

**The Corporation of the  
Township of Severn  
Consolidated Financial Statements  
For the year ended December 31, 2011**

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# TOWNSHIP OF SEVERN

THE CORPORATION OF THE TOWNSHIP OF SEVERN

P.O. Box 159, Orillia, Ontario, L3V 6J3

## **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 Note 1 to 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 BDO Canada LLP, independent external auditors appointed by the Township. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.

Chief Administrative Officer

Director of Corporate Services/Clerk-Treasurer

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BDO Canada LLP  
19 Front Street N  
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## Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Severn, which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Severn as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants  
Orillia, Ontario  
October 24, 2012

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

December 31

2011

2010

<b>Financial assets</b>		
Cash (Note 1)	\$ 17,173,396	\$ 13,631,461
Taxes receivable	2,470,567	3,008,733
Accounts receivable	2,315,265	4,106,885
Inventories for resale	36,970	38,592
Long-term receivables (Note 2)	<u>137,710</u>	<u>430,697</u>
	<b>22,133,908</b>	<b>21,216,368</b>

<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,707,173	2,178,649
Other current liabilities	778,523	482,382
Deferred revenue (Note 4)	3,805,635	2,796,593
Net long-term debt (Note 5)	<u>8,552,376</u>	<u>8,731,567</u>
	<b>14,843,707</b>	<b>14,189,191</b>

<b>Net financial assets</b>	7,290,201	7,027,177
<b>Non-financial assets</b>		
Tangible capital assets (Note 6)	<u>73,190,887</u>	<u>72,017,700</u>
	<b>\$ 80,481,088</b>	<b>\$ 79,044,877</b>

**Contingent liabilities (Note 9)**

On behalf of Council:

  
Treasurer

  
Mayor

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

	Budget		
	2011	2011	2010
<b>For the year ended December 31</b>			
<b>Revenue</b>			
Taxation (Note 13)	\$ 8,103,180	\$ 8,146,261	\$ 7,967,317
Government grants - Federal	373,020	4,214	550,479
Government grants - Provincial	1,282,042	1,472,472	3,406,113
Government grants - Municipal	26,800	27,522	26,919
User fees and service charges	3,053,926	3,388,464	3,398,624
Investment income	70,600	192,974	108,729
Contributed assets	-	46,308	178,600
Other (Note 8)	1,161,300	781,728	856,026
	<u>14,070,868</u>	<u>14,059,943</u>	<u>16,492,807</u>
<b>Expenses</b>			
General government	1,578,044	1,753,895	1,494,775
Fire department	1,117,808	1,020,429	1,009,431
Police services	1,096,407	1,067,652	850,686
Protective inspection and control	535,268	459,321	439,938
Transportation services	2,936,249	2,928,632	2,772,367
Waterworks and sewer systems	3,246,834	3,171,031	3,043,703
Environmental services	1,079,959	1,074,726	1,049,203
Parks and recreation	695,686	701,940	661,933
Library and culture	225,627	220,642	225,682
Planning and development	328,435	225,464	286,286
	<u>12,840,317</u>	<u>12,623,732</u>	<u>11,834,004</u>
<b>Annual surplus</b>	1,230,551	1,436,211	4,658,803
<b>Accumulated surplus, beginning of year</b>	79,044,877	79,044,877	74,386,074
<b>Accumulated surplus, end of year</b>	<u>\$ 80,275,428</u>	<u>\$ 80,481,088</u>	<u>\$ 79,044,877</u>

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

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

	Budget		
	2011	2011	2010
<b>For the year ended December 31</b>			
<b>Annual surplus</b>	\$ 1,230,551	\$ 1,436,211	\$ 4,658,803
Acquisition of tangible capital assets	(3,528,500)	(3,282,866)	(4,660,280)
Amortization of tangible capital assets	1,852,245	1,999,033	1,852,246
Loss(gain) on sale of tangible capital assets	-	83,570	(15,390)
Proceeds on sale of tangible capital assets	67,500	27,076	15,390
<b>Net change in net financial assets</b>	<b>(378,204)</b>	<b>263,024</b>	<b>1,850,769</b>
<b>Net financial assets, beginning of year</b>	<b>7,027,177</b>	<b>7,027,177</b>	<b>5,176,408</b>
<b>Net financial assets, end of year</b>	<b>\$ 6,648,973</b>	<b>\$ 7,290,201</b>	<b>\$ 7,027,177</b>

