

**The Corporation of the  
Township of Severn**  
Consolidated Financial Statements  
For the year ended December 31, 2021

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### Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Township of Severn ("the Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Corporate Services Committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Baker Tilly KDN LLP, independent external auditor appointed by the Township. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.

Director of Finance/Treasurer

Mayor

**INDEPENDENT AUDITOR'S REPORT****To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Township of Severn***Opinion*

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

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

*Basis for Opinion*

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

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

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

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

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

### *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  
October 5, 2022



**The Corporation of the  
Township of Severn  
Consolidated Statement of Financial Position**

<b>December 31</b>	<b>2021</b>	<b>2020</b>
<b>Financial assets</b>		
Cash (Note 1)	\$ 33,493,243	\$ 32,939,062
Taxes receivable	1,795,513	2,023,581
Accounts receivable	1,537,740	1,195,753
Inventories for resale	7,254	9,009
Long-term receivables (Note 2)	25,490	33,737
	<u>36,859,240</u>	<u>36,201,142</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,770,147	3,555,661
Other liabilities	2,414,508	1,710,441
Deferred revenue (Note 4)	7,621,763	6,797,368
Long-term debt (Note 5)	6,293,558	6,570,354
	<u>19,099,976</u>	<u>18,633,824</u>
<b>Net financial assets</b>	<b>17,759,264</b>	<b>17,567,318</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 6)	<u>100,155,025</u>	<u>94,865,933</u>
<b>Accumulated surplus (Note 7)</b>	<b>\$117,914,289</b>	<b>\$112,433,251</b>

**Contingencies (Note 10)**

**The Corporation of the  
Township of Severn**

**Consolidated Statement of Operations and Accumulated Surplus**

<b>For the year ended December 31</b>	(Note 14) Budget 2021	Actual 2021	Actual 2020
<b>Revenue</b>			
Taxation (Note 12)	\$ 13,044,305	\$ <b>13,050,754</b>	\$ 12,290,199
Government grants - Federal	500,465	<b>327,477</b>	16,639
Government grants - Provincial	1,753,103	<b>2,500,224</b>	2,474,056
Government grants - Municipal	48,999	<b>125,749</b>	26,199
User fees and service charges	4,746,448	<b>4,438,049</b>	4,155,646
Investment income	351,500	<b>183,412</b>	298,499
Contributed assets	-	<b>2,172,646</b>	815,396
Other (Note 8)	779,700	<b>942,944</b>	551,639
	<u>21,224,520</u>	<u><b>23,741,255</b></u>	<u>20,628,273</u>
<b>Expenses</b>			
General government	2,401,615	<b>2,347,477</b>	2,439,655
Fire department	1,558,094	<b>1,388,338</b>	1,381,958
Police services	2,309,591	<b>2,313,609</b>	2,325,242
Protective inspection and control	836,871	<b>976,578</b>	673,119
Transportation services	5,343,884	<b>5,606,582</b>	5,144,063
Water and sewer	3,976,629	<b>3,820,801</b>	3,671,062
Parks and recreation	1,212,600	<b>1,021,374</b>	1,005,961
Library and culture	303,790	<b>237,730</b>	280,448
Planning and development	726,889	<b>547,728</b>	391,641
	<u>18,669,963</u>	<u><b>18,260,217</b></u>	<u>17,313,149</u>
<b>Annual surplus</b>	2,554,557	<b>5,481,038</b>	3,315,124
<b>Accumulated surplus, beginning of year</b>	112,433,251	<b>112,433,251</b>	109,118,127
<b>Accumulated surplus, end of year</b>	<u>\$114,987,808</u>	<u><b>\$117,914,289</b></u>	<u>\$112,433,251</u>

**The Corporation of the  
Township of Severn**

**Consolidated Statement of Change in Net Financial Assets**

<b>For the year ended December 31</b>	(Note 14) Budget 2021	<b>2021</b>	2020
<b>Annual surplus</b>	\$ 2,554,557	<b>\$ 5,481,038</b>	\$ 3,315,124
Acquisition of tangible capital assets	(14,260,200)	<b>(9,454,900)</b>	(6,852,324)
Amortization of tangible capital assets	3,716,600	<b>3,716,603</b>	3,512,475
Net loss on disposal of tangible capital assets	-	<b>294,939</b>	221,226
Proceeds on disposal of tangible capital assets	76,000	<b>154,266</b>	10,000
<b>Net change in net financial assets</b>	(7,913,043)	<b>191,946</b>	206,501
<b>Net financial assets, beginning of year</b>	17,567,318	<b>17,567,318</b>	17,360,817
<b>Net financial assets, end of year</b>	\$ 9,654,275	<b>\$ 17,759,264</b>	\$ 17,567,318

