAL ASSETS	6,195	825
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	35,125	39,516
ACCUMULATED SURPLUS (note 3)	41,320	40,341

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
REVENUES			
Taxation	27,035	27,285	30,399
Investment income	-	61	-
TOTAL REVENUES	27,035	27,346	30,399
EXPENSES			
Decorations	10,650	8,349	8,943
Landscaping	11,825	11,777	11,304
Amortization	4,391	4,391	4,391
Tax write offs	-	-	1,484
Professional fees	-	1,500	1,500
Memberships and other	1,560	350	56
Loss on disposal of tangible capital assets	-	-	4,961
TOTAL EXPENSES	28,426	26,367	32,639
ANNUAL SURPLUS/(DEFICIT)	(1,391)	979	(2,240)
ACCUMULATED SURPLUS - beginning of year		40,341	42,581
ACCUMULATED SURPLUS - end of year		41,320	40,341

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
ANNUAL SURPLUS/(DEFICIT)	(1,391)	979	(2,240)
Amortization of tangible capital assets	4,391	4,391	4,391
Acquisition of tangible capital assets	-	-	(25,488)
Loss on disposal of tangible capital assets	-	-	4,961
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	3,000	5,370	(18,376)
NET FINANCIAL ASSETS - beginning of year	825	825	19,201
NET FINANCIAL ASSETS - end of year	3,825	6,195	825

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, 2021

	2021	2020
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	979	(2,240)
Items not involving cash		
Amortization of tangible capital assets	4,391	4,391
Loss on disposal of tangible capital assets	-	4,961
Change in non-cash assets and liabilities		
Due from Township of Essa	(5,370)	18,376
Net change in cash from operating activities	-	25,488
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	-	(25,488)
NET CHANGE IN CASH	-	-
CASH - beginning of year	-	-
CASH - end of year	-	-

The accompanying notes are an integral part of these financial statements



CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Recognition of Revenue and Expenses

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

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

Investment income is recognized as earned.

(b) Use of Estimates

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

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Machinery and equipment	10 years
-------------------------	----------

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

(d) Reserve Funds

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

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Inter-Entity Transactions

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

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

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

2. TANGIBLE CAPITAL ASSETS

The net book value of the machinery and equipment tangible capital assets are:

	2021 Totals \$	2020 Totals \$
COST		
Balance, beginning of year	43,907	23,641
Add: additions during the year	-	25,488
Less: disposals during the year	-	5,222
Balance, end of year	43,907	43,907
ACCUMULATED AMORTIZATION		
Balance, beginning of year	4,391	261
Add: additions during the year	4,391	4,391
Less: disposals during the year	-	261
Balance, end of year	8,782	4,391
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	35,125	39,516

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2021	2020
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	35,125	39,516
Surplus	35,125	39,516
Reserve Fund		
Operations	6,195	825
	41,320	40,341

4. INTER-ENTITY TRANSACTIONS

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

As part of the budgeting process, the Township approves a tax levy contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus. The tax levy contribution is adjusted for any tax adjustments for properties within the Board's geographical boundaries.

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

	2021	2020
	\$	\$
Allocated costs:		
Professional fees	1,500	1,500
	1,500	1,500

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

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

5. BUDGET FIGURES

The operating budget, approved by the Board, for 2021 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.

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

6. UNCERTAINTY CAUSED BY COVID-19

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