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

<b>For the year ended December 31</b>	<b>2011</b>	<b>2010</b>
<b>Operating transactions</b>		
Annual surplus	\$ 1,436,211	\$ 4,658,803
Items not involving cash		
Amortization of tangible capital assets	1,999,033	1,852,246
Loss (gain) on disposal of tangible capital assets	83,570	(15,390)
Changes in non-cash operating balances		
Taxes receivable	538,166	(431,338)
Accounts receivable	1,791,620	(1,798,291)
Inventories for resale	1,622	6,384
Long term receivables	292,987	(32,143)
Accounts payable and accrued liabilities	(471,476)	647,469
Other current liabilities	296,141	34,489
	<u>5,967,874</u>	<u>4,922,229</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(3,282,866)	(4,660,280)
Proceeds on sale of tangible capital assets	27,076	15,390
	<u>(3,255,790)</u>	<u>(4,644,890)</u>
<b>Financing transactions</b>		
Repayment of long-term debt	(179,191)	(118,332)
<b>Net change in cash</b>	<b>2,532,893</b>	<b>159,007</b>
<b>Cash, beginning of year</b>	<u>10,834,868</u>	<u>10,675,861</u>
<b>Cash, end of year</b>	<b>\$ 13,367,761</b>	<b>\$ 10,834,868</b>

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

**December 31, 2011**

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## **Management Responsibility**

The consolidated financial statements of the Corporation of the Township of Severn are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ministry of Municipal Affairs and Housing.

## **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 expenses 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.

## **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 their 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 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, 2011**

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### **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. 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 25).

### **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, 2011**

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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 consolidated 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 internment 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  
Summary of Significant Accounting Policies**

**December 31, 2011**

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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.

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

**December 31, 2011**

**1. Cash**

	2011	2010
Unrestricted	\$ 13,367,761	\$ 10,834,868
Restricted	3,805,635	2,796,593
	<b>\$ 17,173,396</b>	<b>\$ 13,631,461</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).

**2. Long-Term Receivables**

	2011	2010
Due from County of Simcoe	\$ 275,926	\$ 274,640
Tile drainage loans	136,340	156,057
	412,266	430,697
Less: Allowance for doubtful accounts	(274,556)	-
	<b>\$ 137,710</b>	<b>\$ 430,697</b>

The amount due from the County has no interest and no specific terms of repayment other than rebates regarding landfill sites within the Township will be applied against the balance. During the year it was determined that the landfill site rebates are considered to be uncollectible and an allowance for doubtful amounts for the full amount due from the County with respect to the landfill site has been reported in the current year.

The tile drainage loans have interest rates ranging from 6% to 8% and are due from 2012 to 2020.

**3. Credit Facility**

The Township has arranged an operating loan for \$500,000 at prime less 0.5% to assist with working capital requirements.

The Township has arranged a demand loan for \$4,500,000 at prime less 0.5% to assist with the Coldwater Sewer project.

As at December 31, 2011 no amounts have been drawn relating to the credit facility.

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

**December 31, 2011**

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

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 148,364	\$ 369,020	\$ 1,979	\$ -	\$ 519,363
Development charges	2,295,388	553,651	30,612	(15,075)	2,864,576
Recreational land	352,841	64,150	4,705	-	421,696
	<u>\$ 2,796,593</u>	<u>\$ 986,821</u>	<u>\$ 37,296</u>	<u>\$ (15,075)</u>	<u>\$ 3,805,635</u>

**Federal gas tax**

The Ministry of Transportation requires the municipality to include unspent gas tax funding in a reserve. The funding and interest earned in the reserve 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, 2011**

**5. Net Long-term Debt**

Net long term debt reported on the statement of financial position is comprised of the following:

	2011	2010
Ontario Strategic Infrastructure Financing Authority Debenture, 5.28%, repayable \$305,092 semi-annually, due August 2036	\$ 8,416,036	\$ 8,575,510
Tile drainage loans, interest rates ranging from 6% to 8%, annual payments ranging from \$1,118 to \$6,793 per year, due 2012 to 2020	136,340	156,057
	<b>\$ 8,552,376</b>	<b>\$ 8,731,567</b>

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

	2012	2013	2014	2015	2016	
	\$ 639,303	638,186	638,186	638,186	627,724	
		12,241,588				
Thereafter		15,423,173				
Less: interest portion		(6,870,797)				
		<b>\$ 8,552,376</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 \$460,112 (2010 - \$463,288) (Note 15).

