

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

CORPORATION OF THE TOWNSHIP OF ESSA

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CORPORATION OF THE TOWNSHIP OF ESSA

For The Year Ended December 31, 2024

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

July 2, 2025

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, 2024, 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, 2024, 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.

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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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
July 7, 2025



CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2024

	2024 \$	2023 \$(Restated- Note 19)
FINANCIAL ASSETS		
Cash	34,524,277	45,696,266
Taxes receivable	2,980,927	2,211,120
Accounts receivable	1,436,984	1,901,730
Investments (note 4)	20,541,300	10,355,397
TOTAL FINANCIAL ASSETS	59,483,488	60,164,513
LIABILITIES		
Accounts payable and accrued liabilities	6,017,013	6,023,912
Accounts payable - developers	645,000	645,000
Deferred revenue - obligatory reserve fund (note 8)	29,105,958	31,007,233
Deferred revenue - other	195,509	74,404
Long term debt (note 9)	1,918,747	2,240,419
Employee future benefits payable (note 7)	623,400	565,300
TOTAL LIABILITIES	38,505,627	40,556,268
NET FINANCIAL ASSETS	20,977,861	19,608,245
NON-FINANCIAL ASSETS		
Tangible capital assets (note 10)	125,072,045	120,306,719
Prepaid expenses	67,807	43,199
TOTAL NON-FINANCIAL ASSETS	125,139,852	120,349,918
ACCUMULATED SURPLUS (note 11)	146,117,713	139,958,163

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, 2024

	Budget 2024 \$ (note 2)	Actual 2024 \$	Actual 2023 \$ (Restated- Note 19)
REVENUES			
Property taxation	14,419,435	14,544,462	13,752,706
User charges	6,333,508	6,352,797	6,200,885
Government of Canada	8,426	3,561	8,680
Province of Ontario	1,650,431	2,180,897	2,147,648
Other municipalities	27,040	120,863	32,601
Penalties and interest on taxes	306,000	335,926	292,847
Investment income	1,059,120	1,772,491	1,938,467
Donations	11,856	30,748	21,692
Sale of assets and other	-	1,010	-
Development charges earned (note 8)	6,310,430	2,228,915	375,563
Parkland fees earned (note 8)	-	2,459,204	139,139
Canada Community-Building Fund earned (note 8)	722,180	277,540	571,490
TOTAL REVENUES	30,848,426	30,308,414	25,481,718
EXPENSES			
General government	2,553,268	2,626,768	2,543,507
Protection services	6,289,433	5,993,906	5,639,904
Transportation services	5,828,276	6,094,223	5,894,414
Environmental services	4,601,314	4,786,545	4,650,372
Health services	115,326	95,306	129,868
Recreation and cultural services	3,931,330	4,103,288	3,508,943
Planning and development	514,417	422,249	392,605
TOTAL EXPENSES	23,833,364	24,122,285	22,759,613
ANNUAL SURPLUS	7,015,062	6,186,129	2,722,105
ACCUMULATED SURPLUS - beginning of year		139,958,163	137,236,058
ADJUSTMENT ON ADOPTION OF THE REVENUE RECOGNITION STANDARD (note 17)		(26,579)	-
ACCUMULATED SURPLUS - beginning of year, as restated		139,931,584	137,236,058
ACCUMULATED SURPLUS - end of year		146,117,713	139,958,163

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, 2024

	Budget 2024 \$ (note 2)	Actual 2024 \$	Actual 2023 \$ (Restated- Note 19)
ANNUAL SURPLUS	7,015,062	6,186,129	2,722,105
Amortization of tangible capital assets	4,491,737	4,890,105	4,930,899
Purchase of tangible capital assets	(17,344,028)	(9,680,382)	(2,810,426)
Loss/(gain) on disposal of tangible capital assets	-	5,562	(1,764)
Proceeds on sale of tangible capital assets	-	19,389	1,764
Change in prepaid expenses	-	(24,608)	(13,676)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(5,837,229)	1,396,195	4,828,902
NET FINANCIAL ASSETS - beginning of year	19,608,245	19,608,245	14,779,343
ADJUSTMENT ON ADOPTION OF THE REVENUE RECOGNITION STANDARD (note 17)	-	(26,579)	-
NET FINANCIAL ASSETS - beginning of year, as restated	19,608,245	19,581,666	14,779,343
NET FINANCIAL ASSETS - end of year	13,771,016	20,977,861	19,608,245