**The Corporation of the  
Township of Severn  
Consolidated Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2021</b>	<b>2020</b>
<b>Operating transactions</b>		
Annual surplus	\$ 5,481,038	\$ 3,315,124
Items not involving cash		
Amortization of tangible capital assets	3,716,603	3,512,475
Net loss on disposal of tangible capital assets	294,939	221,226
Contributed tangible capital assets	(2,172,646)	(815,396)
Changes in non-cash operating balances		
Taxes receivable	228,068	(182,592)
Accounts receivable	(341,987)	344,038
Inventories for resale	1,755	(2,574)
Long term receivables	8,247	14,190
Accounts payable and accrued liabilities	(785,514)	587,909
Other current liabilities	704,067	92,711
Deferred revenue	824,395	678,196
	<u>7,958,965</u>	<u>7,765,307</u>
<b>Capital transactions</b>		
Purchase of tangible capital assets	(7,282,254)	(6,036,928)
Proceeds on disposal of tangible capital assets	154,266	10,000
	<u>(7,127,988)</u>	<u>(6,026,928)</u>
<b>Financing transactions</b>		
Repayment of long-term debt	(276,796)	(269,102)
	<u>554,181</u>	<u>1,469,277</u>
<b>Net change in cash</b>	<b>554,181</b>	<b>1,469,277</b>
<b>Cash, beginning of year</b>	<b>32,939,062</b>	<b>31,469,785</b>
<b>Cash, end of year (Note 1)</b>	<b>\$ 33,493,243</b>	<b>\$ 32,939,062</b>

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**The Corporation of the  
Township of Severn  
Summary of Significant Accounting Policies**

**December 31, 2021**

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**Basis of Consolidation**

The consolidated statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenditures have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

Township of Severn Public Library Board - 100%

**Basis of Accounting**

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

The consolidated statement of financial position reflects all of the financial assets and liabilities of the municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations.

The accumulated surplus represents the financial position of the municipality, and is the difference between its assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

**Inventories For Resale**

Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.

**Long-term Receivables**

Long-term receivables are recorded at their face value. Allowances for doubtful receivables are recorded when it is determined that the Township will be unable to collect all amounts due according to the terms of the underlying agreements. Interest revenue is recognized as received.

**Deferred Revenue**

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations and accumulated surplus in the year in which it is used for the specified purpose.

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**The Corporation of the  
Township of Severn  
Summary of Significant Accounting Policies**

**December 31, 2021**

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**Non-financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the consolidated change in net financial assets for the year.

**Tangible Capital  
Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Construction in progress (CIP) assets are not amortized until the asset is put into use. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Vehicles	8 to 25 years
Equipment	7 to 25 years
Buildings	20 to 50 years
Site improvements	15 to 50 years
Roads and bridges	15 to 60 years
Water systems	20 to 80 years
Sewer systems	20 to 80 years

**Trust Funds**

Trust funds held in trust by the Corporation of the Township of Severn, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately. (Page 28).

**Post Retirement Benefits**

The Corporation of the Township of Severn is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

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**The Corporation of the  
Township of Severn  
Summary of Significant Accounting Policies**

**December 31, 2021**

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**Government Transfers**

Government transfers, which include legislative grants, are recognized in the consolidated financial statements 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 amount can be made and there is reasonable assurance of collection.

**County and School Boards**

The municipality collects taxation revenue on behalf of the school boards and the County of Simcoe. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the County of Simcoe are not reflected in these financial statements.

**Revenue Recognition**

The municipality recognizes taxation revenue on an annual basis using total assessment values for the year and annually established tax rates. Property assessment values are provided by the Municipal Property Assessment Corporation (MPAC) and tax rates are established and approved by members of Council. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal are known.

Charges for sewer and water usage are recognized as user fees when services have been provided. Connection fee revenues are recognized when the connection has been established. Charges for interment and vaults are recognized as user fees when services are purchased. Charges for the use of recreation facilities and programs like arena and hall rentals are recognized when services have been provided.

Sales of services and other revenue are recognized when services are provided and collection is reasonably assured.

**Use of Estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these consolidated financial statements are the determination of the allowance for doubtful accounts, the estimated useful life of tangible capital assets and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

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**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2021**

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**1. Cash**

	<u>2021</u>	<u>2020</u>
Unrestricted	<b>\$ 25,871,480</b>	\$ 26,141,694
Restricted	<b>7,621,763</b>	6,797,368
	<b><u>\$ 33,493,243</u></b>	<b><u>\$ 32,939,062</u></b>

All cash is held at one chartered bank with interest paid monthly at prime less 1.75%.

The restricted cash represents the balance of the deferred revenue (Note 4).

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**2. Long-Term Receivables**

	<u>2021</u>	<u>2020</u>
Tile drainage loans	<b>\$ 25,490</b>	\$ 33,737

The tile drainage loans have interest rates of 6% and are due from 2021 to 2027.

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**3. Credit Facility**

The Township has arranged an operating loan for \$500,000 at prime less 0.75% to assist with working capital requirements.

The Township has arranged a demand loan for \$4,500,000 at prime less 0.75% to assist with the Coldwater Sewer project.