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

**December 31, 2011**

**6. Tangible Capital Assets**

	2011								
	Land and Site Improvements	Buildings	Equipment	Roads and Bridges	Water systems	Sewer systems	Vehicles	Construction in progress	Total
Cost, beginning of year	\$ 7,820,362	\$ 34,287,806	\$ 2,137,442	\$ 26,892,706	\$ 6,674,206	\$ 14,160,468	\$ 4,800,141	\$ 4,834,424	\$ 101,607,555
Additions	46,308	53,831	48,024	2,490,037	2,627,497	613,440	759,700		6,638,837
Disposals			(52,997)	(234,008)	(114,048)	(71,569)	(253,652)	(3,355,970)	(4,082,244)
Cost, end of year	7,866,670	34,341,637	2,132,469	29,148,735	9,187,655	14,702,339	5,306,189	1,478,454	104,164,148
Accumulated amortization, beginning of year	315,747	6,818,564	841,545	16,459,596	802,333	1,870,875	2,481,195		29,589,855
Amortization	18,246	677,371	154,995	514,801	107,985	185,524	340,111		1,999,033
Disposals			(52,997)	(232,814)	(55,471)	(37,931)	(236,414)		(615,627)
Accumulated amortization, end of year	333,993	7,495,935	943,543	16,741,583	854,847	2,018,468	2,584,892		30,973,261
Net carrying amount, end of year	\$ 7,532,677	\$ 26,845,702	\$ 1,188,926	\$ 12,407,152	\$ 8,332,808	\$ 12,683,871	\$ 2,721,297	\$ 1,478,454	\$ 73,190,887

	2010								
	Land and Site Improvements	Buildings	Equipment	Roads and Bridges	Water systems	Sewer systems	Vehicles	Construction in Progress	Total
Cost, beginning of year	\$ 7,579,571	\$ 33,373,297	\$ 2,001,108	\$ 24,835,027	\$ 6,674,206	\$ 14,160,468	\$ 4,708,771	\$ 3,923,869	\$ 97,256,317
Additions	240,791	914,509	136,334	2,222,146	-	-	235,943	910,555	4,660,278
Disposals	-	-	-	(164,467)	-	-	(144,573)	-	(309,040)
Cost, end of year	7,820,362	34,287,806	2,137,442	26,892,706	6,674,206	14,160,468	4,800,141	4,834,424	101,607,555
Accumulated amortization, beginning of year	299,290	6,159,365	699,525	16,172,061	716,232	1,690,054	2,310,122	-	28,046,649
Amortization	16,457	659,199	142,020	452,002	86,101	180,821	315,646	-	1,852,246
Disposals	-	-	-	(164,467)	-	-	(144,573)	-	(309,040)
Accumulated amortization, end of year	315,747	6,818,564	841,545	16,459,596	802,333	1,870,875	2,481,195	-	29,589,855
Net carrying amount, end of year	\$ 7,504,615	\$ 27,469,242	\$ 1,295,897	\$ 10,433,110	\$ 5,871,873	\$ 12,289,593	\$ 2,318,946	\$ 4,834,424	\$ 72,017,700

Included in additions are \$46,308 (2010 - \$178,600) in contributed capital assets that were recognized in the financial statements during the year. These additions consist mostly of vacant parkland. The cost of land included in land and site improvement is \$7,021,909 (2010 - \$6,975,601) and is not being amortized.

