

**The Corporation of the
Township of Severn**
Consolidated Financial Statements
For the year ended December 31, 2014

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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 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 Collins Barrow Kawarthas LLP, independent external auditors 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.



Chief Administrative Officer



Director of Corporate Services/Treasurer

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

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Severn and its local boards, which comprise the consolidated statement of financial position as at December 31, 2014, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Township of Severn and its local boards as at December 31, 2014 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*Chartered Professional Accountants
Peterborough, Ontario
June 12, 2015

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

December 31	2014	2013
Financial assets		
Cash (Note 1)	\$ 23,342,874	\$ 22,554,455
Taxes receivable	2,966,284	2,679,785
Accounts receivable	933,554	826,975
Inventories for resale	9,036	9,797
Long-term receivables (Note 2)	114,698	137,086
	<u>27,366,446</u>	<u>26,208,098</u>
Liabilities		
Accounts payable and accrued liabilities	1,548,027	1,461,811
Other current liabilities	994,344	797,823
Deferred revenue (Note 4)	5,176,760	5,358,184
Long-term debt (Note 5)	7,999,246	8,208,096
	<u>15,718,377</u>	<u>15,825,914</u>
Net financial assets	11,648,069	10,382,184
Non-financial assets		
Tangible capital assets (Note 6)	<u>76,680,536</u>	<u>74,185,839</u>
Accumulated surplus (Note 7)	\$ 88,328,605	\$ 84,568,023

Contingencies (Note 10)

**The Corporation of the
Township of Severn**

Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	Budget 2014	2014	2013
	(Note 16)		(Note 18)
Revenue			
Taxation (Note 14)	\$ 8,273,194	\$ 8,336,140	\$ 7,862,931
Government grants - Federal	358,381	765,929	84,062
Government grants - Provincial	1,333,342	1,333,859	1,238,190
Government grants - Municipal	149,864	86,282	40,609
User fees and service charges	3,925,594	4,080,706	3,546,995
Investment income	295,500	268,944	249,677
Contributed assets	-	750,198	270,564
Other (Note 8)	813,050	955,693	945,353
	15,148,925	16,577,751	14,238,381
Expenses			
General government	1,885,880	1,639,254	1,638,873
Fire department	1,208,875	1,040,602	1,095,923
Police services	1,585,194	1,558,254	1,314,038
Protective inspection and control	568,072	531,685	529,959
Transportation services	3,510,040	3,354,112	3,165,632
Water and sewer	3,447,921	3,458,535	3,250,297
Parks and recreation	769,700	775,438	755,405
Library and culture	296,869	189,774	231,259
Planning and development	350,681	269,515	243,651
	13,623,232	12,817,169	12,225,037
Annual surplus	1,525,693	3,760,582	2,013,344
Accumulated surplus, beginning of year	84,568,023	84,568,023	82,554,679
Accumulated surplus, end of year	\$ 86,093,716	\$ 88,328,605	\$ 84,568,023

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

For the year ended December 31	Budget 2014	2014	2013
	(Note 16)		
Annual surplus	\$ 1,525,693	\$ 3,760,582	\$ 2,013,344
Acquisition of tangible capital assets	(4,853,200)	(4,955,112)	(3,138,511)
Amortization of tangible capital assets	2,439,000	2,440,939	2,203,883
Net loss(gain) on disposal of tangible capital assets	-	2,125	(60,205)
Proceeds on disposal of tangible capital assets	23,000	17,351	107,665
Net change in net financial assets	(865,507)	1,265,885	1,126,176
Net financial assets, beginning of year	10,382,184	10,382,184	9,256,008
Net financial assets, end of year	\$ 9,516,677	\$ 11,648,069	\$ 10,382,184

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

For the year ended December 31	2014	2013
Operating transactions		
Annual surplus	\$ 3,760,582	\$ 2,013,344
Items not involving cash		
Amortization of tangible capital assets	2,440,939	2,203,883
Net loss (gain) on disposal of tangible capital assets	2,125	(60,205)
Contributed tangible capital assets	(750,198)	(270,564)
Changes in non-cash operating balances		
Taxes receivable	(286,499)	(30,246)
Accounts receivable	(106,579)	478,963
Inventories for resale	761	4,654
Long term receivables	22,388	(10,277)
Accounts payable and accrued liabilities	86,215	207,545
Other current liabilities	196,521	303,150
Deferred revenue	(181,424)	917,567
	5,184,831	5,757,814
Capital transactions		
Purchase of tangible capital assets	(4,204,914)	(2,867,947)
Proceeds on disposal of tangible capital assets	17,351	107,665
	(4,187,563)	(2,760,282)
Financing transactions		
Proceeds from issuance of long-term debt	-	29,300
Repayment of long-term debt	(208,849)	(196,016)
	(208,849)	(166,716)
Net change in cash	788,419	2,830,816
Cash, beginning of year	22,554,455	19,723,639
Cash, end of year (Note 1)	\$ 23,342,874	\$ 22,554,455

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

December 31, 2014

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 in the year in which it is used for the specified purpose.