As at December 31, 2021 no amounts have been drawn relating to either credit facility. (2020 - \$Nil)

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**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2021**

**4. Deferred Revenue - Obligatory Reserve Funds**

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 2,211,203	\$ 838,321	\$ 9,957	\$ (327,477)	\$ 2,732,004
Development charges	3,840,748	389,340	17,295	(195,791)	4,051,592
Recreational land	745,417	90,525	3,356	(1,131)	838,167
	<u>\$ 6,797,368</u>	<u>\$ 1,318,186</u>	<u>\$ 30,608</u>	<u>\$ (524,399)</u>	<u>\$ 7,621,763</u>

Federal gas tax

The Ministry of Transportation requires the Municipality to include unspent gas tax funding in an obligatory reserve fund which is reported as deferred revenue. The funding and interest earned in the obligatory reserve fund must be spent on approved projects.

Development charges

Certain user charges and fees are collected for which the related services have yet to be performed. These revenues will be recognized at the time the related services are performed.

Recreational land

These monies are received through subdivision agreements and are used for such things as acquisition of land for park or public recreation, including erection or repair of buildings and the acquisition of machinery for park or other public recreational uses. Monies received from subdividers is in lieu of land being conveyed to the municipality.

**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2021**

**5. Long-term Debt**

Long term debt reported on the consolidated statement of financial position is comprised of the following:

	<b>2021</b>	2020
Ontario Strategic Infrastructure Financing Authority Debenture, 5.28%, repayable \$305,092 semi-annually, due August 2036	<b>\$ 6,268,068</b>	\$ 6,536,617
Tile drainage loans, interest rate of 6%, annual payments ranging from \$3,084 to \$3,981 per year, due 2022 to 2027	<b>25,490</b>	33,737
	<b>\$ 6,293,558</b>	\$ 6,570,354

Long-term debt principal repayments for the next five years and thereafter are due as follows:

2022	\$ 291,657
2023	304,111
2024	316,438
2025	333,382
2026	351,234
Thereafter	4,696,736
	<b>\$ 6,293,558</b>

The annual principal and interest payments required to service the long-term liabilities of the municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing. Interest expense paid relating to the long-term debt above is \$343,659 (2020 - \$358,147).

**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2021**

**6. Tangible Capital Assets**

	<b>2021</b>								
	Land and Site Improvements	Buildings	Equipment	Roads and Bridges	Water systems	Sewer systems	Vehicles	Construction in progress	Total
Cost, beginning of year	\$ 10,448,656	\$ 14,910,493	\$ 2,185,754	\$ 55,121,272	\$ 23,997,792	\$ 30,243,226	\$ 7,609,138	\$ 837,528	\$ 145,353,859
Additions	663,152	551,601	140,866	4,589,916	344,511	149,523	1,554,130	1,461,201	9,454,900
Disposals	(61,425)	-	(52,388)	(763,802)	(248,485)	-	(660,638)	-	(1,786,738)
Cost, end of year	11,050,383	15,462,094	2,274,232	58,947,386	24,093,818	30,392,749	8,502,630	2,298,729	153,022,021
Accumulated amortization, beginning of year	737,543	5,987,767	1,310,833	24,137,215	7,369,828	7,195,663	3,749,077	-	50,487,926
Amortization	100,324	375,646	131,368	1,581,414	465,303	483,599	578,949	-	3,716,603
Disposals	(59,841)	-	(39,944)	(503,539)	(139,980)	-	(594,229)	-	(1,337,533)
Accumulated amortization, end of year	778,026	6,363,413	1,402,257	25,215,090	7,695,151	7,679,262	3,733,797	-	52,866,996
Net carrying amount, end of year	\$ 10,272,357	\$ 9,098,681	\$ 871,975	\$ 33,732,296	\$ 16,398,667	\$ 22,713,487	\$ 4,768,833	\$ 2,298,729	\$ 100,155,025

	<b>2020</b>								
	Land and Site Improvements	Buildings	Equipment	Roads and Bridges	Water systems	Sewer systems	Vehicles	Construction in Progress	Total
Cost, beginning of year	\$ 10,250,014	\$ 14,818,610	\$ 2,100,986	\$ 48,716,966	\$ 23,800,964	\$ 29,966,488	\$ 7,472,573	\$ 2,103,955	\$ 139,230,556
Additions	198,642	91,883	116,417	7,031,284	220,793	276,738	182,994	(1,266,427)	6,852,324
Disposals	-	-	(31,649)	(626,978)	(23,965)	-	(46,429)	-	(729,021)
Cost, end of year	10,448,656	14,910,493	2,185,754	55,121,272	23,997,792	30,243,226	7,609,138	837,528	145,353,859
Accumulated amortization, beginning of year	644,233	5,622,672	1,208,689	23,122,989	6,897,854	6,715,865	3,260,944	-	47,473,246
Amortization	93,310	365,095	133,793	1,425,711	480,412	479,798	534,356	-	3,512,475
Disposals	-	-	(31,649)	(411,485)	(8,438)	-	(46,223)	-	(497,795)
Accumulated amortization, end of year	737,543	5,987,767	1,310,833	24,137,215	7,369,828	7,195,663	3,749,077	-	50,487,926
Net carrying amount, end of year	\$ 9,711,113	\$ 8,922,726	\$ 874,921	\$ 30,984,057	\$ 16,627,964	\$ 23,047,563	\$ 3,860,061	\$ 837,528	\$ 94,865,933

Included in additions are \$2,172,646 (2020-\$815,396) in contributed capital assets that were recognized in the financial statements during the year. The cost of land included in land and site improvement is \$8,152,395 (2020 - \$7,695,590) and is not being amortized.

