

CORPORATION OF THE TOWNSHIP OF ESSA
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

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CORPORATION OF THE TOWNSHIP OF ESSA

For The Year Ended December 31, 2014

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.

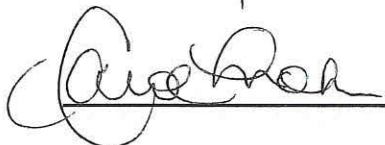
Mayor



Date

July 8/15

Treasurer



Date

July 8/15

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

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Essa and its local boards, which comprise the consolidated statement of financial position as at December 31, 2014, 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, 2014 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
Peterborough, Ontario
July 23, 2015

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2014

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash	12,046,982	20,580,394
Investments (note 3)	10,136,260	-
Taxes receivable	1,994,578	1,985,871
Accounts receivable	1,342,272	1,498,673
Accounts receivable - developers (note 11)	505,847	494,481
Land held for resale	-	26,557
Other receivables (note 4)	-	29,309
TOTAL FINANCIAL ASSETS	26,025,939	24,615,285
LIABILITIES		
Accounts payable and accrued liabilities	4,013,077	2,755,132
Accounts payable - developers (note 11)	897,447	886,081
Deferred revenue - obligatory reserve fund (note 8)	9,541,427	8,797,362
Deferred revenue - other	291,324	324,705
Long term debt (note 9)	6,770,408	7,330,397
Employee future benefits payable (note 5)	720,469	660,037
TOTAL LIABILITIES	22,234,152	20,753,714
NET FINANCIAL ASSETS	3,791,787	3,861,571
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	110,109,002	110,382,262
Prepaid expenses	10,578	6,430
TOTAL NON-FINANCIAL ASSETS	110,119,580	110,388,692
ACCUMULATED SURPLUS (note 10)	113,911,367	114,250,263

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, 2014

	Budget 2014 \$ (Unaudited)	Actual 2014 \$	Actual 2013 \$
REVENUES			
Property taxation	6,966,047	7,057,978	6,548,022
User charges	3,858,944	4,159,856	3,811,480
Government of Canada	8,163	46,120	136,191
Province of Ontario	1,489,316	1,456,117	1,839,869
Other municipalities	184,823	265,286	235,533
Penalties and interest on taxes	275,000	285,760	274,494
Investment income	146,835	242,645	159,599
Donations	24,464	235,760	40,102
Contributed capital assets	-	-	6,600,351
Development charges earned	1,643,322	1,979,248	1,512,520
Federal gas tax earned	-	586,000	645,244
Willoughby Road and Bridge developer contributions	-	-	46,617
Willoughby Road and Bridge charges earned	-	-	1,328
TOTAL REVENUES	14,596,914	16,314,770	21,851,350
EXPENSES			
General government	1,405,974	1,517,952	1,322,650
Protection services	4,853,252	4,917,189	4,496,384
Transportation services	3,645,246	4,009,309	3,615,050
Environmental services	3,405,845	3,481,237	3,372,465
Recreation and cultural services	2,305,055	2,351,719	2,316,785
Planning and development	371,630	376,260	323,200
TOTAL EXPENSES	15,987,002	16,653,666	15,446,534
ANNUAL SURPLUS/(DEFICIT)	(1,390,088)	(338,896)	6,404,816
ACCUMULATED SURPLUS - beginning of year	114,250,263	114,250,263	107,845,447
ACCUMULATED SURPLUS - end of year	112,860,175	113,911,367	114,250,263

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, 2014

	Budget 2014 \$ (Unaudited)	Actual 2014 \$	Actual 2013 \$
ANNUAL SURPLUS/(DEFICIT)	(1,390,088)	(338,896)	6,404,816
Amortization of tangible capital assets	3,517,670	3,680,948	3,517,670
Acquisition of tangible capital assets	(5,373,922)	(3,442,532)	(3,358,152)
Loss/(gain) on disposal of tangible capital assets	-	34,844	(10,994)
Proceeds on sale of tangible capital assets	-	-	42,935
Contributed capital assets	-	-	(6,600,351)
Increase in prepaid expenses	-	(4,148)	(2,160)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(3,246,340)	(69,784)	(6,236)
NET FINANCIAL ASSETS - beginning of year	3,861,571	3,861,571	3,867,807
NET FINANCIAL ASSETS - end of year	615,231	3,791,787	3,861,571

