

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

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CORPORATION OF THE TOWNSHIP OF ESSA

For The Year Ended December 31, 2022

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 7, 2023

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, 2022, 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, 2022, 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.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Township to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
July 19, 2023



CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash	48,900,608	37,269,440
Taxes receivable	2,160,792	2,341,510
Accounts receivable	1,749,565	2,583,013
TOTAL FINANCIAL ASSETS	52,810,965	42,193,963
LIABILITIES		
Accounts payable and accrued liabilities	5,186,951	5,564,657
Accounts payable - developers	645,000	645,000
Deferred revenue - obligatory reserve fund (note 5)	28,752,601	21,918,425
Deferred revenue - other	73,804	223,624
Long term debt (note 6)	2,623,303	2,991,730
Employee future benefits payable (note 4)	749,963	665,864
TOTAL LIABILITIES	38,031,622	32,009,300
NET FINANCIAL ASSETS	14,779,343	10,184,663
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	122,427,192	123,315,962
Prepaid expenses	29,523	76,942
TOTAL NON-FINANCIAL ASSETS	122,456,715	123,392,904
ACCUMULATED SURPLUS (note 8)	137,236,058	133,577,567

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Property taxation	11,940,814	11,757,269	11,427,565
User charges	4,565,040	5,456,459	4,983,008
Government of Canada	5,773	23,432	31,098
Province of Ontario	1,990,240	1,631,708	2,262,817
Other municipalities	95,000	15,713	24,046
Penalties and interest on taxes	300,000	282,230	317,013
Investment income	156,000	640,437	91,127
Donations	5,500	15,335	51,121
Sale of assets and other	35,000	1,953	29,532
Developer contributions earned (note 5)	970,010	1,255,706	1,119,095
Canada Community-Building Fund (note 5)	1,036,000	735,121	2,480,805
Gain/(loss) on disposal of tangible capital assets	-	2,582,680	-
TOTAL REVENUES	21,099,377	24,398,043	22,817,227
EXPENSES			
General government	2,103,695	2,416,290	2,088,266
Protection services	5,447,947	5,338,453	5,092,273
Transportation services	5,135,215	5,028,138	5,167,685
Environmental services	4,281,265	4,208,725	4,025,217
Health services	59,836	76,560	38,550
Recreation and cultural services	3,355,524	3,296,168	2,855,576
Planning and development	581,199	375,218	372,021
TOTAL EXPENSES	20,964,681	20,739,552	19,639,588
ANNUAL SURPLUS	<u>134,696</u>	3,658,491	3,177,639
ACCUMULATED SURPLUS - beginning of year		133,577,567	130,399,928
ACCUMULATED SURPLUS - end of year		137,236,058	133,577,567

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL SURPLUS	134,696	3,658,491	3,177,639
Amortization of tangible capital assets	4,381,672	4,359,864	4,405,132
Purchase of tangible capital assets	(3,912,757)	(3,784,469)	(7,367,772)
Gain on disposal of tangible capital assets	-	(2,582,680)	-
Proceeds on sale of tangible capital assets	-	2,896,055	-
Change in prepaid expenses	-	47,419	(30,865)
INCREASE IN NET FINANCIAL ASSETS	603,611	4,594,680	184,134
NET FINANCIAL ASSETS - beginning of year	10,184,663	10,184,663	10,000,529
NET FINANCIAL ASSETS - end of year	10,788,274	14,779,343	10,184,663

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, 2022

	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	3,658,491	3,177,639
Items not involving cash		
Amortization of tangible capital assets	4,359,864	4,405,132
Gain on disposal of tangible capital assets	(2,582,680)	-
Change in employee future benefits payable	84,099	45,722
Change in non-cash assets and liabilities		
Taxes receivable	180,718	350,489
Accounts receivable	833,448	1,051,645
Prepaid expenses	47,419	(30,865)
Accounts payable and accrued liabilities	(377,706)	(354,882)
Deferred revenue - obligatory reserve fund	6,834,176	(1,203,196)
Deferred revenue - other	(149,820)	(133,696)
Net change in cash from operating activities	12,888,009	7,307,988
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(3,784,469)	(7,367,772)
Proceeds on disposal of tangible capital assets	2,896,055	-
Net change in cash from capital activities	(888,414)	(7,367,772)
FINANCING ACTIVITIES		
Debt principal repayments	(368,427)	(354,560)
NET CHANGE IN CASH	11,631,168	(414,344)
CASH - beginning of year	37,269,440	37,683,784
CASH - end of year	48,900,608	37,269,440

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, 2022

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

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

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

- Essa Public Library Board
- Angus Business Improvement Area Board

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

(b) Tangible Capital Assets

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

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

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

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

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Recognition of Revenues and Expenses

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

Taxation

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

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

Government Funding

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

Other Revenue

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

Investment income is recorded when earned.