**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2021**

**7. Accumulated Surplus**

The Corporation of the Township of Severn segregates its accumulated surplus in the following categories:

	2021	2020
Investment in tangible capital assets		
Tangible capital assets - net book value	<b>\$100,155,025</b>	\$ 94,865,933
Long Term Debt - amounts to be recovered	<b>(6,300,962)</b>	(6,568,749)
	<b>93,854,063</b>	88,297,184
Current Fund		
General area taxation	<b>2,500</b>	2,500
Police	<b>79,819</b>	104,973
Waterworks and sewer systems	<b>1,998,545</b>	1,451,427
Coldwater Business Improvement Area (Schedule 1)	<b>2,511</b>	3,864
Severn Library Board	<b>241,071</b>	241,071
	<b>2,324,446</b>	1,803,835
Reserves set aside for specific purposes by Council:		
Working funds	<b>3,609,476</b>	3,599,723
Election	<b>78,994</b>	61,494
Emergency planning	<b>40,000</b>	40,000
Parkland	<b>201,353</b>	64,795
Capital purposes	<b>12,373,277</b>	12,744,419
Taxation	<b>500,000</b>	500,000
Administration	<b>1,816,482</b>	1,642,403
Fire protection	<b>1,011,800</b>	1,007,264
Water and sewer systems	<b>1,346,056</b>	1,504,897
Building department	<b>144,566</b>	239,341
Gravel pit restoration	<b>126,293</b>	125,727
Westshore	<b>487,483</b>	802,169
	<b>21,735,780</b>	22,332,232
	<b>\$117,914,289</b>	\$112,433,251

The balance available to offset future revenue requirements for the fiscal year ending December 31, 2021 has been decreased by an amount of \$1,239,754, transferred to reserves as authorized by by-law #2021-40 dated June 2, 2021. Had this decrease not been made the current fund balance would have shown a surplus of \$3,564,200.

**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2021**

**8. Other Revenue**

	(Note 14) Budget 2021	Actual 2021	Actual 2020
Penalties and interest on taxation	\$ 400,000	\$ 334,773	\$ 229,215
Other fines and penalties	50,000	4,318	33,634
Licences, permits and fines	325,200	466,581	269,876
Donations	4,500	15,617	9,120
Gain on disposal of tangible capital assets	-	84,655	9,794
Other	-	37,000	-
	<b>\$ 779,700</b>	<b>\$ 942,944</b>	<b>\$ 551,639</b>

Losses on disposal of tangible capital assets amounted to \$379,594 (2020 - \$231,020) and are included in the other expense line in respect to the department they pertain to, resulting in a total net loss of \$294,939 (2020 - \$221,226).

**9. Expenses by Object**

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

	(Note 14) Budget 2021	Actual 2021	Actual 2020
<b>Expenses</b>			
Salaries and wages	\$ 6,786,863	\$ 6,565,273	\$ 6,081,520
Materials and supplies	4,416,625	4,029,947	3,880,608
Contracted services	3,357,573	3,151,290	3,200,732
Rents and financial	21,850	64,420	15,536
Interest	350,452	338,339	353,108
Other	20,000	394,345	269,170
Amortization	3,716,600	3,716,603	3,512,475
	<b>\$ 18,669,963</b>	<b>\$ 18,260,217</b>	<b>\$ 17,313,149</b>

**10. Contingencies**

Claims have been filed against the Township requesting damages. The ultimate outcome of these claims is not determinable at the time of issue of these financial statements. No provision for these claims has been recorded in these financial statements. Settlements in excess of insurance, if any, will be reflected in the periods in which settlement occurs.

**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2021**

**11. Post Retirement Benefits**

OMERS provides pension services to more than 500,000 active and retired members and 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2021. The results of this valuation disclosed total actuarial liabilities of \$119,342 (2020 - \$113,055) million in respect of benefits accrued for service with actuarial assets at that date of \$116,211 (2020 - \$109,844) million indicating an actuarial deficit of \$3,131 (2020 - \$3,211) 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 municipality does not recognize any share of the OMERS pension surplus or deficit.

Contributions made by the municipality to OMERS for 2021 were \$425,061 (2020 - \$396,576).

**12. Taxation**

During the year, the following taxation revenue was raised and remitted to the school boards and the County of Simcoe:

	<u>2021</u>	<u>2020</u>
Total taxes levied	<b>\$ 27,415,351</b>	\$ 27,100,862
Amount levied and remitted to School Boards	<b>(5,809,435)</b>	(6,357,410)
Amount levied and remitted to the County of Simcoe	<b>(8,437,848)</b>	(8,422,166)
Available for general municipal purposes	<b>13,168,068</b>	12,321,286
Amounts written off during the year	<b>(117,314)</b>	(31,087)
Taxation revenue	<b>\$ 13,050,754</b>	\$ 12,290,199

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**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2021**

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**13. Trust Funds**

The trust funds administered by the municipality amounting to \$126,210 (2020 - \$123,872) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations. At December 31, 2021, the trusts fund balances are as follows:

	<u>2021</u>		<u>2020</u>
Cemetery Care and Maintenance funds	<b>\$ 116,429</b>	\$	114,149
Cemetery pre-need	<b>5,675</b>		5,641
Other	<b>4,106</b>		4,082
	<b>\$ 126,210</b>	\$	<b>123,872</b>

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**14. Budget Figures**

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

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**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2021**

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**15. Segmented Information**

The Corporation of the Township of Severn is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire and water services. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

**General Government**

This relates to the activities of Council and the general financial and administrative management of the Municipality.