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

**December 31, 2011**

**7. Accumulated Surplus**

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

	<u>2011</u>	<u>2010</u>
Investment in tangible capital assets	<b>\$ 73,190,887</b>	<b>\$ 72,017,700</b>
Current Fund		
General area taxation	2,500	2,500
Police	319,091	426,926
Waste management	24,122	27,621
Waterworks and sewer systems	519,389	326,551
Coldwater Business Improvement Area (Schedule 1)	4,264	5,780
Libraries	84,597	79,555
	<u>953,963</u>	<u>868,933</u>
Amounts to be recovered	<u>(8,535,516)</u>	<u>(8,720,188)</u>

Reserves set aside for specific purposes by Council:

Working funds	3,435,919	3,329,161
Election	50,500	33,000
Emergency planning	40,000	40,000
Parkland	186,849	231,984
Capital purposes	6,651,972	6,653,078
Taxation	200,000	-
Administration	1,316,530	1,204,422
Fire protection	629,847	441,591
Water and sewer systems	473,186	788,528
Environment	284,633	551,829
Building department	24,191	23,872
Gravel pit restoration	114,370	112,865
Westshore	1,463,757	1,468,102
	<u>14,871,754</u>	<u>14,878,432</u>
	<b><u>\$ 80,481,088</u></b>	<b><u>\$ 79,044,877</u></b>

The balance available to offset future revenue requirements for the fiscal year ending December 31, 2011 has been decreased by an amount of \$924,260, transferred to reserves as authorized by by-law #2011-37 dated May 5, 2011. Had this decrease not been made the current fund balance would have shown a surplus of \$1,878,223.



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

**December 31, 2011**

**8. Other Income**

	2011		2010	
	Budget	Actual		Actual
Penalties and interest on taxation	\$ 390,000	\$ 405,359	\$	396,074
Other fines and penalties	75,000	75,677		99,679
Licences, permits and fines	305,800	275,436		314,067
Donations	5,500	-		4,119
Capital lot and parkland levies	370,000	-		-
Gain on disposal of tangible capital assets	-	12,161		19,190
Other	15,000	13,095		22,897
	<b>\$ 1,161,300</b>	<b>\$ 781,728</b>	<b>\$</b>	<b>856,026</b>

Losses on disposal of tangible capital assets amounted to \$95,731 and are included in general government materials and supplies expense, resulting in a total net loss of \$83,570.

**9. Contingent Liabilities**

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.

**10. Contractual Obligation - Ontario Clean Water Agency**

In accordance with a service agreement entered into by the municipality with the Ontario Clean Water Agency (OCWA), the existing sewage system at Coldwater is administered and operated by OCWA. The municipality is obligated to meet all operating costs and repay the long-term liabilities related to this project.

Included in the consolidated statement of operations are the 2011 charges from OCWA. The consolidated statement of financial position does not reflect any assets or liabilities pertaining to the sewage system except to the extent of service charges due to (or from) OCWA.

Information received from the OCWA as at December 31, 2011, indicates the following:

	Total	Outstanding
	2011 Debt	Long-term
	Charges	Liabilities
Sewage system, 9.97%, due 2015	\$ 12,116	\$ 37,124

The surplus and long-term liabilities are not reflected in these consolidated financial statements.

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

**December 31, 2011**

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**11. Contractual Commitments**

The Corporation of the Township of Severn has entered into contracts with Ontario Clean Water Agency for the operation of water and sewer systems. The 2011 operations and maintenance charges are as follows:

Coldwater sewer	\$ 208,347
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Effective January 1, 2010 the Township took over the operations of the Westshore water and sewer systems. 2012 operations and maintenance charges for the Coldwater sewer system are expected to be \$213,556 along with debt charges of \$17,796.

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**12. Post Retirement Benefits**

OMERS provides pension services to more than 419,007 active and retired members and approximately 947 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, 2011. The results of this valuation disclosed total actuarial liabilities of \$64,548 million in respect of benefits accrued for service with actuarial assets at that date of \$57,258 million indicating an actuarial deficit of \$7,290 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 2011 were \$195,793 (2010 - \$183,590).