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

December 31, 2014

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. 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 26).

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.

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

December 31, 2014

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.

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

December 31, 2014

1. Cash

	2014	2013
Unrestricted	\$ 18,166,114	\$ 17,196,271
Restricted	5,176,760	5,358,184
	\$ 23,342,874	\$ 22,554,455

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

	2014	2013
Due from County of Simcoe	\$ 274,583	\$ 274,583
Tile drainage loans	114,671	137,059
	389,254	411,642
Less: Allowance for doubtful accounts	(274,556)	(274,556)
	\$ 114,698	\$ 137,086

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 2011 it was determined that the landfill site rebates were considered to be uncollectible and an allowance for doubtful amounts for the full amount due from the County with respect to the landfill site was recorded.

The tile drainage loans have interest rates of 6% and are due from 2015 to 2023.

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, 2014 no amounts have been drawn relating to the credit facility.

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

December 31, 2014

4. Deferred Revenue - Obligatory Reserve Funds

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 946,862	\$ 368,240	\$ 9,433	\$ (695,929)	\$ 628,606
Development charges	3,846,333	703,792	38,318	(652,632)	3,935,811
Recreational land	564,989	41,725	5,629	-	612,343
	<u>\$ 5,358,184</u>	<u>\$ 1,113,757</u>	<u>\$ 53,380</u>	<u>\$ (1,348,561)</u>	<u>\$ 5,176,760</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, 2014

5. Long-term Debt

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

	2014	2013
Ontario Strategic Infrastructure Financing Authority Debenture, 5.28%, repayable \$305,092 semi-annually, due August 2036	\$ 7,884,575	\$ 8,071,037
Tile drainage loans, interest rate of 6%, annual payments ranging from \$3,206 to \$6,793 per year, due 2015 to 2023	114,671	137,059
	\$ 7,999,246	\$ 8,208,096

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

2015		\$ 220,168
2016		226,217
2017		238,445
2018		240,586
2019		253,528
Thereafter		6,820,302
		\$ 7,999,246

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 \$431,945 (2013 - \$440,797).

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

December 31, 2014

6. Tangible Capital Assets

	2014								
	Land and Site Improvements	Buildings	Equipment	Roads and Bridges	Water systems	Sewer systems	Vehicles	Construction in progress	Total
Cost, beginning of year	\$ 8,565,949	\$ 9,364,398	\$ 1,468,362	\$ 32,892,855	\$ 22,168,034	\$ 28,597,320	\$ 5,154,174	\$ 5,960	\$ 108,217,052
Additions	350,895	1,109,857	66,684	1,997,054	292,495	110,583	1,022,870	4,674	4,955,112
Disposals	-	-	(53,738)	(115,067)	-	-	(186,507)	(3,482)	(358,794)
Cost, end of year	8,916,844	10,474,255	1,481,308	34,774,842	22,460,529	28,707,903	5,990,537	7,152	112,813,370
Accumulated amortization, beginning of year	381,585	4,112,924	745,460	17,874,835	4,305,178	4,117,100	2,494,131	-	34,031,213
Amortization	28,465	260,624	131,875	816,222	416,563	419,041	368,149	-	2,440,939
Disposals	-	-	(50,959)	(115,067)	-	-	(173,292)	-	(339,318)
Accumulated amortization, end of year	410,050	4,373,548	826,376	18,575,990	4,721,741	4,536,141	2,688,988	-	36,132,834
Net carrying amount, end of year	\$ 8,506,794	\$ 6,100,707	\$ 654,932	\$ 16,198,852	\$ 17,738,788	\$ 24,171,762	\$ 3,301,549	\$ 7,152	\$ 76,680,536