**Fire Department**

The fire department is responsible for providing fire suppression service, fire prevention programs, training and education. The members of the fire department consist of full-time employees and volunteers.

**Police Services**

The police services work to ensure the safety and protection of the citizens and their property.

**Protective Inspection and Control**

Protective inspection is comprised of the building department and animal control. The building department provides a number of services including maintenance and enforcement of building and construction codes.

**Transportation Services**

Transportation is responsible for maintaining the municipality's roadway, streetlight systems and cemeteries.

**Water and Sewer**

This service provides the municipality's drinking water. They process and clean sewage and ensure the Municipality's water system meets all Provincial standards.

**Parks and Recreation**

Parks and recreation represents recreational activity support within the municipality. This includes maintenance and upkeep of parks, community centres and administering recreation programs.

**Library and Cultural**

The municipality provides library services to assist with its citizens' informational needs.

**Planning and Development**

The planning department provides a number of services including municipal planning and review of all property development plans through its application process.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter segment transfers are measured on the basis of the percentage of budgeted expenditures.

**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2021**

**15. Segmented Information (continued)**

<b>For the year ended December 31, 2021</b>	General government	Fire department	Police services	Protective inspection and control	Transportation services	Water and sewer	Parks and recreation	Library and cultural	Planning and development	Unallocated	<b>2021 Total</b>
<b>Revenue</b>											
Taxation (Note 12)	\$ -	\$ -	\$ 2,288,455	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,762,299	\$ 13,050,754
Grants	9,550	7,900	-	-	921,231	327,477	97,500	44,041	50,000	1,495,751	2,953,450
User fees and service charges	21,585	52,249	-	52,200	137,361	3,701,206	62,902	30	410,516	-	4,438,049
Investment income	164,595	4,536	-	1,078	566	10,389	-	2,248	-	-	183,412
Contributed assets	-	-	-	-	1,427,414	-	745,232	-	-	-	2,172,646
Other (Note 8)	387,604	8,500	-	468,648	77,893	-	65	234	-	-	942,944
	<u>583,334</u>	<u>73,185</u>	<u>2,288,455</u>	<u>521,926</u>	<u>2,564,465</u>	<u>4,039,072</u>	<u>905,699</u>	<u>46,553</u>	<u>460,516</u>	<u>12,258,050</u>	<u>23,741,255</u>
<b>Expenses</b>											
Salaries and wages	1,426,448	720,237	-	774,167	1,677,038	1,040,233	389,792	116,465	420,893	-	6,565,273
Materials and supplies	434,656	271,363	57,101	118,403	1,393,295	1,312,076	388,801	46,632	7,620	-	4,029,947
Contracted services	334,116	28,302	2,256,508	66,051	303,669	-	1,291	44,162	117,191	-	3,151,290
Rents and financial	64,420	-	-	-	-	-	-	-	-	-	64,420
Interest	-	-	-	-	-	336,315	-	-	2,024	-	338,339
Other	18,916	-	-	5,077	260,263	108,505	1,584	-	-	-	394,345
Amortization	68,921	368,436	-	12,880	1,972,317	1,023,672	239,906	30,471	-	-	3,716,603
	<u>2,347,477</u>	<u>1,388,338</u>	<u>2,313,609</u>	<u>976,578</u>	<u>5,606,582</u>	<u>3,820,801</u>	<u>1,021,374</u>	<u>237,730</u>	<u>547,728</u>	<u>-</u>	<u>18,260,217</u>
<b>Net surplus (deficit)</b>	<b>\$ (1,764,143)</b>	<b>\$ (1,315,153)</b>	<b>\$ (25,154)</b>	<b>\$ (454,652)</b>	<b>\$ (3,042,117)</b>	<b>\$ 218,271</b>	<b>\$ (115,675)</b>	<b>\$ (191,177)</b>	<b>\$ (87,212)</b>	<b>\$ 12,258,050</b>	<b>\$ 5,481,038</b>
<b>For the year ended December 31, 2020</b>											
<b>Revenue</b>											
Taxation (Note 12)	\$ -	\$ -	\$ 2,233,079	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,057,120	\$ 12,290,199
Grants	-	-	-	-	820,153	-	7,500	44,041	50,000	1,595,200	2,516,894
User fees and service charges	22,009	59,753	-	39,300	56,937	3,646,368	103,838	549	226,892	-	4,155,646
Investment income	263,059	8,144	-	3,537	1,017	19,218	-	3,524	-	-	298,499
Contributed assets	-	-	-	-	815,396	-	-	-	-	-	815,396
Other (Note 8)	229,138	-	-	302,579	-	8,500	10,922	500	-	-	551,639
	<u>514,206</u>	<u>67,897</u>	<u>2,233,079</u>	<u>345,416</u>	<u>1,693,503</u>	<u>3,674,086</u>	<u>122,260</u>	<u>48,614</u>	<u>276,892</u>	<u>11,652,320</u>	<u>20,628,273</u>
<b>Expenses</b>											
Salaries and benefits	1,358,771	765,326	-	557,922	1,617,066	967,927	395,623	115,301	303,584	-	6,081,520
Materials and supplies	550,245	254,066	21,916	30,425	1,222,026	1,303,051	383,120	106,336	9,423	-	3,880,608
Contracted services	400,894	28,302	2,303,326	74,939	279,473	1,855	6,809	29,376	75,758	-	3,200,732
Rents and financial	15,536	-	-	-	-	-	-	-	-	-	15,536
Interest	-	-	-	-	-	350,232	-	-	2,876	-	353,108
Other	38,150	-	-	-	215,493	15,527	-	-	-	-	269,170
Amortization	76,059	334,264	-	9,833	1,810,005	1,032,470	220,409	29,435	-	-	3,512,475
	<u>2,439,655</u>	<u>1,381,958</u>	<u>2,325,242</u>	<u>673,119</u>	<u>5,144,063</u>	<u>3,671,062</u>	<u>1,005,961</u>	<u>280,448</u>	<u>391,641</u>	<u>-</u>	<u>17,313,149</u>
<b>Net surplus (deficit)</b>	<b>\$ (1,925,449)</b>	<b>\$ (1,314,061)</b>	<b>\$ (92,163)</b>	<b>\$ (327,703)</b>	<b>\$ (3,450,560)</b>	<b>\$ 3,024</b>	<b>\$ (883,701)</b>	<b>\$ (231,834)</b>	<b>\$ (114,749)</b>	<b>\$ 11,652,320</b>	<b>\$ 3,315,124</b>