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

**December 31, 2011**

**13. Taxation**

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

	2011	2010
Taxation revenue	\$ 19,780,143	\$ 19,519,208
Amount levied and remitted to School Boards	(6,088,366)	(6,116,525)
Amount levied and remitted to the County of Simcoe	(5,448,636)	(5,336,351)
Available for general municipal purposes	8,243,141	8,066,332
Amounts written off during the year	(96,880)	(99,015)
	<b>\$ 8,146,261</b>	<b>\$ 7,967,317</b>

**14. Trust Funds**

The trust funds administered by the municipality amounting to \$105,011 (2010 - \$102,232) 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, 2011, the trusts fund balances are as follows:

	2011	2010
Cemetery Care and Maintenance funds	\$ 94,359	\$ 92,009
Cemetery pre-need	7,030	6,646
Other	3,622	3,577
	<b>\$ 105,011</b>	<b>\$ 102,232</b>

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

**December 31, 2011**

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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 revenues and expenditures of the municipality itself and cannot be directly attributed to specific segments.

**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 and streetlight systems.

**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.

**Environmental Services**

Environmental services consists of providing recycling and waste disposal services to citizens.

**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.

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

**December 31, 2011**

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**15. Segmented Information Disclosures (continued)**

**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 expenses.

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

**December 31, 2011**

**15. Segmented Information (continued)**

For the year ended December 31, 2011	General government	Fire department	Police services	Protective inspection and control	Transportation services	Water and sewer	Environmental services	Parks and recreation	Library and cultural	Planning and development	Unallocated	2011 Total
<b>Revenue</b>												
Taxation	\$ -	\$ -	\$ 959,817	\$ -	\$ -	\$ -	\$ 1,068,507	\$ -	\$ -	\$ -	\$ 6,117,937	\$ 8,146,261
Grants	-	-	-	-	154,093	191,420	-	58,551	52,444	-	1,047,700	1,504,208
User fees and service charges	36,430	124,093	-	-	71,586	2,908,019	2,720	183,299	4,014	58,303	-	3,388,464
Investment income	166,378	5,889	-	-	1,505	10,516	7,359	-	1,327	-	-	192,974
Contributed assets	-	-	-	-	-	-	-	46,308	-	-	-	46,308
Other	406,836	1,205	-	350,272	10,956	-	-	12,459	-	-	-	781,728
	<u>609,644</u>	<u>131,187</u>	<u>959,817</u>	<u>350,272</u>	<u>238,140</u>	<u>3,109,955</u>	<u>1,078,586</u>	<u>300,617</u>	<u>57,785</u>	<u>58,303</u>	<u>7,165,637</u>	<u>14,059,943</u>
<b>Expenses</b>												
Salaries and wages	769,617	548,838	-	350,817	1,082,900	584,985	-	227,993	75,343	196,775	-	3,837,268
Materials and supplies	682,488	238,381	16,151	44,906	811,170	784,750	3,767	326,622	31,364	9,704	-	2,949,303
Contracted services	165,182	19,824	1,051,501	63,598	175,915	466,737	1,070,959	23,208	98,507	9,582	-	3,145,013
Rents and financial	13,476	-	-	-	80,036	-	-	-	150	-	-	93,662
Interest	-	-	-	-	-	450,709	-	-	-	9,403	-	460,112
Other	43,610	-	-	-	1,194	94,538	-	-	-	-	-	139,342
Amortization	79,522	213,386	-	-	777,417	789,312	-	124,117	15,278	-	-	1,999,032
	<u>1,753,895</u>	<u>1,020,429</u>	<u>1,067,652</u>	<u>459,321</u>	<u>2,928,632</u>	<u>3,171,031</u>	<u>1,074,726</u>	<u>701,940</u>	<u>220,642</u>	<u>225,464</u>	<u>-</u>	<u>12,623,732</u>
<b>Net surplus (deficit)</b>	<b>\$ (1,144,251)</b>	<b>\$ (889,242)</b>	<b>\$ (107,835)</b>	<b>\$ (109,049)</b>	<b>\$ (2,690,492)</b>	<b>\$ (61,076)</b>	<b>\$ 3,860</b>	<b>\$ (401,323)</b>	<b>\$ (162,857)</b>	<b>\$ (167,161)</b>	<b>\$ 7,165,637</b>	<b>\$ 1,436,211</b>
For the year ended December 31, 2010	General government	Fire department	Police services	Protective inspection and control	Transportation services	Water and sewer	Environmental services	Parks and recreation	Library and cultural	Planning and development	Unallocated	2010 Total
<b>Revenue</b>												
Taxation	\$ -	\$ -	\$ 919,721	\$ -	\$ -	\$ -	\$ 1,065,442	\$ -	\$ -	\$ -	\$ 5,982,154	\$ 7,967,317
Grants	-	-	-	-	154,667	2,655,333	-	78,939	49,972	-	1,044,600	3,983,511
User fees and service charges	42,275	96,599	-	-	239,578	2,776,735	225	173,955	6,974	62,283	-	3,398,624
Investment income	97,872	1,704	-	-	758	3,897	3,704	-	794	-	-	108,729
Contributed assets	-	-	-	-	178,600	-	-	-	-	-	-	178,600
Other	399,717	-	-	415,919	15,390	-	-	24,820	180	-	-	856,026
	<u>539,864</u>	<u>98,303</u>	<u>919,721</u>	<u>415,919</u>	<u>588,993</u>	<u>5,435,965</u>	<u>1,069,371</u>	<u>277,714</u>	<u>57,920</u>	<u>62,283</u>	<u>7,026,754</u>	<u>16,492,807</u>
<b>Expenses</b>												
Salaries and benefits	866,943	528,709	-	337,963	1,122,336	569,114	-	217,046	73,646	238,618	-	3,954,375
Materials and supplies	312,201	275,500	14,919	44,316	670,519	788,471	7,938	279,310	40,007	9,976	-	2,443,157
Contracted services	222,959	17,702	835,767	57,659	243,709	470,864	1,041,265	45,241	96,762	30,221	-	3,062,149
Rents and financial	18,343	-	-	-	22,097	-	-	-	150	-	-	40,590
Interest	-	-	-	-	-	455,817	-	-	-	7,471	-	463,288
Other	18,200	-	-	-	-	-	-	-	-	-	-	18,200
Amortization	56,129	187,520	-	-	713,706	759,437	-	120,336	15,117	-	-	1,852,245
	<u>1,494,775</u>	<u>1,009,431</u>	<u>850,686</u>	<u>439,938</u>	<u>2,772,367</u>	<u>3,043,703</u>	<u>1,049,203</u>	<u>661,933</u>	<u>225,682</u>	<u>286,286</u>	<u>-</u>	<u>11,834,004</u>
<b>Net surplus (deficit)</b>	<b>\$ (954,911)</b>	<b>\$ (911,128)</b>	<b>\$ 69,035</b>	<b>\$ (24,019)</b>	<b>\$ (2,183,374)</b>	<b>\$ 2,392,262</b>	<b>\$ 20,168</b>	<b>\$ (384,219)</b>	<b>\$ (167,762)</b>	<b>\$ (224,003)</b>	<b>\$ 7,026,754</b>	<b>\$ 4,658,803</b>