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, 2014

	2014	2013
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus/(deficit)	(338,896)	6,404,816
(Increase)/decrease in taxes receivable	(8,707)	338,914
Decrease in accounts receivable	156,401	551,555
Increase in accounts receivable - developers	(11,366)	(494,481)
(Increase)/decrease in land held for resale	26,557	(26,557)
Decrease in other receivables	29,309	76,058
Increase in prepaid expenses	(4,148)	(2,160)
Increase in accounts payable and accrued liabilities	1,257,945	105,336
Increase in accounts payable - developers	11,366	886,081
Increase in deferred revenue - obligatory reserve fund	744,065	1,159,313
Decrease in deferred revenue - other	(33,381)	(26,264)
Non-cash charges to operations		
Amortization of tangible capital assets	3,680,948	3,517,670
Loss/(gain) on disposal of tangible capital assets	34,844	(10,994)
Contributed capital assets	-	(6,600,351)
Increase in employee future benefits payable	60,432	11,357
Net increase in cash from operating transactions	5,605,369	5,890,293
CAPITAL		
Acquisition of tangible capital assets	(3,442,532)	(3,358,152)
Proceeds on disposal of tangible capital assets	-	42,935
Net decrease in cash from capital transactions	(3,442,532)	(3,315,217)
INVESTING		
(Increase)/decrease in investments	(10,136,260)	3,012,155
FINANCING		
Debt principal repayments	(559,989)	(542,609)
INCREASE/(DECREASE) IN CASH	(8,533,412)	5,044,622
CASH - beginning of year	20,580,394	15,535,772
CASH - end of year	12,046,982	20,580,394

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, 2014

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, 2014

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.

(i) Financial Instruments

The Township's financial instruments consist of cash, investments, taxes receivable, accounts receivable, accounts receivable - developers, accounts payable and accrued liabilities, accounts payable - developers and long term debt. Unless otherwise noted, it is management's opinion that the carrying value of the financial instruments approximates their fair values and that the Township does not have any significant concentration of interest, currency or credit risk.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) 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. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF SIMCOE

During 2014, 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	5,856,278	7,230,481

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

3. SHORT TERM INVESTMENTS

The investments consist of non-redeemable GIC investments invested with Scotia McLeod. The GIC's are due in 2015 and have interest rates of 1.45% per annum. The investments are recorded at cost of \$10,000,000 plus accrued interest of \$136,260 (2013 - \$Nil).

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2014

4. OTHER RECEIVABLES

Other receivables consist of the following:

	2014	2013
	\$	\$
Note receivable, repayable in blended annual payments of \$38,057, including principal and interest at 5.5%, secured by a mortgage on real estate, matured in 2014.	-	15,511
Amount receivable from sewer users, repayable in blended annual payments of \$13,237, including principal and interest at 6%, matured in 2014.	-	13,798
	-	29,309

5. EMPLOYEE FUTURE AMOUNTS PAYABLE

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

	2014	2013
	\$	\$
Extended health care benefits	536,294	473,790
Vacation pay entitlement	184,175	186,247
	720,469	660,037

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 2014 \$ (Unaudited)	Actual 2014 \$	Actual 2013 \$
Salaries and benefits	3,912,420	4,187,521	3,799,342
Interest charges	273,990	273,991	291,371
Materials	3,303,672	3,577,943	3,172,808
Contracted services	4,807,349	4,715,604	4,479,315
Rents and financial	19,788	29,535	44,558
External transfers	152,113	153,279	152,464
Amortization	3,517,670	3,680,948	3,517,670
Loss (gain) on disposal of tangible capital assets	-	34,845	(10,994)
	15,987,002	16,653,666	15,446,534

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2014

7. TANGIBLE CAPITAL ASSETS

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

	2014	2013
	\$	\$
General		
Land	18,223,949	18,148,586
Land improvements	2,973,728	2,649,557
Buildings	16,787,154	17,313,209
Equipment	12,567,136	13,069,027
Vehicles	2,358,196	2,483,478
Infrastructure		
Roads and bridges	24,761,833	24,013,359
Water and sanitary sewer systems	23,294,324	23,589,721
Storm sewers	8,728,341	8,915,428
	109,694,661	110,182,365
Assets under construction	414,341	199,897
	110,109,002	110,382,262

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

During the year there were no write-downs of assets (2013 - \$Nil) and no interest capitalized (2013 - \$Nil).