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**The Corporation of the  
Township of Severn  
Notes to Consolidated Financial Statements**

**December 31, 2021**

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**16. Uncertainty Caused By COVID-19**

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

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## **COMPILATION ENGAGEMENT REPORT**

### **To the Members of the Coldwater Business Improvement Area, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Severn**

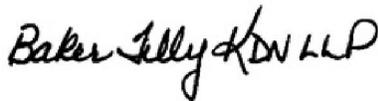
On the basis of information provided by management, we have compiled Schedule 1 - Coldwater Business Improvement Area for the year ended December 31, 2021 and note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that these statements may not be appropriate for their purposes.



Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
October 5, 2022

**The Corporation of the  
Township of Severn**  
**Schedule 1 - Coldwater Business Improvement Area**

<b>For the year ended December 31</b>	Budget 2021	<b>2021</b>	2020
<b>Revenue</b>			
BIA Coldwater taxation	\$ 26,650	\$ <b>26,650</b>	25,000
Other revenue	4,000	<b>13,580</b>	-
	30,650	<b>40,230</b>	25,000
<b>Expenses</b>			
Advertising	12,200	<b>4,838</b>	11,794
Beautification	11,350	<b>20,751</b>	1,062
Contingency	5,000	<b>5,093</b>	15,450
Insurance	1,000	<b>1,219</b>	953
Professional fees	1,000	<b>1,000</b>	1,000
Promotion and public relations	6,000	<b>1,060</b>	2,250
Taxes written off	-	<b>7,622</b>	183
	36,550	<b>41,583</b>	32,692
<b>Annual deficit</b>	(5,900)	<b>(1,353)</b>	(7,692)
<b>Accumulated surplus</b> , beginning of year	3,864	<b>3,864</b>	11,556
<b>Accumulated surplus (deficit)</b> , end of the year	\$ (2,036)	\$ <b>2,511</b>	\$ 3,864

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**The Corporation of the  
Township of Severn**  
**Schedule 1 - Coldwater Business Improvement Area**  
**Notes to the Financial Information**

**December 31, 2021**

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**1. Significant Accounting Policies**

This financial information has 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.

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## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Severn**

#### *Opinion*

We have audited the financial statements of the Trust Funds of the Corporation of the Township of Severn (the Trust Funds), which comprise the statement of financial position as at December 31, 2021, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2021, and the continuity of the Trust Funds 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 Trust Funds 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 Trust Funds' 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 Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds' 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 Trust Funds' 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 Trust Funds' 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 Trust Funds 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  
October 5, 2022

**The Corporation of the Township of Severn  
Trust Funds  
Statement of Financial Position**

<b>December 31</b>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash	\$ 123,930	\$ 119,787
Due from Township	2,280	4,085
	<b>\$ 126,210</b>	<b>\$ 123,872</b>
<b>Fund Balance</b>	<b>\$ 126,210</b>	<b>\$ 123,872</b>

**Statement of Financial Activities**

<b>For the year ended December 31</b>	<b>2021</b>	<b>2020</b>
<b>Fund balance, beginning of the year</b>	<b>\$ 123,872</b>	<b>\$ 119,694</b>
<b>Revenue</b>		
Care and maintenance - plots	2,100	3,300
Care and maintenance - niches	180	780
Bank interest	58	98
	<b>2,338</b>	<b>4,178</b>
<b>Fund balance, end of the year</b>	<b>\$ 126,210</b>	<b>\$ 123,872</b>

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**The Corporation of the Township of Severn  
Trust Funds  
Notes to Financial Statements**

**December 31, 2021**

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**1. Cemetery Perpetual Care**

The cemetery perpetual care trust funds represent a portion of the sale of cemetery plots and monument foundations at the Coldwater Cemetery. The capital amounts are to be kept intact in perpetuity, with investment income earned on these funds used to maintain the cemetery.