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

**December 31, 2011**

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**16. Comparative Amounts**

Certain comparative amounts for the prior year have been reclassified to conform to the current year's financial statement presentation. Such reclassifications had no effect on the annual surplus or the accumulated surplus.



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## Auditor's Comments on Supplementary Financial Information

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

We have audited the consolidated financial statements of The Corporation of the Township of Severn, which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. We have issued our report thereon dated November 10, 2011 which contained an unmodified opinion on those consolidated financial statements. The audit was performed to form an opinion on the consolidated financial statements as a whole. Schedule 1 - Coldwater Business Improvement Area is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the consolidated financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.



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

	Budget		
	2011	2011	2010
<b>For the year ended December 31</b>			
<b>Revenue</b>			
BIA Coldwater taxation	\$ 25,000	\$ 25,000	25,000
Other revenue	-	753	1,100
	25,000	25,753	26,100
<b>Expenses</b>			
Advertising	5,000	6,945	3,182
Beautification	13,500	9,064	7,606
Contingency	1,000	1,240	3,106
Insurance	1,000	1,000	1,000
Professional fees	2,000	2,000	2,000
Promotion and public relations	2,500	6,788	3,201
Taxes written off	-	232	225
	25,000	27,269	20,320
<b>Annual surplus(deficit)</b>	-	(1,516)	5,780
<b>Accumulated surplus, beginning of year</b>	-	5,780	-
<b>Accumulated surplus, end of the year</b>	\$ -	\$ 4,264	\$ 5,780