Development charges and Canada Community-Building Fund are recognized in the period in which the related expenditures are recorded.

(d) Non-Financial Assets

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

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Reserves and Reserve Funds

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

(f) Deferred Revenue

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

(g) Use of Estimates

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

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

2. BUDGET FIGURES

The budget, approved by the Township, for 2022 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

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 2022-01. At December 31, 2022 there was no balance outstanding.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

4. EMPLOYEE FUTURE BENEFITS PAYABLE

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

	2022	2021
	\$	\$
Extended health care benefits	536,600	506,600
Vacation pay entitlement	213,363	159,264
	749,963	665,864

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

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

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

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

	2022	2021
	\$	\$
Liability at January 1	506,600	473,400
Current year benefit cost	59,500	58,200
Interest cost	12,000	11,300
Benefit payments	(41,500)	(36,300)
Liability at December 31	536,600	506,600

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

5. 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:

	2022	2021
	\$	\$
Development charges	21,960,963	21,403,451
Parkland	5,973,425	433,401
Willoughby road and bridge charges	-	53
Canada Community-Building Fund	11,197	76,560
Ontario Community Infrastructure Fund	807,016	4,960
	28,752,601	21,918,425

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

	2022	2021
	\$	\$
Balance - beginning of year	21,918,425	23,121,621
Add amounts received:		
Development charges received	1,597,653	905,196
Canada Community-Building Fund	668,651	1,311,443
Ontario Community Infrastructure Fund	1,140,808	516,692
Interest	231,121	180,065
Parkland earned	5,535,440	-
	9,173,673	2,913,396
Less transfer to operations:		
Development charges earned	1,255,706	1,119,095
Canada Community-Building Fund	735,121	2,480,805
Ontario Community Infrastructure Fund	348,617	516,692
Willoughby road and bridge charges	53	-
	2,339,497	4,116,592
Balance - end of year	28,752,601	21,918,425

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

6. LONG TERM DEBT

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

	2022	2021
	\$	\$
Ontario Strategic Infrastructure Financing Authority Debenture, matures February 2, 2031, repayable in blended semiannual payments of \$173,452, bears interest at 4.78% per annum. Borrowed for sanitary sewer systems.	2,400,032	2,624,151
Ontario Infrastructure Projects Corporation Debenture, matures May 1, 2024, repayable in blended semiannual payments of \$76,284, bears interest at 2.49% per annum. Borrowed for water systems.	223,271	367,579
	<u>2,623,303</u>	<u>2,991,730</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 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 \$131,048 (2021 - \$144,916).

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

	Principal	Interest	Total
	\$	\$	\$
2023	382,884	116,591	499,475
2024	321,672	101,520	423,192
2025	258,240	88,667	346,907
2026	270,731	76,176	346,907
2027	283,827	63,080	346,907
	1,517,354	446,034	1,963,388
2028 and subsequent years	1,105,949	108,225	1,214,174
	<u>2,623,303</u>	<u>554,259</u>	<u>3,177,562</u>

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

7. TANGIBLE CAPITAL ASSETS

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

	2022	2021
	\$	\$
General		
Land	18,823,379	19,091,791
Land improvements	2,955,009	2,870,915
Buildings	13,532,007	13,922,496
Equipment	13,332,001	13,822,870
Vehicles	4,279,093	4,110,465
Infrastructure		
Roads and bridges	29,138,826	30,157,111
Water and sanitary sewer systems	24,852,574	25,178,551
Storm sewers	8,682,656	8,919,585
	115,595,545	118,073,784
Assets under construction	6,831,647	5,242,178
	122,427,192	123,315,962

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

During the year there were no write-downs of assets (2021 - \$Nil) and no interest capitalized (2021 - \$Nil).

Land is further broken down between general capital assets \$5,632,315 (2021 - \$5,929,977) and infrastructure (linear) assets \$13,191,064 (2021 - \$13,161,814).