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, 2024

	2024 \$	2023 \$(Restated- Note 19)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	6,186,129	2,722,105
Items not involving cash		
Amortization of tangible capital assets	4,890,105	4,930,899
Loss/(gain) on disposal of tangible capital assets	5,562	(1,764)
Change in employee future benefits payable	58,100	(184,663)
Change in non-cash assets and liabilities		
Taxes receivable	(769,807)	(50,328)
Accounts receivable	464,746	(152,165)
Prepaid expenses	(24,608)	(13,676)
Accounts payable and accrued liabilities	(6,899)	836,961
Deferred revenue - obligatory reserve fund	(1,901,275)	2,254,632
Deferred revenue - other	94,526	600
Net change in cash from operating activities	8,996,579	10,342,601
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(9,680,382)	(2,810,426)
Proceeds on disposal of tangible capital assets	19,389	1,764
Net change in cash from capital activities	(9,660,993)	(2,808,662)
INVESTING ACTIVITIES		
Disposal of investments	70,437,683	40,009,316
Purchase of investments	(80,623,586)	(50,364,713)
Net change in cash from investing activities	(10,185,903)	(10,355,397)
FINANCING ACTIVITIES		
Debt principal repayments	(321,672)	(382,884)
NET CHANGE IN CASH	(11,171,989)	(3,204,342)
CASH - beginning of year	45,696,266	48,900,608
CASH - end of year	34,524,277	45,696,266

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, 2024

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, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, 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.

(c) 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.

(d) Deferred Revenue

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

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Reserves and Reserve Funds

Certain amounts, as approved by the Board of Directors, 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) 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.

Investment income is recorded in the year in which it is earned.

Canada Community-Building Fund, Parkland fees, and development charges are recognized in the period in which the related expenditures are recorded.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Taxes receivable	Amortized Cost
Accounts receivable	Amortized Cost
Investments	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Accounts payable - developers	Amortized Cost
Long term debt	Amortized Cost

Fair value category: The Township manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) 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:

- Amortization of tangible capital assets is based on estimated useful life and residual value - See Note 1(b)
- Employee future benefits payable depend on certain actuarial and economic assumptions

(i) Asset Retirement Obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

2. BUDGET FIGURES

The budget, approved by the Township differs from the budget reflected on the Consolidated Statement of Operations and Accumulated Surplus as the approved budget has been adjusted to comply with PSA reporting requirements.

The following is a reconciliation of Council's approved budget to the annual surplus:

	2024 \$
Council approved budgeted surplus	-
Tangible capital asset additions	17,344,028
Amortization of tangible capital assets	(4,491,737)
Principal repayment of long term debt	506,655
Transfers to/(from) reserves and reserve funds	(6,343,884)
<u>Annual surplus reported on the Consolidated Statement of Operations</u>	<u>7,015,062</u>

3. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$2,000,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate less 0.75% per annum. Council authorized the temporary borrowing limit by By-law 2024-10. At December 31, 2024 there was no balance outstanding (2023 - \$Nil).

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

4. INVESTMENTS

Investments recorded at amortized cost, consist of:

	2024 \$	2023 \$
Guaranteed investment certificate maturing January 10, 2025 at 3.89%	10,342,878	10,355,397
Guaranteed investment certificate maturing January 15, 2025 at 3.78%	10,198,422	-
	20,541,300	10,355,397

5. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF SIMCOE

During 2024, 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	6,354,151	10,874,101

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

6. 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 2024 Annual Report disclosed total actuarial liabilities of \$142,489 million in respect of benefits accrued for service with actuarial assets of \$139,576 million indicating an actuarial deficit of \$2,913 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 total contributions to OMERS in 2024 were \$924,398 (2023 - \$789,376) of which \$462,199 (2023 - \$394,688) was contributed by employees.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

7. EMPLOYEE FUTURE BENEFITS PAYABLE

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

	2024	2023
	\$	\$
Accrued benefit obligation	377,000	565,300
Unamortized actuarial gain	246,400	-
Employee future benefits payable	623,400	565,300