**2. Summary of Significant Accounting Policies**

**Management Responsibility** The financial statements of The Corporation of the Township of Severn Trust Funds are the responsibility of management.

**Accrual Basis of Accounting** Sources of revenue and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

**The Corporation of the  
Township of Severn  
Library Board  
Financial Statements  
For the year ended December 31, 2021**

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## **INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

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**To the Members of the Library Board, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Severn**

**[www.bakertilly.ca](http://www.bakertilly.ca)**

We have reviewed the accompanying financial statements of the Library Board of the Corporation of the Township of Severn (the Board), that comprise the statement of financial position as at December 31, 2021 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal 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.

### *Practitioner's Responsibility*

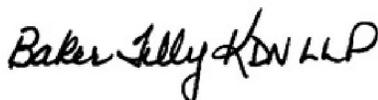
Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of the Board as at December 31, 2021 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.



Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
October 5, 2022

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**The Corporation of the Township of Severn Library Board**  
**Statement of Financial Position**

<b>December 31</b>	<b>2021</b>	<b>2020</b>
<b>Financial assets</b>		
Cash	\$ 420,486	\$ 366,831
Grants receivable	9,349	18,699
	<u>429,835</u>	<u>385,530</u>
<b>Liabilities</b>		
Due to the Corporation of the Township of Severn (Note 6)	<u>188,764</u>	<u>144,459</u>
<b>Net financial assets</b>	<b>241,071</b>	<b>241,071</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 2)	<u>282,129</u>	<u>292,789</u>
<b>Accumulated surplus (Note 3)</b>	<b>\$ 523,200</b>	<b>\$ 533,860</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Corporation of the Township of Severn Library Board**  
**Statement of Operations and Accumulated Surplus**

<b>For the year ended December 31</b>	(Note 4) Budget 2021	<b>Actual 2021</b>	Actual 2020
<b>Revenue</b>			
Township of Severn contribution (Note 6)	\$ 244,999	\$ <b>180,516</b>	\$ 221,167
Province of Ontario grant	25,342	<b>25,342</b>	25,342
Township of Oro-Medonte contribution	18,999	<b>18,699</b>	18,699
Fines	1,000	-	70
Miscellaneous	950	<b>30</b>	479
Interest	1,500	<b>2,248</b>	3,524
Donations	500	<b>234</b>	500
	<u>293,290</u>	<u><b>227,069</b></u>	<u>269,781</u>
<b>Expenses</b>			
Amortization of tangible capital assets	30,400	<b>30,471</b>	29,435
Equipment	3,000	<b>281</b>	2,127
General and office	14,920	<b>7,245</b>	4,639
Insurance	2,500	<b>3,047</b>	2,383
Library contract	60,000	<b>41,130</b>	26,434
Professional fees	1,000	<b>1,000</b>	1,000
Repairs and maintenance	13,850	<b>7,806</b>	68,752
Supplies	26,520	<b>23,356</b>	23,862
Telephone	2,000	<b>1,710</b>	2,058
Training	-	<b>41</b>	41
Utilities	5,500	<b>5,177</b>	4,416
Wages and benefits	144,000	<b>116,465</b>	115,301
	<u>303,690</u>	<u><b>237,729</b></u>	<u>280,448</u>
<b>Annual Deficit</b>	(10,400)	<b>(10,660)</b>	(10,667)
<b>Accumulated Annual surplus, beginning of year</b>	533,860	<b>533,860</b>	544,527
<b>Accumulated surplus, end of year</b>	\$ 523,460	\$ <b>523,200</b>	\$ 533,860

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Corporation of the Township of Severn Library Board**  
**Statement of Change in Net Financial Assets**

<b>For the year ended December 31</b>	(Note 4) Budget 2021	<b>2021</b>	2020
<b>Annual Deficit</b>	\$ (10,400)	\$ <b>(10,660)</b>	\$ (10,667)
Acquisition of tangible capital assets	(20,000)	<b>(19,811)</b>	(18,768)
Amortization of tangible capital assets	30,400	<b>30,471</b>	29,435
<b>Net change in net financial assets</b>	-	-	-
<b>Net financial assets, beginning of year</b>	241,071	<b>241,071</b>	241,071
<b>Net financial assets, end of year</b>	\$ 241,071	\$ <b>241,071</b>	\$ 241,071