Land improvements is further broken down between general capital assets \$1,868,201 (2021 - \$1,753,498) and infrastructure (linear) assets \$1,086,808 (2021 - \$1,117,417).

	2022	2021
	\$	\$
General government	1,212,625	1,351,860
Protection services	4,140,599	3,786,349
Transportation services	49,699,983	49,401,394
Environmental services	54,224,661	55,184,821
Recreation and cultural services	13,118,589	13,556,412
Planning and development	30,735	35,126
	122,427,192	123,315,962

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

8. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2022	2021
	\$	\$
Surplus/(Deficit)		
Township	1,760,112	1,597,147
Unfunded employee future benefits	(749,963)	(665,864)
	1,010,149	931,283
Invested In Capital Assets		
Tangible capital assets - net book value	122,427,192	123,315,962
Long term debt	(2,623,303)	(2,991,730)
	119,803,889	120,324,232
Surplus	120,814,038	121,255,515
Reserves		
Working funds	1,692,479	1,692,480
Contingencies	37,372	37,372
Acquisition of capital assets	7,243,923	4,127,671
Operations	109,903	109,903
Water and sewer - see (b) below	5,268,254	5,114,477
Future enforcement of Building Code Act - see (c) below	988,734	1,052,967
Essa Public Library Board	-	17,757
Total Reserves	15,340,665	12,152,627
Reserve Funds		
Water and sewer services	1,068,763	163,230
Angus Business Improvement Area	12,592	6,195
Total Reserve Funds	1,081,355	169,425
	137,236,058	133,577,567

(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 2022. The balance of the loan owing to the reserve at December 31, 2022 is \$844,114 (2021 - \$982,341).

(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, 2022

9. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF SIMCOE

During 2022, 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	6,026,707	9,811,239

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

10. 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 2022 Annual Report disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets of \$123,628 million indicating an actuarial deficit of \$6,678 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The Township's required contributions to OMERS in 2022 were \$329,896 (2021 - \$307,676).

11. COMMITMENT

The Township along with two neighbouring municipalities (Adjala-Tosorontio Township and New Tecumseth Township) negotiated a joint policing contract with the Minister of Community Safety and Correctional Services for the provision of police services by the Ontario Provincial Police (OPP), effective July 1, 2015 to June 30, 2020. Upon the expiration of this contract, the municipalities agreed to a 3 year extension with similar terms. The Township's cost for policing is based on a per capita amount plus a per call charge. The 2022 Township OPP costs were \$2,868,264 (2021 - \$2,906,903).

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
Salaries and benefits	6,179,285	6,036,278	5,617,628
Interest charges	146,598	131,048	144,916
Materials	6,578,017	6,484,720	5,219,314
Contracted services	3,446,009	3,491,518	4,036,272
Rents and financial	39,450	42,474	17,912
External transfers	193,650	193,650	198,414
Amortization	4,381,672	4,359,864	4,405,132
	20,964,681	20,739,552	19,639,588

13. 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.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

14. 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

**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2022**

	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	19,091,791	4,648,130	28,064,783	24,979,723	8,285,282	72,076,837	32,974,447	12,783,099	5,242,178	208,146,270
Add: additions during the year	29,250	118,118	250,847	388,431	241,135	608,035	92,635	-	2,056,018	3,784,469
Less: disposals during the year	297,662	-	-	110,045	244,089	-	-	-	-	651,796
Internal transfers	-	128,384	-	-	338,165	-	-	-	(466,549)	-
Balance, end of year	18,823,379	4,894,632	28,315,630	25,258,109	8,620,493	72,684,872	33,067,082	12,783,099	6,831,647	211,278,943
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	1,777,215	14,142,287	11,156,853	4,174,817	41,919,726	7,795,896	3,863,514	-	84,830,308
Add: additions during the year	-	162,408	641,336	879,300	394,959	1,626,320	418,612	236,929	-	4,359,864
Less: disposals during the year	-	-	-	110,045	228,376	-	-	-	-	338,421
Balance, end of year	-	1,939,623	14,783,623	11,926,108	4,341,400	43,546,046	8,214,508	4,100,443	-	88,851,751
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	18,823,379	2,955,009	13,532,007	13,332,001	4,279,093	29,138,826	24,852,574	8,682,656	6,831,647	122,427,192