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, 2024 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	4.40%
Future health care premiums rates - first year 2024	7.74%
and decreasing each year to ultimate rate in 2045 of	4.0%

	2024	2023
	\$	\$
Liability at January 1	565,300	536,600
Current year benefit cost	86,200	63,000
Interest cost	10,800	12,700
Benefit payments	(22,500)	(47,000)
Amortization of actuarial gains	(16,400)	-
Liability at December 31	623,400	565,300

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

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:

	2024	2023
	\$	\$
Development charges	24,767,467	24,399,487
Parkland	3,575,339	5,847,425
Canada Community-Building Fund	597,230	137,765
Ontario Community Infrastructure Fund	165,922	622,556
	29,105,958	31,007,233

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

	2024	2023
	\$	\$
Balance - beginning of year	31,007,233	28,752,601
Add amounts received:		
Development charges	1,816,458	2,155,582
Canada Community-Building Fund	732,596	697,722
Ontario Community Infrastructure Fund	824,234	969,687
Interest	991,886	696,191
	4,365,174	4,519,182
Less transfer to operations:		
Development charges earned	2,228,915	375,563
Canada Community-Building Fund	277,540	571,490
Ontario Community Infrastructure Fund	1,300,790	1,178,358
Parkland fees earned	2,459,204	139,139
	6,266,449	2,264,550
Balance - end of year	29,105,958	31,007,233

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

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:

	2024 \$	2023 \$
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.	1,918,747	2,165,073
Ontario Infrastructure Projects Corporation Debenture, matured May 1, 2024, repayable in blended semiannual payments of \$76,284, bears interest at 2.49% per annum. Borrowed for water systems.	-	75,346
	1,918,747	2,240,419

- (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 \$101,520 (2023 - \$116,591).

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

	Principal \$	Interest \$	Total \$
2025	258,240	88,667	346,907
2026	270,731	76,176	346,907
2027	283,827	63,080	346,907
2028	297,556	49,351	346,907
2029	311,949	34,958	346,907
	1,422,303	312,232	1,734,535
2030 and subsequent years	496,444	23,916	520,360
	1,918,747	336,148	2,254,895

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

10. TANGIBLE CAPITAL ASSETS

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

	2024	2023 (Restated- Note 19)
	\$	\$
General		
Land	19,291,210	18,801,258
Land improvements	4,579,786	3,035,563
Buildings	13,287,983	12,953,689
Equipment	12,003,486	12,637,198
Vehicles	4,240,046	3,972,581
Infrastructure		
Roads and bridges	37,609,839	34,697,956
Water and sanitary sewer systems	25,235,509	25,193,808
Storm sewers	8,208,798	8,445,727
	124,456,657	119,737,780
Assets under construction	615,388	568,939
	125,072,045	120,306,719

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

During the year there were no write-downs of assets (2023 - \$Nil), no interest capitalized (2023 - \$Nil) and no contributed assets (2023 - \$Nil).

Land is further broken down between general capital assets \$6,129,396 (2023 - \$5,639,444) and infrastructure (linear) assets \$13,191,064 (2023 - \$13,191,064).

Land improvements is further broken down between general capital assets \$3,492,978 (2023 - \$1,948,755) and infrastructure (linear) assets \$1,086,808 (2023 - \$1,086,808).

	2024	2023 (Restated- Note 19)
	\$	\$
General government	1,083,621	1,122,642
Protection services	3,892,110	4,058,159
Transportation services	53,004,430	49,177,299
Environmental services	52,168,108	53,029,330
Recreation and cultural services	14,897,883	12,890,267
Planning and development	25,893	29,023
	125,072,045	120,306,720

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

11. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2024	2023 (Restated- Note 19)
	\$	\$
Surplus/(Deficit)		
Township	2,146,664	3,233,332
Unfunded employee future benefits	(623,400)	(565,300)
	1,523,264	2,668,032
Invested In Capital Assets		
Tangible capital assets - net book value	125,072,045	120,306,719
Long term debt	(1,918,747)	(2,240,419)
	123,153,298	118,066,300
Surplus	124,676,562	120,734,332
Reserves		
Working funds	1,746,637	1,692,479
Contingencies	38,568	37,372
Acquisition of capital assets	10,835,575	9,375,328
Operations	113,420	109,903
Water and sewer - see (b) below	5,527,941	5,519,763
Future enforcement of Building Code Act - see (c) below	1,030,342	1,018,396
Total Reserves	19,292,483	17,753,241
Reserve Funds		
Water and sewer services	2,131,731	1,460,213
Angus Business Improvement Area	16,937	10,377
Total Reserve Funds	2,148,668	1,470,590
	146,117,713	139,958,163