Land is further broken down between general capital assets \$5,780,908 (2013 - \$5,780,908) and infrastructure (linear) assets \$12,443,041 (2013 - \$12,367,678).

Land improvements is further broken down between general capital assets \$1,654,279 (2013 - \$1,298,125) and infrastructure (linear) assets \$1,319,449 (2013 - \$1,351,432).

	2014	2013
	\$	\$
General government	1,290,655	1,257,294
Protection services	2,059,166	1,941,849
Transportation services	38,428,561	37,887,535
Environmental services	54,273,209	55,215,139
Recreation and cultural services	14,057,411	14,080,445
	110,109,002	110,382,262

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2014

8. 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:

	2014	2013
	\$	\$
Development charges	9,459,596	8,684,317
Parkland	26,094	25,770
Willoughby Road and Bridge	55,089	52,233
Federal gas tax	648	35,042
	<u>9,541,427</u>	<u>8,797,362</u>

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

	2014	2013
	\$	\$
Balance - beginning of year	8,797,362	7,638,049
Add amounts received:		
Development charges received	2,636,017	2,671,501
Federal gas tax received	549,671	517,538
Willoughby Road and Bridge charges received	2,200	17,600
Interest	121,425	111,766
	<u>3,309,313</u>	<u>3,318,405</u>
Less transfer to operations:		
Development charges earned	1,979,248	1,512,520
Federal gas tax earned	586,000	645,244
Willoughby Road and Bridge charges earned	-	1,328
	<u>2,565,248</u>	<u>2,159,092</u>
Balance - end of year	<u>9,541,427</u>	<u>8,797,362</u>

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2014

9. LONG TERM DEBT

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

	2014	2013
	\$	\$
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.	1,558,072	1,846,083
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.	3,928,676	4,082,264
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.	1,283,660	1,402,050
	<u>6,770,408</u>	<u>7,330,397</u>

- (b) The long term debt in (a) issued in the name of the Township have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing. The long term debt principal and interest payments for 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 \$273,991 (2013 - \$291,371).

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

	Principal	Interest	Total
	\$	\$	\$
2015	577,980	256,000	833,980
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
	3,082,864	1,087,036	4,169,900
2020 to 2024	1,768,797	652,295	2,421,092
2025 and subsequent years	1,918,747	336,146	2,254,893
	<u>6,770,408</u>	<u>2,075,477</u>	<u>8,845,885</u>

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2014

10. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2014	2013
	\$	\$
Surplus/(Deficit)		
Township	86,641	365,623
Waterworks	76,754	150,918
Sewer	183,211	135,877
Unfunded employee future benefits	(720,469)	(660,037)
	(373,863)	(7,619)
Invested in Capital Assets		
Tangible capital assets - net book value	110,109,002	110,382,262
Long term debt	(6,770,408)	(7,330,397)
Unfunded capital	(235,916)	(561,809)
	103,102,678	102,490,056
Surplus	102,728,815	102,482,437
Reserves		
Working funds	1,673,321	1,673,321
Contingencies	179,733	37,372
Acquisition of capital assets	2,539,831	3,118,383
Operations	109,903	542,880
Water and sanitary sewer	6,486,947	6,206,006
Total Reserves	10,989,735	11,577,962
Reserve Funds		
Water and sewer services	149,528	147,671
Angus Business Improvement Area	43,289	42,193
Total Reserve Funds	192,817	189,864
	113,911,367	114,250,263

The unfunded capital balance will be funded in subsequent years through revenues collected from development charges to which these water system expansion projects relate.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2014

11. ACCOUNTS RECEIVABLE - DEVELOPERS AND ACCOUNTS PAYABLE - DEVELOPERS

The Township has entered into agreements with two developers and has an agreement pending with one developer (the financing developers) as they have already provided \$886,081 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, 2014, accounts payable - developers is \$879,447 and accounts receivable - developers is \$505,847. The difference between the payable and the receivable of \$391,600 is Willoughby Road and Bridge collections in 2014 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. Subsequent to December 31, 2014, \$100,641 and \$106,319 were paid to two developers.