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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the trust funds of The Corporation of the Township of Severn, which comprise the statement of financial position as at December 31, 2011, and the statement of financial activities 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the Township of Severn as at December 31, 2011, and the results of its financial activities for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Orillia, Ontario

October 24, 2012

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

December 31	2011	2010
<b>Assets</b>		
Cash	\$ 105,000	\$ 103,272
Due from Township	11	-
	<u>\$ 105,011</u>	<u>\$ 103,272</u>
Due to Township	\$ -	\$ 1,040
<b>Fund Balance</b>	<u>105,011</u>	<u>102,232</u>
	<b>\$ 105,011</b>	<b>\$ 103,272</b>

**Statement of Financial Activities**

For the year ended December 31	2011	2010
<b>Fund balance, beginning of the year</b>	<u>\$ 102,232</u>	<u>\$ 100,595</u>
<b>Revenue</b>		
Sale of plots	2,000	800
Monuments placed	350	1,800
Interments prepaid	700	200
Bank interest	132	88
	<u>3,182</u>	<u>2,888</u>
<b>Expenses</b>		
Interments used	210	1,100
Transfer to general fund	193	151
	<u>403</u>	<u>1,251</u>
<b>Fund balance, end of the year</b>	<u>\$ 105,011</u>	<u>\$ 102,232</u>

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

**December 31, 2011**

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**1. Summary of Significant Accounting Policies**

**Management Responsibility**

The financial statements of The Corporation of the Township of Severn Trust Funds are the representation of management.

**Accrual Basis of Accounting**

Sources of revenue 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 Corporation of the  
Township of Severn  
Library Board  
Financial Statements  
For the year ended December 31, 2011**

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## Independent Auditor's Report

---

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

We have audited the accompanying financial statements of the Corporation of the Township of Severn Library Board, which comprise the statement of financial position as at December 31, 2011 and the statements of operations and accumulated surplus 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Severn Library Board as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Orillia, Ontario

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

December 31	2011	2010
<b>Financial assets</b>		
Cash	\$ 61,333	\$ 94,218
Grants receivable	25,342	-
	<u>86,675</u>	<u>94,218</u>
<b>Liabilities</b>		
Due to the Corporation of the Township of Severn	<u>2,078</u>	<u>14,663</u>
<b>Net financial assets</b>	84,597	79,555
<b>Non-financial assets</b>		
Tangible capital assets (Note 1)	<u>110,580</u>	<u>118,052</u>
<b>Accumulated surplus (Note 2)</b>	<u>\$ 195,177</u>	<u>\$ 197,607</u>

## The Corporation of the Township of Severn Library Board

### Statement of Operations and Accumulated Surplus

	(Note 3)		
	Budget 2011	Actual 2011	Actual 2010
<b>For the year ended December 31</b>			
<b>Revenue</b>			
Township of Severn contribution	\$ 158,568	\$ 158,568	\$ 156,310
Province of Ontario grant	25,342	30,230	27,358
Township of Oro-Medonte contribution	18,000	18,000	18,000
Industry Canada Grant	4,000	4,214	4,614
Fines	1,500	1,929	1,670
Miscellaneous	1,400	1,941	5,304
Interest	600	1,327	794
Donations	100	143	180
	209,510	216,352	214,230
<b>Expenses</b>			
Amortization of tangible capital assets	15,278	15,278	15,117
Bank charges and interest	150	150	150
Equipment	-	5,861	5,844
General and office	4,675	5,444	15,191
Insurance	2,250	2,253	2,045
Library contract	97,390	97,390	95,480
Professional fees	700	700	550
Repairs and maintenance	3,975	5,544	6,082
Supplies	5,845	5,208	5,556
Telephone	1,750	1,648	1,733
Utilities	5,400	5,003	4,287
Wages and benefits	78,375	74,303	73,646
	215,788	218,782	225,681
<b>Annual deficit</b>	(6,278)	(2,430)	(11,451)
<b>Accumulated surplus, beginning of year</b>	197,607	197,607	209,058
<b>Accumulated surplus, end of year</b>	\$ 191,329	\$ 195,177	\$ 197,607