(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 \$15,550 in interest to the water and sewer reserve in 2024. The balance of the loan owing to the reserve at December 31, 2024 is \$567,660 (2023 - \$705,888).

(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.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

12. EXPENSES BY OBJECT

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

	Budget 2024 \$ (note 2)	Actual 2024 \$	Actual 2023 \$ (Restated- Note 19)
Salaries and benefits	7,471,795	7,543,049	6,687,286
Interest charges	146,763	101,520	116,591
Materials	7,678,929	7,671,535	7,365,058
Contracted services	3,753,008	3,580,975	3,396,588
Rents and financial	62,224	97,623	63,561
External transfers	228,908	231,916	201,394
Amortization	4,491,737	4,890,105	4,930,899
Loss (gain) on disposal of tangible capital assets	-	5,562	(1,764)
	23,833,364	24,122,285	22,759,613

13. COMMITMENT

The Township along with two neighbouring municipalities (Adjala-Tosorontio Township and New Tecumseth Township) negotiated a joint policing contract with the Minister of the Solicitor General for the provision of police services by the Ontario Provincial Police (OPP), effective January 1, 2024 to December 31, 2026. The Township's cost for policing is based on a per property amount plus a per call charge. The 2024 Township OPP costs were \$2,991,065 (2023 - \$2,884,924).

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. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation. The changes do not affect prior year excess (deficiency) of revenue over expenses.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

16. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Township assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Township is exposed to the following risks in respect of certain of the financial instruments held:

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise.

These risks are generally outside the control of the Township but are mitigated by the Township's investment policies.

In the opinion of management, the Township is not exposed to any significant credit, liquidity, market or currency risk.

17. CHANGES IN ACCOUNTING POLICIES

The Township has implemented the following sections and guidelines which are now effective under the PSA Handbook: 3160 Public Private Partnerships, 3400 Revenue, and PSG-8 Purchased Intangibles.

Section 3160 establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

Section 3400 establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as 'exchange transactions', and transactions that do not have performance obligations, referred to as 'non-exchange transactions'.

In accordance with the provisions of this new standard, which has been applied prospectively, the Township reflected the following adjustments at January 1, 2024:

- An increase of \$26,579 to deferred revenue - other and corresponding decrease to accumulated surplus related to the estimated unearned portion of building permit fees due to outstanding performance obligations at December 31, 2023.

Under PSG-8, an entity may recognize purchased intangibles as an asset in its consolidated financial statements if the intangible meets the asset definition and the general recognition criteria. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

18. SEGMENTED INFORMATION

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

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

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

General Government

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

Protection Services

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

Transportation Services

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

Environmental Services

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

19. RESTATEMENT FOR PREVIOUS PERIOD

The Township has restated its 2023 consolidated financial statements to recognize amortization of tangible capital assets that was previously omitted in error. Adjustments necessary to the 2023 financial information as a result of the prior period adjustments are as follows:

Adjustment to Closing 2023 Tangible Capital Assets

Accumulated amortization, as previously recorded	(93,238,357)
Accumulated amortization, previously omitted	<u>(439,162)</u>
Closing 2023 accumulated amortization as restated	<u>\$ (93,677,519)</u>

Adjustment to Opening 2024 Accumulated Surplus

Accumulated surplus as previously stated	
Invested in capital assets	\$ 118,505,462
Surplus/(deficit)	2,668,032
Reserves and reserve funds	<u>19,223,831</u>
	140,397,325
 Amortization expense not previously recorded	 <u>(439,162)</u>
Opening 2024 accumulated surplus as restated	<u>\$ 139,958,163</u>

Adjustment to 2023 Annual Surplus

2023 annual surplus as previously stated	\$ 3,161,267
Less: Amortization expense not previously recorded	<u>(439,162)</u>
2023 annual surplus as restated	<u>\$ 2,722,105</u>