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 2014 were \$245,562 (2013 - \$238,892).

13. BUDGET FIGURES

The budget, approved by the Township, for 2014 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 2014-01. At December 31, 2014 there was no balance outstanding (2013 - \$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.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2014

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.

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, 2014

17. COMPARATIVE FIGURES

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

18. COMMITMENTS

The Township along with two neighbouring municipalities negotiated the renewal of a joint servicing Agreement with the Minister of Community Safety and Correctional Services for the provision of police services by the Ontario Provincial Police, effective April 1, 2013 until March 31, 2018. The Ministry is proposing to change its funding formula for police services. The Minister of Community Safety and Correctional Services provided a letter, dated December 12, 2013, to the Township of Essa giving the requisite one year written notice of termination of the Agreement with an effective termination date of December 31, 2014. In accordance with the Police Services Act, if the Township, solely or in conjunction with the two neighbouring municipalities, is unable to negotiate a new joint servicing Agreement with the Ministry, based on a new funding formula, by December 31, 2014, then the Ontario Provincial Police shall provide police services to the Township and the Township shall pay the Minister of Finance for the services until an agreement can be negotiated or until other arrangements for police services are in effect.

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, 2014 is \$1,745,244.

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2014

	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	18,148,586	3,398,302	26,288,617	21,181,483	5,055,481	53,791,119	28,276,809	10,999,169	199,897	167,339,463
Add: additions during the year	-	157,124	-	226,090	218,784	-	-	-	2,840,534	3,442,532
Less: disposals during the year	-	-	-	139,366	330,454	293,797	-	-	-	763,617
Internal transfers	75,363	273,879	169,041	69,330	-	1,950,327	64,345	23,805	(2,626,090)	-
Balance, end of year	18,223,949	3,829,305	26,457,658	21,337,537	4,943,811	55,447,649	28,341,154	11,022,974	414,341	170,018,378
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	748,745	8,975,408	8,112,456	2,572,003	29,777,760	4,687,088	2,083,741	-	56,957,201
Add: additions during the year	-	106,832	695,096	797,311	311,407	1,199,668	359,742	210,892	-	3,680,948
Less: disposals during the year	-	-	-	139,366	297,795	291,612	-	-	-	728,773
Balance, end 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
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	18,223,949	2,973,728	16,787,154	12,567,136	2,358,196	24,761,833	23,294,324	8,728,341	414,341	110,109,002

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	242,645	-	-	-	-	-	-	242,645
Donations	-	201,158	-	-	-	34,602	-	235,760
Development charges earned	1,979,248	-	-	-	-	-	-	1,979,248
Federal gas tax earned	-	-	586,000	-	-	-	-	586,000
Total revenues	2,799,875	5,187,871	3,478,473	2,575,826	-	1,866,214	406,511	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	1,517,952	4,917,189	4,009,309	3,251,276	229,961	2,351,719	376,260	16,653,666
Net surplus/(deficit)	1,281,923	270,682	(530,836)	(675,450)	(229,961)	(485,505)	30,251	(338,896)