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Corporation of the Township of Severn Library Board**  
**Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2021</b>	<b>2020</b>
<b>Operating transactions</b>		
Annual deficit	\$ (10,660)	\$ (10,667)
Items not involving cash		
Amortization of tangible capital assets	30,471	29,435
Changes in non-cash operating balances		
Grants receivable	9,350	(18,699)
	<u>29,161</u>	<u>69</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	<u>(19,811)</u>	<u>(18,768)</u>
<b>Financing transactions</b>		
Due to (from) the Corporation of the Township of Severn	<u>44,305</u>	<u>45,089</u>
<b>Net change in cash</b>	<b>53,655</b>	<b>26,390</b>
<b>Cash, beginning of year</b>	<u>366,831</u>	<u>340,441</u>
<b>Cash, end of year</b>	<u>\$ 420,486</u>	<u>\$ 366,831</u>

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# The Corporation of the Township of Severn Library Board

## Summary of Significant Accounting Policies

December 31, 2021

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<b>Nature of Business</b>	The board provides library services to the general public.								
<b>Basis of Accounting</b>	<p>Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.</p> <p>The statement of financial position reflects all of the financial assets and liabilities of the board. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations.</p> <p>The accumulated surplus represents the financial position of the board, and is the difference between its assets and liabilities. This provides information about the board's overall future revenue requirements and its ability to finance activities and meets its obligations.</p>								
<b>Non-financial Assets</b>	Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the change in net financial assets for the year.								
<b>Tangible Capital Assets</b>	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:</p> <table><tr><td>Buildings</td><td>15 - 40 years</td></tr><tr><td>Books</td><td>7 years</td></tr><tr><td>Computer equipment</td><td>7 years</td></tr><tr><td>Furniture and equipment</td><td>10 years</td></tr></table>	Buildings	15 - 40 years	Books	7 years	Computer equipment	7 years	Furniture and equipment	10 years
Buildings	15 - 40 years								
Books	7 years								
Computer equipment	7 years								
Furniture and equipment	10 years								
<b>Government Transfers</b>	Government transfers, which include legislative grants, are recognized in the consolidated financial statements 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 amount can be made.								

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# The Corporation of the Township of Severn Library Board

## Summary of Significant Accounting Policies

December 31, 2021

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### Revenue Recognition

User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection. Interest revenue is recognized as it is earned.

### Contributed Materials and Services

Contributed materials and services which are used in the normal course of the board's operations and would otherwise have been purchased are recorded at their fair value at the date of the contribution, if fair value can be reasonably estimated.

### Post Retirement Benefits

The Corporation of the Township of Severn Library Board is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The board has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The board records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

### Inter-Entity Transactions

The Library Board is a Board of the Township of Severn 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 parties.

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

### Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the determination of allowance for doubtful accounts, if any, and the estimated useful life of tangible capital assets. Actual results could differ from the management's best estimates as additional information becomes available in the future.

# The Corporation of the Township of Severn Library Board

## Notes to Financial Statements

**December 31, 2021**

### 1. Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the Corporation of the Township of Severn Library Board's ("Board") management and have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. A summary of significant accounting policies is provided in these financial statements. The preparation of the financial statements involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Board's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

### 2. Tangible Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 5,067	\$ -	\$ 5,067	\$ -
Buildings	424,361	221,893	424,361	208,787
Books	133,879	61,429	123,933	55,170
Computer equipment	10,645	9,757	14,432	12,638
Furniture and equipment	5,001	3,745	5,001	3,410
	<b>\$ 578,953</b>	<b>\$ 296,824</b>	<b>\$ 572,794</b>	<b>\$ 280,005</b>
Net book value		<b>\$ 282,129</b>		<b>\$ 292,789</b>

### 3. Accumulated Surplus

The Board segregates its accumulated surplus in the following categories:

	2021	2020
Investment in tangible capital assets	\$ 282,129	\$ 292,789
Operating Surplus	241,071	241,071
	<b>\$ 523,200</b>	<b>\$ 533,860</b>

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

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# The Corporation of the Township of Severn Library Board

## Notes to Financial Statements

December 31, 2021

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#### 4. Budget

The budget, approved by the Board, for 2021 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The 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, many not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit or review.

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#### 5. Post Retirement Benefits

OMERS provides pension services to more than 500,000 active and retired members and 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2021. The results of this valuation disclosed total actuarial liabilities of \$119,342 (2020 - \$113,055) million in respect of benefits accrued for service with actuarial assets at that date of \$116,211 (2020 - \$109,844) million indicating an actuarial deficit of \$3,131 (2020 - \$3,211) 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 Board does not recognize any share of the OMERS pension surplus or deficit.

Contributions made by the Board to OMERS for 2021 were \$8,520 (2020 - \$8,289).

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#### 6. Inter-entity Transactions

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

Details of the inter-entity transactions are as follows:

	<u>2021</u>	<u>2020</u>
Allocated costs:		
Audit	\$ 1,000	\$ 1,000
Insurance	3,047	2,383
	<u>\$ 4,047</u>	<u>\$ 3,383</u>

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

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

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# The Corporation of the Township of Severn Library Board

## Notes to Financial Statements

December 31, 2021

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### 7. Uncertainty Caused By COVID-19

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

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