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2024

	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	18,801,258	5,152,175	28,374,026	25,373,375	8,696,044	80,361,411	33,873,911	12,783,099	568,939	213,984,238
Add: additions during the year	489,952	1,741,368	968,450	245,472	674,610	4,991,330	522,751	-	46,449	9,680,382
Less: disposals during the year	-	-	-	29,611	220,876	-	24,951	-	-	275,438
Balance, end of year	19,291,210	6,893,543	29,342,476	25,589,236	9,149,778	85,352,741	34,371,711	12,783,099	615,388	223,389,182
ACCUMULATED AMORTIZATION										
Balance, beginning of year-restated (note 19)	-	2,116,612	15,420,337	12,736,177	4,723,463	45,663,455	8,680,103	4,337,372	-	93,677,519
Add: additions during the year	-	197,145	634,156	879,184	407,145	2,079,447	456,099	236,929	-	4,890,105
Less: disposals during the year	-	-	-	29,611	220,876	-	-	-	-	250,487
Balance, end of year	-	2,313,757	16,054,493	13,585,750	4,909,732	47,742,902	9,136,202	4,574,301	-	98,317,137
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	19,291,210	4,579,786	13,287,983	12,003,486	4,240,046	37,609,839	25,235,509	8,208,798	615,388	125,072,045

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2024

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	3,474,198	4,853,337	3,776,333	-	59,766	1,904,507	476,321	14,544,462
User charges	189,478	1,093,823	63,104	4,133,085	54,220	718,551	100,536	6,352,797
Government transfers - operating	850,400	-	-	-	-	32,018	1,250	883,668
Government transfers - capital	-	-	1,300,790	-	-	-	-	1,300,790
Other municipalities	-	60,863	-	-	-	60,000	-	120,863
Penalties and interest on taxes	335,926	-	-	-	-	-	-	335,926
Investment income	1,772,063	-	-	-	-	-	428	1,772,491
Donations	14,616	-	-	-	-	16,132	-	30,748
Sale of assets and other	1,010	-	-	-	-	-	-	1,010
Development charges earned	-	99,105	1,460,614	471,862	-	197,334	-	2,228,915
Parkland fees earned	-	-	-	-	-	2,459,204	-	2,459,204
Canada Community-Building Fund earned	-	-	277,540	-	-	-	-	277,540
Total revenues	6,637,691	6,107,128	6,878,381	4,604,947	113,986	5,387,746	578,535	30,308,414
Expenses								
Salaries and benefits	1,505,209	1,663,777	1,591,410	175,865	51,117	2,251,371	304,300	7,543,049
Interest charges	-	-	-	101,520	-	-	-	101,520
Materials	745,175	598,404	1,994,782	3,131,194	40,195	1,082,167	79,618	7,671,535
Contracted services	219,604	3,133,556	71,738	-	3,994	118,613	33,470	3,580,975
Rents and financial	76,984	-	-	19,519	-	1,120	-	97,623
External transfers	-	231,916	-	-	-	-	-	231,916
Amortization	79,796	366,253	2,430,731	1,358,447	-	650,017	4,861	4,890,105
Loss (gain) on disposal of tangible capital assets	-	-	5,562	-	-	-	-	5,562
Total expenses	2,626,768	5,993,906	6,094,223	4,786,545	95,306	4,103,288	422,249	24,122,285
Net surplus/(deficit)	4,010,923	113,222	784,158	(181,598)	18,680	1,284,458	156,286	6,186,129

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2023 - Restated (Note 19)