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2013

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sanitary Sewer Services \$	Other Environmental \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	617,460	2,841,502	1,675,390	-	320,977	827,599	265,094	6,548,022
User charges	127,493	395,315	73,940	2,491,055	-	660,566	63,111	3,811,480
Government transfers - operating	232,841	921,103	349,718	-	61,982	215,181	47,889	1,828,714
Government transfers - capital	-	-	-	-	-	147,346	-	147,346
Other municipalities	-	183,033	50,000	-	-	2,500	-	235,533
Penalties and interest on taxes	274,494	-	-	-	-	-	-	274,494
Investment income	159,599	-	-	-	-	-	-	159,599
Donations	38,270	1,832	-	-	-	-	-	40,102
Contributed capital assets	-	-	3,135,085	1,137,100	2,327,166	1,000	-	6,600,351
Development charges earned	346,898	257,860	167,094	546,528	-	186,196	7,944	1,512,520
Federal gas tax earned	-	-	645,244	-	-	-	-	645,244
Willoughby Road and Bridge developer contributions	-	-	46,617	-	-	-	-	46,617
Willoughby Road and Bridge charges earned	-	-	1,328	-	-	-	-	1,328
Total revenues	1,797,055	4,600,645	6,144,416	4,174,683	2,710,125	2,040,388	384,038	21,851,350
Expenses								
Salaries and benefits	859,036	827,209	711,524	162,926	-	994,694	243,953	3,799,342
Interest charges	-	-	-	291,371	-	-	-	291,371
Materials	278,051	312,136	1,234,570	671,343	-	613,444	63,264	3,172,808
Contracted services	120,849	3,067,538	231,147	870,229	-	173,569	15,983	4,479,315
Rents and financial	41,723	-	1,569	1,006	-	260	-	44,558
External transfers	20,408	132,056	-	-	-	-	-	152,464
Amortization	13,577	157,445	1,436,240	1,162,900	212,690	534,818	-	3,517,670
Loss (gain) on disposal of tangible capital assets	(10,994)	-	-	-	-	-	-	(10,994)
Total expenses	1,322,650	4,496,384	3,615,050	3,159,775	212,690	2,316,785	323,200	15,446,534
Net surplus/(deficit)	474,405	104,261	2,529,366	1,014,908	2,497,435	(276,397)	60,838	6,404,816

CORPORATION OF THE TOWNSHIP OF ESSA
ESSA PUBLIC LIBRARY BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 2014

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***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, 2014, 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, 2014 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
Peterborough, Ontario
July 23, 2015

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2014

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash	345	328
Due from Township	9,864	34,773
TOTAL FINANCIAL ASSETS	10,209	35,101
LIABILITIES		
Accounts payable	4,993	24,458
Deferred revenue	13,344	16,680
TOTAL LIABILITIES	18,337	41,138
NET FINANCIAL LIABILITIES	(8,128)	(6,037)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	443,381	433,084
Prepaid expenses	8,128	6,037
TOTAL NON-FINANCIAL ASSETS	451,509	439,121
ACCUMULATED SURPLUS (note 3)	443,381	433,084

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, 2014

	Budget 2014 \$ (Unaudited)	Actual 2014 \$	Actual 2013 \$
REVENUES			
Contribution from Township	557,952	553,284	514,686
Province of Ontario	27,916	27,066	25,382
Government of Canada	2,863	8,421	6,940
Other	47,674	53,732	61,051
TOTAL REVENUES	636,405	642,503	608,059
EXPENSES			
Salaries and benefits	441,615	425,639	403,204
Utilities	21,200	23,115	21,374
Subscriptions and periodicals	1,432	1,506	1,444
Insurance and audit	12,470	10,998	14,661
Computer support and supplies	16,400	17,770	17,478
Facility costs	15,822	18,530	20,002
Office	5,950	6,297	6,058
Fundraising costs	3,000	1,955	2,916
Amortization	110,525	90,288	110,525
Other operating costs	17,500	14,367	15,345
Contract services	22,563	21,741	24,609
TOTAL EXPENSES	668,477	632,206	637,616
ANNUAL SURPLUS/(DEFICIT)	(32,072)	10,297	(29,557)
ACCUMULATED SURPLUS - beginning of year	433,084	433,084	462,641
ACCUMULATED SURPLUS - end of year	401,012	443,381	433,084

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, 2014

	Budget 2014 \$ (Unaudited)	Actual 2014 \$	Actual 2013 \$
ANNUAL SURPLUS/(DEFICIT)	(32,072)	10,297	(29,557)
Amortization of tangible capital assets	110,525	90,288	110,525
Acquisition of tangible capital assets	(107,800)	(100,585)	(130,833)
Increase in prepaid expenses	-	(2,091)	(2,817)
INCREASE IN NET FINANCIAL LIABILITIES	(29,347)	(2,091)	(52,682)
NET FINANCIAL ASSETS (LIABILITIES) - beginning of year	(6,037)	(6,037)	46,645
NET FINANCIAL LIABILITIES - end of year	(35,384)	(8,128)	(6,037)