	2013								
	Land and Site Improvements	Buildings	Equipment	Roads and Bridges	Water systems	Sewer systems	Vehicles	Construction in Progress	Total
Cost, beginning of year	\$ 8,347,082	\$ 8,968,282	\$ 1,450,480	\$ 31,144,758	\$ 21,953,685	\$ 28,516,876	\$ 5,148,177	\$ 234,410	\$ 105,763,750
Additions	218,867	396,116	169,704	1,902,226	214,349	80,444	385,255	(228,450)	3,138,511
Disposals	-	-	(151,822)	(154,129)	-	-	(379,258)	-	(685,209)
Cost, end of year	8,565,949	9,364,398	1,468,362	32,892,855	22,168,034	28,597,320	5,154,174	5,960	108,217,052
Accumulated amortization, beginning of year	355,678	3,883,010	766,195	17,349,126	3,901,751	3,703,671	2,505,648	-	32,465,079
Amortization	25,907	229,914	128,160	679,835	403,427	413,429	323,211	-	2,203,883
Disposals	-	-	(148,895)	(154,126)	-	-	(334,728)	-	(637,749)
Accumulated amortization, end of year	381,585	4,112,924	745,460	17,874,835	4,305,178	4,117,100	2,494,131	-	34,031,213
Net carrying amount, end of year	\$ 8,184,364	\$ 5,251,474	\$ 722,902	\$ 15,018,020	\$ 17,862,856	\$ 24,480,220	\$ 2,660,043	\$ 5,960	\$ 74,185,839

(Note 18)

Included in additions are \$750,198 (2013 - \$270,564) 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 \$7,557,237 (2013 - \$7,320,586) and is not being amortized.

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

December 31, 2014

7. Accumulated Surplus

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

	2014	2013
Investment in tangible capital assets		
Tangible capital assets - net book value	\$ 76,680,536	\$ 74,185,839
Long Term Debt - amounts to be recovered	(7,906,901)	(8,191,903)
	68,773,635	65,993,936
Current Fund		
General area taxation	2,500	2,500
Police	148,661	188,919
Waterworks and sewer systems	549,453	879,597
Coldwater Business Improvement Area (Schedule 1)	12,949	15,887
Libraries	155,533	95,534
	869,096	1,182,437
Reserves set aside for specific purposes by Council:		
Working funds	3,571,568	3,570,228
Election	52,498	85,500
Emergency planning	40,000	40,000
Parkland	57,389	105,298
Capital purposes	8,471,465	7,896,399
Severn Sound	50,000	50,000
Taxation	700,000	500,000
Administration	1,507,808	1,408,841
Fire protection	1,560,486	1,248,052
Water and sewer systems	1,050,452	644,036
Environment	315,141	312,033
Building department	75,023	24,777
Gravel pit restoration	118,307	117,140
Westshore	1,115,737	1,389,346
	18,685,874	17,391,650
	\$ 88,328,605	\$ 84,568,023

The balance available to offset future revenue requirements for the fiscal year ending December 31, 2014 has been decreased by an amount of \$1,001,332, transferred to reserves as authorized by by-law #2015-49 dated May 7, 2015. Had this decrease not been made the current fund balance would have shown a surplus of \$1,870,428.

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

December 31, 2014

8. Other Revenue

	(Note 16)		
	2014	2014	2013
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 390,000	\$ 417,149	\$ 390,268
Other fines and penalties	100,000	75,939	108,454
Licences, permits and fines	311,950	443,580	370,667
Donations	100	571	110
Gain on disposal of tangible capital assets	-	10,337	64,656
Other	11,000	8,117	11,198
	\$ 813,050	\$ 955,693	\$ 945,353

Losses on disposal of tangible capital assets amounted to \$12,462 (2013 - \$4,452) and are included in the other expense line in respect to the department they pertain to, resulting in a total net gain/(loss) of (\$2,125) (2013 - \$60,205).

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 16)		
	Budget 2014	Actual 2014	Actual 2013
Expenses			
Salaries and wages	\$ 4,715,858	\$ 4,371,343	\$ 4,417,637
Materials and supplies	3,099,360	3,101,769	2,627,303
Contracted services	2,850,732	2,406,658	2,489,396
Rents and financial	13,950	17,774	9,544
Interest	454,332	428,246	437,297
Other	50,000	50,440	39,977
Amortization	2,439,000	2,440,939	2,203,883
	\$ 13,623,232	\$ 12,817,169	\$ 12,225,037

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, 2014

11. 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 2014 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, 2014, indicates the following:

	2014 Debt Charges	Total Outstanding Long-term Liabilities
Sewage system, 9.97%, due 2015	\$ 8,943	\$ 8,518

The above is not reflected in these consolidated financial statements.

12. 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 2014 operations and maintenance charges are as follows:

Coldwater sewer	\$ 276,503
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Effective January 1, 2010 the Township took over the operations of the Westshore water and sewer systems. 2015 operations and maintenance charges for the Coldwater sewer system are expected to be \$222,634 along with debt charges of \$8,493.