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	2,352,882	4,772,502	3,751,287	-	119,690	2,399,325	357,020	13,752,706
User charges	174,875	939,136	118,316	3,913,912	214,388	688,950	151,308	6,200,885
Government transfers - operating	943,379	-	-	-	-	33,544	1,047	977,970
Government transfers - capital	-	-	1,178,358	-	-	-	-	1,178,358
Other municipalities	-	32,601	-	-	-	-	-	32,601
Penalties and interest on taxes	292,847	-	-	-	-	-	-	292,847
Investment income	1,938,089	-	-	-	-	-	378	1,938,467
Donations	5,000	-	-	-	-	16,692	-	21,692
Development charges earned	-	25,000	65,798	44,497	-	240,268	-	375,563
Parkland fees earned	-	-	-	-	-	139,139	-	139,139
Canada Community-Building Fund earned	-	-	571,490	-	-	-	-	571,490
Total revenues	5,707,072	5,769,239	5,685,249	3,958,409	334,078	3,517,918	509,753	25,481,718
Expenses								
Salaries and benefits	1,405,070	1,512,577	1,454,754	103,288	42,365	1,876,759	292,473	6,687,286
Interest charges	-	-	-	116,591	-	-	-	116,591
Materials	831,983	549,852	1,901,216	3,026,207	77,069	896,886	81,845	7,365,058
Contracted services	163,678	3,023,224	82,097	-	10,434	103,556	13,599	3,396,588
Rents and financial	56,294	-	-	6,056	-	1,211	-	63,561
External transfers	-	201,394	-	-	-	-	-	201,394
Amortization	86,482	352,857	2,458,111	1,398,230	-	630,531	4,688	4,930,899
Loss (gain) on disposal of tangible capital assets	-	-	(1,764)	-	-	-	-	(1,764)
Total expenses	2,543,507	5,639,904	5,894,414	4,650,372	129,868	3,508,943	392,605	22,759,613
Net surplus/(deficit)	3,163,565	129,335	(209,165)	(691,963)	204,210	8,975	117,148	2,722,105

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2024

INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the financial statements of the Essa Public Library Board of the Corporation of the Township of Essa (the Board), which comprise the statement of financial position as at December 31, 2024, the statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

In common with many Public Library Boards, the Board derives revenue from user fees, fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Board. Therefore, we were not able to determine whether any adjustments might be necessary to user fees, fundraising and donations revenue, annual deficit and cash flows from operations for the years ended December 31, 2024 and 2023, and assets and accumulated surplus as at December 31, 2024 and 2023. Our opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this scope limitation.

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

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

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

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

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

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
July 7, 2025



CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2024

	2024 \$	2023 \$
FINANCIAL ASSETS		
Cash	118,944	81,859
LIABILITIES		
Accounts payable	5,000	5,000
Due to Township of Essa	131,057	81,756
TOTAL LIABILITIES	136,057	86,756
NET DEBT	(17,113)	(4,897)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	506,582	518,982
Prepaid expenses	17,113	4,897
TOTAL NON-FINANCIAL ASSETS	523,695	523,879
ACCUMULATED SURPLUS (note 3)	506,582	518,982

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, 2024

	Budget 2024 \$ (note 4)	Actual 2024 \$	Actual 2023 \$
REVENUES			
Contribution from Township of Essa	982,514	985,251	864,129
Province of Ontario	25,797	29,707	25,911
Government of Canada	8,426	2,311	7,633
User fees, fundraising and donations	27,300	50,843	39,145
TOTAL REVENUES	1,044,037	1,068,112	936,818
EXPENSES			
Salaries and benefits	776,516	819,538	747,729
Utilities	27,928	23,043	25,257
Subscriptions and periodicals	1,640	6,967	6,501
Insurance and audit	32,522	34,085	6,807
Computer support and supplies	10,350	9,172	9,342
Facility costs	70,812	53,979	51,769
Office	4,100	13,575	2,808
Fundraising costs	2,000	1,779	1,540
Amortization	108,544	98,864	108,544
Other operating costs	21,784	19,323	17,512
Contract services	1,200	187	1,094
TOTAL EXPENSES	1,057,396	1,080,512	978,903
ANNUAL DEFICIT	<u>(13,359)</u>	(12,400)	(42,085)
ACCUMULATED SURPLUS - beginning of year		518,982	561,067
ACCUMULATED SURPLUS - end of year		506,582	518,982

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 DEBT For the Year Ended December 31, 2024

	Budget 2024 \$ (note 4)	Actual 2024 \$	Actual 2023 \$
ANNUAL DEFICIT	(13,359)	(12,400)	(42,085)
Amortization of tangible capital assets	108,544	98,864	108,544
Acquisition of tangible capital assets	(92,485)	(86,464)	(66,459)
Change in prepaid expenses	-	(12,216)	(6)
CHANGE IN NET DEBT	2,700	(12,216)	(6)
NET DEBT - beginning of year	(4,897)	(4,897)	(4,891)
NET DEBT - end of year	(2,197)	(17,113)	(4,897)