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, 2014

	2014	2013
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus/(deficit)	10,297	(29,557)
Decrease in accounts receivable	-	26,053
(Increase)/decrease in due from Township	24,909	(18,241)
Increase in prepaid expenses	(2,091)	(2,817)
Increase/(decrease) in accounts payable	(19,465)	7,276
Decrease in deferred revenue	(3,336)	(2,520)
Non-cash charges to operations		
Amortization of tangible capital assets	90,288	110,525
Net increase in cash from operating transactions	100,602	90,719
CAPITAL		
Acquisition of tangible capital assets	(100,585)	(130,833)
INCREASE/(DECREASE) IN CASH	17	(40,114)
CASH - beginning of year	328	40,442
CASH - end of year	345	328

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, 2014

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) Financial Instruments

The Board's financial instruments consist of cash, due from Township and accounts payable. Unless otherwise noted, it is management's opinion that the carrying value of the financial instruments approximates their fair values and that the Board does not have any significant concentration of credit, currency or interest rate risk.

(d) 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.

(e) Non-Financial Assets

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

(f) 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

ESSA PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) 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.

2. TANGIBLE CAPITAL ASSETS

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

	Furniture and equipment \$	Books \$	2014 Totals \$	2013 Totals \$
COST				
Balance, beginning of year	169,795	641,019	810,814	796,451
Add: additions during the year	8,871	91,714	100,585	130,833
Less: disposals during the year	1,082	95,252	96,334	116,470
Balance, end of year	177,584	637,481	815,065	810,814
ACCUMULATED AMORTIZATION				
Balance, beginning of year	60,826	316,904	377,730	383,675
Add: additions during the year	9,247	81,041	90,288	110,525
Less: disposals during the year	1,082	95,252	96,334	116,470
Balance, end of year	68,991	302,693	371,684	377,730
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	108,593	334,788	443,381	433,084

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2014 \$	2013 \$
Invested In Capital Assets		
Tangible capital assets - net book value	443,381	433,084
	443,381	433,084

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2014

4. BUDGET FIGURES

The operating budget, approved by the Board, for 2014 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.

5. 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, 2014**

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, 2014, 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, 2014 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
Peterborough, Ontario
July 23, 2015

CORPORATION OF THE TOWNSHIP OF ESSA

**ANGUS BUSINESS IMPROVEMENT AREA BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2014**

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Due from Township	43,289	42,193
NET FINANCIAL ASSETS	43,289	42,193
ACCUMULATED SURPLUS (note 2)	43,289	42,193

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, 2014

	Budget 2014 \$ (Unaudited)	Actual 2014 \$	Actual 2013 \$
REVENUES			
Taxation	19,700	19,952	22,269
Investment income	-	586	565
TOTAL REVENUES	19,700	20,538	22,834
EXPENSES			
Decorations	8,500	6,859	3,409
Landscaping	11,200	10,165	11,457
Tax write offs	-	1,218	2,530
Professional fees	-	1,200	1,200
TOTAL EXPENSES	19,700	19,442	18,596
ANNUAL SURPLUS	-	1,096	4,238
ACCUMULATED SURPLUS - beginning of year	42,193	42,193	37,955
ACCUMULATED SURPLUS - end of year	42,193	43,289	42,193

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, 2014**

	Budget 2014 \$ (Unaudited)	Actual 2014 \$	Actual 2013 \$
ANNUAL SURPLUS	-	1,096	4,238
NET FINANCIAL ASSETS - beginning of year	42,193	42,193	37,955
NET FINANCIAL ASSETS - end of year	42,193	43,289	42,193

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, 2014

	2014	2013
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	1,096	4,238
(Increase)/decrease in due from Township	(1,096)	(4,238)
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, 2014

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) Financial Instruments

The Board's financial instruments consist of due from Township. Unless otherwise noted, it is management's opinion that the carrying value of the financial instruments approximates their fair values and that the Board does not have any significant concentration of credit, currency or interest rate risk.

(d) 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.

(e) 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:

	2014	2013
	\$	\$
Reserve Fund		
Operations	43,289	42,193
	43,289	42,193

CORPORATION OF THE TOWNSHIP OF ESSA
ANGUS BUSINESS IMPROVEMENT AREA BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

3. BUDGET FIGURES

The operating budget, approved by the Board, for 2014 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.