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

For the year ended December 31	2011	2010
<b>Operating transactions</b>		
Annual deficit	\$ (2,430)	\$ (11,451)
Items not involving cash		
Amortization of tangible capital assets	15,278	15,117
Changes in non-cash operating balances		
Grants receivable	<u>(25,342)</u>	<u>-</u>
	<u>(12,494)</u>	<u>3,666</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	<u>(7,806)</u>	<u>(14,806)</u>
<b>Investing transactions</b>		
Due to the Corporation of the Township of Severn	<u>(12,585)</u>	<u>22,223</u>
<b>Net change in cash</b>	<b>(32,885)</b>	<b>11,083</b>
Cash, beginning of year	<u>94,218</u>	<u>83,135</u>
<b>Cash, end of year</b>	<b>\$ 61,333</b>	<b>\$ 94,218</b>

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# The Corporation of the Township of Severn Library Board

## Summary of Significant Accounting Policies

December 31, 2011

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### Management Responsibility

The financial statements of the Corporation of the Township of Severn Library Board are the representations of management. They have been prepared in accordance with Canadian generally accepted accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

### 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 as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

### Revenue Recognition

Government transfers are recognized in the year in which the events giving rise to the transfer occurred, provided that the transfer is authorized and the amount can be reasonably estimated. Government grants are recognized when approved to the extent the related expenses have been incurred and collection can be reasonably assured.

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

### Contributed Materials and Services

Contributed materials and services which are used in the normal course of the organization'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 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 Library Board

## Summary of Significant Accounting Policies

December 31, 2011

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### 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.

### 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. 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:

Buildings	15 - 40 years
Books	7 years
Computer equipment	7 years
Furniture and equipment	10 years

**The Corporation of the Township of Severn Library Board**  
**Notes to Financial Statements**

**December 31, 2011**

**1. Tangible Capital Assets**

	2011		2010	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 5,067	\$ -	\$ 5,067	\$ -
Buildings	101,856	64,644	185,316	109,857
Books	67,567	38,880	65,618	36,222
Computer equipment	15,893	10,876	15,893	8,975
Furniture and equipment	85,110	50,513	1,651	439
	<b>\$ 275,493</b>	<b>\$ 164,913</b>	<b>\$ 273,545</b>	<b>\$ 155,493</b>
Net book value		<b>\$ 110,580</b>		<b>\$ 118,052</b>

**2. Accumulated Surplus**

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

	2011	2010
Investment in tangible capital assets	\$ 110,580	\$ 118,052
Surplus	84,597	79,555
	<b>\$ 195,177</b>	<b>\$ 197,607</b>

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

Reserve funds represent funds set aside by by-law or council resolution for specific purposes.

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# The Corporation of the Township of Severn Library Board

## Notes to Financial Statements

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December 31, 2011

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### 3. Budget

The Financial Plan (Budget) By-Law adopted by Council on March 23, 2011 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated the use of short-term funding to fund current year expenses in excess of current year revenues. In addition, the budget excluded amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the Financial Plan adopted by Corporation of the Township of Severn Public Library Board on March 23, 2011 with adjustments as follows:

Financial Plan (Budget) Bylaw surplus for the year	\$	-
Add:		
Capital expenditures		10,000
Less:		
Amortization of tangible capital assets		15,278
Transfer from reserve fund		1,000
Budget deficit per statement of operations	\$	<u>(6,278)</u>

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations for comparative purposes. The 2011 budget amounts for the Corporation of the Township of Severn Library Board approved by the council have been restated to conform to the basis of preparation of the revenues and expenses on the consolidated statement of operations.

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### 4. Post Retirement Benefits

OMERS provides pension services to more than 419,007 active and retired members and approximately 947 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, 2011. The results of this valuation disclosed total actuarial liabilities of \$64,548 million in respect of benefits accrued for service with actuarial assets at that date of \$57,258 million indicating an actuarial deficit of \$7,290 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 2011 were \$3,549 (2010 - \$3,038).

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