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, 2024

	2024	2023
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(12,400)	(42,085)
Items not involving cash		
Amortization of tangible capital assets	98,864	108,544
Change in non-cash assets and liabilities		
Prepaid expenses	(12,216)	(6)
Due to Township of Essa	49,301	27,917
Net change in cash from operating activities	123,549	94,370
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(86,464)	(66,459)
NET CHANGE IN CASH	37,085	27,911
CASH - beginning of year	81,859	53,948
CASH - end of year	118,944	81,859

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, 2024

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Recognition of Revenue and Expenses

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

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

User fees are recognized as revenue in the year the goods and services are provided.

Donations and fundraising revenue are recognized when the amounts are received.

(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:

- Amortization of tangible capital assets is based on estimated useful life and residual value - See Note 1(c)

(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, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, 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	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.

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Accounts payable	Amortized Cost
Due to Township of Essa	Amortized Cost

Fair value category: The Board manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Non-Financial Assets

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

(f) Reserves

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

(g) Inter-Entity Transactions

The Essa Public Library Board is a Board of the Township of Essa and is consolidated with the Township's financial statements.

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

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

2. TANGIBLE CAPITAL ASSETS

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

	Furniture and equipment \$	Books \$	2024 Totals \$	2023 Totals \$
COST				
Balance, beginning of year	316,763	852,605	1,169,368	1,186,161
Add: additions during the year	15,899	70,565	86,464	66,459
Less: disposals during the year	-	29,611	29,611	83,252
Balance, end of year	332,662	893,559	1,226,221	1,169,368
ACCUMULATED AMORTIZATION				
Balance, beginning of year	177,651	472,735	650,386	625,094
Add: additions during the year	19,526	79,338	98,864	108,544
Less: disposals during the year	-	29,611	29,611	83,252
Balance, end of year	197,177	522,462	719,639	650,386
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	135,485	371,097	506,582	518,982

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2024	2023
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	506,582	518,982
	506,582	518,982

4. BUDGET FIGURES

The budget, approved by the Board differs from the budget reflected on the Statement of Operations and Accumulated Surplus as the approved budget has been adjusted to comply with PSA reporting requirements.

The following is a reconciliation of Board's approved budget to the annual deficit:

	2024
	\$
Board approved budgeted surplus	-
Tangible capital asset additions	92,485
Amortization of tangible capital assets	(108,544)
Transfers to/(from) reserves and reserve funds	2,700
Annual deficit reported on the Statement of Operations	(13,359)

5. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Board assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

In the opinion of management, the Board is not exposed to any significant interest rate, credit, liquidity, market or currency risk.

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

6. CHANGES IN ACCOUNTING POLICIES

The Board has implemented the following sections and guidelines which are now effective under the PSA Handbook: 3160 Public Private Partnerships, 3400 Revenue, and PSG-8 Purchased Intangibles.

Section 3160 establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. The adoption of this standard did not have an impact on the Board's financial statements.

Section 3400 establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as 'exchange transactions', and transactions that do not have performance obligations, referred to as 'non-exchange transactions'. The adoption of this standard did not have an impact on the Board's financial statements.

Under PSG-8, an entity may recognize purchased intangibles as an asset in its consolidated financial statements if the intangible meets the asset definition and the general recognition criteria. The adoption of this standard did not have an impact on the Board's financial statements.

7. INTER-ENTITY TRANSACTIONS

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

As part of the budgeting process, the Township approves a contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus that is adjusted to eliminate any annual operating surplus or deficit.

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

	2024	2023
	\$	\$
Allocated costs:		
Accounting	3,562	3,307
Insurance	30,523	3,500
	34,085	6,807

In addition, the Township provides rental of buildings to the Board at no cost.

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

CORPORATION OF THE TOWNSHIP OF ESSA
ANGUS BUSINESS IMPROVEMENT AREA BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 2024

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, 2024, 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, 2024, 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.