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2022

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	45,658	4,721,765	3,967,305	-	41,836	2,369,472	611,233	11,757,269
User charges	134,415	584,401	132,060	3,821,047	9,154	572,157	203,225	5,456,459
Government transfers - operating	1,257,154	-	-	-	-	46,609	2,760	1,306,523
Government transfers - capital	-	-	348,617	-	-	-	-	348,617
Other municipalities	-	15,713	-	-	-	-	-	15,713
Penalties and interest on taxes	282,230	-	-	-	-	-	-	282,230
Investment income	640,437	-	-	-	-	-	-	640,437
Donations	5,000	-	-	-	-	10,335	-	15,335
Sale of assets and other	1,953	-	-	-	-	-	-	1,953
Developer contributions earned	-	68,841	1,148,900	24,951	-	13,014	-	1,255,706
Canada Community-Building Fund	-	-	735,121	-	-	-	-	735,121
Gain/(loss) on disposal of tangible capital assets	-	-	359	-	-	2,582,321	-	2,582,680
Total revenues	2,366,847	5,390,720	6,332,362	3,845,998	50,990	5,593,908	817,218	24,398,043
Expenses								
Salaries and benefits	1,259,276	1,278,850	1,429,101	93,413	32,364	1,697,635	245,639	6,036,278
Interest charges	-	-	-	131,048	-	-	-	131,048
Materials	842,727	522,510	1,581,997	2,591,009	25,410	855,893	65,174	6,484,720
Contracted services	208,558	3,008,861	39,209	34,875	18,786	121,215	60,014	3,491,518
Rents and financial	34,440	-	-	6,684	-	1,350	-	42,474
External transfers	-	193,650	-	-	-	-	-	193,650
Amortization	71,289	334,582	1,977,831	1,351,696	-	620,075	4,391	4,359,864
Total expenses	2,416,290	5,338,453	5,028,138	4,208,725	76,560	3,296,168	375,218	20,739,552
Net surplus/(deficit)	(49,443)	52,267	1,304,224	(362,727)	(25,570)	2,297,740	442,000	3,658,491

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2021

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

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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, 2022, the statements of operations and accumulated surplus, change in net financial assets/(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, 2022, 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, assets and accumulated surplus.

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.

ASSURANCE • TAX • ADVISORY

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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 19, 2023

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash	53,948	78,169
LIABILITIES		
Accounts payable	5,000	5,000
Due to Township of Essa (note 5)	53,839	60,213
TOTAL LIABILITIES	58,839	65,213
NET FINANCIAL ASSETS/(NET DEBT)	(4,891)	12,956
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	561,067	577,395
Prepaid expenses	4,891	4,801
TOTAL NON-FINANCIAL ASSETS	565,958	582,196
ACCUMULATED SURPLUS (note 3)	561,067	595,152

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Contribution from Township of Essa (note 5)	816,722	783,876	743,019
Province of Ontario	25,797	25,937	27,827
Government of Canada	5,773	20,672	5,773
User fees, fundraising and donations	32,900	34,585	61,432
TOTAL REVENUES	881,192	865,070	838,051
EXPENSES			
Salaries and benefits	678,898	670,644	626,820
Utilities	28,273	23,794	25,427
Subscriptions and periodicals	1,640	1,495	1,216
Insurance and audit	8,166	10,618	7,461
Computer support and supplies	18,950	13,350	17,931
Facility costs	45,820	44,926	30,764
Office	4,900	14,880	41,190
Fundraising costs	2,845	2,815	1,975
Amortization	112,846	101,723	112,846
Other operating costs	18,500	14,707	12,819
Contract services	2,300	203	504
TOTAL EXPENSES	923,138	899,155	878,953
ANNUAL DEFICIT	<u>(41,946)</u>	(34,085)	(40,902)
ACCUMULATED SURPLUS - beginning of year		595,152	636,054
ACCUMULATED SURPLUS - end of year		561,067	595,152

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 ASSETS/(NET DEBT)
For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL DEFICIT	(41,946)	(34,085)	(40,902)
Amortization of tangible capital assets	112,846	101,723	112,846
Acquisition of tangible capital assets	(96,865)	(85,395)	(79,381)
Change in prepaid expenses	-	(90)	1,080
CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)	(25,965)	(17,847)	(6,357)
NET FINANCIAL ASSETS - beginning of year	12,956	12,956	19,313
NET FINANCIAL ASSETS/(NET DEBT) - end of year	(13,009)	(4,891)	12,956

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, 2022

	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(34,085)	(40,902)
Items not involving cash		
Amortization of tangible capital assets	101,723	112,846
Change in non-cash assets and liabilities		
Prepaid expenses	(90)	1,080
Due to Township of Essa	(6,374)	32,152
Net change in cash from operating activities	61,174	105,176
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(85,395)	(79,381)
NET CHANGE IN CASH	(24,221)	25,795
CASH - beginning of year	78,169	52,374
CASH - end of year	53,948	78,169

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, 2022

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.