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Peterborough

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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
July 7, 2025

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2024

	2024 \$	2023 \$
FINANCIAL ASSETS		
Due from Township of Essa (note 4)	16,937	10,377
NET FINANCIAL ASSETS	16,937	10,377
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	25,893	29,023
ACCUMULATED SURPLUS (note 3)	42,830	39,400

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, 2024

	Budget 2024 \$ (note 5)	Actual 2024 \$	Actual 2023 \$
REVENUES			
Taxation (note 4)	41,075	32,358	27,910
Investment income	-	428	378
TOTAL REVENUES	41,075	32,786	28,288
EXPENSES			
Decorations	11,730	6,523	9,208
Landscaping	13,940	13,773	12,333
Amortization	4,688	4,861	4,688
Professional fees (note 4)	2,000	3,000	4,832
Memberships and other	2,755	549	503
Donations	650	650	650
TOTAL EXPENSES	35,763	29,356	32,214
ANNUAL SURPLUS/(DEFICIT)	<u>5,312</u>	3,430	(3,926)
ACCUMULATED SURPLUS - beginning of year		39,400	43,326
ACCUMULATED SURPLUS - end of year		42,830	39,400

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, 2024

	Budget 2024 \$ (note 5)	Actual 2024 \$	Actual 2023 \$
ANNUAL SURPLUS/(DEFICIT)	5,312	3,430	(3,926)
Amortization of tangible capital assets	4,688	4,861	4,688
Acquisition of tangible capital assets	(5,000)	(1,731)	(2,977)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	5,000	6,560	(2,215)
NET FINANCIAL ASSETS - beginning of year	10,377	10,377	12,592
NET FINANCIAL ASSETS - end of year	15,377	16,937	10,377

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, 2024

	2024	2023
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	3,430	(3,926)
Items not involving cash		
Amortization of tangible capital assets	4,861	4,688
Change in non-cash assets and liabilities		
Due from Township of Essa	(6,560)	2,215
Net change in cash from operating activities	1,731	2,977
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,731)	(2,977)
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, 2024

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, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Electronic Signs	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, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Due from Township of Essa	Amortized Cost

Fair value category: The Board manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in 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, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) 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 tangible capital assets for electronic signs are:

	2024 Totals \$	2023 Totals \$
COST		
Balance, beginning of year	46,884	43,907
Add: additions during the year	1,731	2,977
Balance, end of year	48,615	46,884
ACCUMULATED AMORTIZATION		
Balance, beginning of year	17,861	13,173
Add: additions during the year	4,861	4,688
Balance, end of year	22,722	17,861
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	25,893	29,023

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2024 \$	2023 \$
Invested In Capital Assets		
Tangible capital assets - net book value	25,893	29,023
Surplus	25,893	29,023
Reserve Fund		
Operations	16,937	10,377
	42,830	39,400

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:

	2024 \$	2023 \$
Allocated costs:		
Professional fees	3,000	4,832
	3,000	4,832

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.

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

5. BUDGET FIGURES

The budget, approved by the Board differs from the budget reflected on the Statement of Operations and Accumulated Surplus as the approved budget has been adjusted to comply with PSA reporting requirements.

The following is a reconciliation of Board's approved budget to the annual surplus/(deficit):

	2024 \$
Board approved budgeted surplus	-
Tangible capital asset additions	5,000
Amortization of tangible capital assets	(4,688)
Transfers to/(from) reserves and reserve funds	5,000
Annual surplus/(deficit) reported on the Statement of Operations	5,312

6. CHANGE IN ACCOUNTING POLICY

The Board has implemented the following sections and guidelines which are now effective under the PSA Handbook: 3160 Public Private Partnerships, 3400 Revenue, and PSG-8 Purchased Intangibles.

Section 3160 establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. The adoption of this standard did not have an impact on the Board's financial statements.

Section 3400 establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as 'exchange transactions', and transactions that do not have performance obligations, referred to as 'non-exchange transactions'. The adoption of this standard did not have an impact on the Board's financial statements.

Under PSG-8, an entity may recognize purchased intangibles as an asset in its consolidated financial statements if the intangible meets the asset definition and the general recognition criteria. The adoption of this standard did not have an impact on the Board's financial statements.

7. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Board assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

In the opinion of management, the Board is not exposed to any significant interest rate, credit, liquidity, market or currency risk.