Contributions from the Township of Essa are recognized as approved by the Township.

(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 of tangible capital assets are based on estimates of useful life and residual values.

(c) Tangible Capital Assets

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

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.

(d) Non-Financial Assets

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

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) 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.

(f) 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	2022 Totals	2021 Totals
	\$	\$	\$	\$
COST				
Balance, beginning of year	295,695	894,334	1,190,029	1,162,052
Add: additions during the year	15,426	69,969	85,395	79,381
Less: disposals during the year	-	89,263	89,263	51,404
Balance, end of year	311,121	875,040	1,186,161	1,190,029
ACCUMULATED AMORTIZATION				
Balance, beginning of year	146,612	466,022	612,634	551,192
Add: additions during the year	19,242	82,481	101,723	112,846
Less: disposals during the year	-	89,263	89,263	51,404
Balance, end of year	165,854	459,240	625,094	612,634
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	145,267	415,800	561,067	577,395

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2022

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022	2021
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	561,067	577,395
Surplus	561,067	577,395
Reserve		
Future capital costs	-	17,757
	561,067	595,152

4. BUDGET FIGURES

The operating budget, approved by the Board, for 2022 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets/(Net Debt). 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. 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:

	2022	2021
	\$	\$
Allocated costs:		
Accounting	4,603	4,426
Insurance	3,366	3,300
	7,969	7,726

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, 2022

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, 2022, 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, 2022, 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.

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 19, 2023

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Due from Township of Essa (note 4)	12,592	6,195
NET FINANCIAL ASSETS	12,592	6,195
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	30,734	35,125
ACCUMULATED SURPLUS (note 3)	43,326	41,320

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Taxation (note 4)	29,035	30,562	27,285
Investment income	-	-	61
TOTAL REVENUES	29,035	30,562	27,346
EXPENSES			
Decorations	11,927	8,989	8,349
Landscaping	12,548	10,316	11,777
Amortization	4,391	4,391	4,391
Signs	-	1,410	-
Professional fees (note 4)	-	3,000	1,500
Memberships and other	-	150	350
Donations	-	300	-
TOTAL EXPENSES	28,866	28,556	26,367
ANNUAL SURPLUS	<u>169</u>	2,006	979
ACCUMULATED SURPLUS - beginning of year		41,320	40,341
ACCUMULATED SURPLUS - end of year		43,326	41,320

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL SURPLUS	169	2,006	979
Amortization of tangible capital assets	4,391	4,391	4,391
INCREASE IN NET FINANCIAL ASSETS	4,560	6,397	5,370
NET FINANCIAL ASSETS - beginning of year	6,195	6,195	825
NET FINANCIAL ASSETS - end of year	10,755	12,592	6,195

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, 2022

	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	2,006	979
Items not involving cash		
Amortization of tangible capital assets	4,391	4,391
Change in non-cash assets and liabilities		
Due from Township of Essa	(6,397)	(5,370)
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, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Recognition of Revenue and Expenses

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

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

Investment income is recognized as earned.

(b) Use of Estimates

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

(c) Tangible Capital Assets

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

Electronic Sign	10 years
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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, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Inter-Entity Transactions

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

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

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

2. TANGIBLE CAPITAL ASSETS

The net book value of the tangible capital assets are:

	2022	2021
	\$	\$
COST		
Balance, beginning of year	43,907	43,907
Balance, end of year	43,907	43,907
ACCUMULATED AMORTIZATION		
Balance, beginning of year	8,782	4,391
Add: additions during the year	4,391	4,391
Balance, end of year	13,173	8,782
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	30,734	35,125

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022	2021
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	30,734	35,125
Surplus	30,734	35,125
Reserve Fund		
Operations	12,592	6,195
	43,326	41,320

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:

	2022	2021
	\$	\$
Allocated costs:		
Professional fees	3,000	1,500
	3,000	1,500

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

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

5. BUDGET FIGURES

The operating budget, approved by the Board, for 2022 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.