13. Post Retirement Benefits

OMERS provides pension services to more than 450,000 active and retired members and almost 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, 2014. The results of this valuation disclosed total actuarial liabilities of \$76,924 (2013 - \$73,004) million in respect of benefits accrued for service with actuarial assets at that date of \$69,846 (2013 - \$64,363) million indicating an actuarial deficit of \$7,078 (2013 - \$8,641) 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 2014 were \$267,069 (2013 - \$282,312).

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

December 31, 2014

14. Taxation

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

	2014	2013
Taxation revenue	\$ 22,026,938	\$ 21,117,506
Amount levied and remitted to School Boards	(6,382,590)	(6,251,496)
Amount levied and remitted to the County of Simcoe	(7,250,990)	(6,953,762)
Available for general municipal purposes	8,393,358	7,912,248
Amounts written off during the year	(57,218)	(49,317)
	\$ 8,336,140	\$ 7,862,931

15. Trust Funds

The trust funds administered by the municipality amounting to \$111,222 (2013 - \$109,675) 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, 2014, the trusts fund balances are as follows:

	2014	2013
Cemetery Care and Maintenance funds	\$ 101,600	\$ 99,859
Cemetery pre-need	5,862	6,102
Other	3,760	3,714
	\$ 111,222	\$ 109,675

16. Budget Figures

The budget, approved by the Township, for 2014 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The 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.

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

December 31, 2014

17. 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.

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

December 31, 2014

17. 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 expenditures.

The Corporation of the Township of Severn

Notes to Consolidated Financial Statements

December 31, 2014

17. Segmented Information (continued)

For the year ended December 31, 2014	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	2014 Total
Revenue											
Taxation (Note 14)	\$ 50,000	\$ -	\$ 1,517,996	\$ -	\$ 943,706	\$ 27,740	\$ -	\$ 45,027	\$ -	\$ 6,818,144	\$ 8,336,140
Grants										1,103,000	2,186,070
User fees and service charges	49,958	83,278	-	-	25,777	3,022,437	164,540	2,820	731,896	-	4,080,706
Investment income	247,053	12,434	-	-	1,167	6,416	-	1,874	-	-	268,944
Contributed assets	-	-	-	-	-	-	750,198	-	-	-	750,198
Other (Note 8)	421,341	5,954	-	518,395	-	4,382	5,050	571	-	-	955,693
	768,352	101,666	1,517,996	518,395	970,650	3,060,975	936,365	50,292	731,896	7,921,144	16,577,751
Expenses											
Salaries and wages	974,875	576,509	-	439,712	1,181,823	640,605	271,840	95,986	189,993	-	4,371,343
Materials and supplies	360,383	243,109	26,903	29,676	949,595	1,125,575	328,430	28,803	9,295	-	3,101,769
Contracted services	144,270	21,737	1,531,351	57,350	104,256	403,715	36,446	45,530	62,003	-	2,406,658
Rents and financial interest	17,774	-	-	-	-	-	-	-	8,224	-	17,774
Other	40,757	199,247	-	4,947	1,112,237	885,136	138,722	19,455	-	-	50,440
Amortization	101,195	1,040,602	1,558,254	531,685	3,354,112	3,458,535	775,438	189,774	269,515	-	2,440,939
	1,639,254	1,040,602	1,558,254	531,685	3,354,112	3,458,535	775,438	189,774	269,515	-	12,817,169
Net surplus (deficit)	\$ (870,902)	\$ (938,936)	\$ (40,258)	\$ (13,290)	\$ (2,383,462)	\$ (397,560)	\$ 160,947	\$ (139,482)	\$ 462,381	\$ 7,921,144	\$ 3,760,582

For the year ended December 31, 2013	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	(Note 18) 2013 Total
Revenue											
Taxation (Note 14)	\$ 24,782	\$ -	\$ 1,305,625	\$ -	\$ 189,138	\$ 84,102	\$ -	\$ 46,625	\$ 7,385	\$ 6,557,306	\$ 7,862,931
Grants										989,600	1,362,861
User fees and service charges	44,849	87,644	-	-	51,084	2,927,726	172,844	3,181	259,667	-	3,546,995
Investment income	230,826	10,170	-	-	1,323	5,473	-	1,885	-	-	249,677
Contributed assets	-	-	-	-	-	-	270,564	-	-	-	270,564
Other (Note 8)	394,274	-	-	476,661	64,656	-	9,652	110	-	-	945,353
	694,731	97,814	1,305,625	476,661	306,201	3,017,301	474,289	51,801	267,052	7,546,906	14,238,381
Expenses											
Salaries and benefits	1,027,160	633,832	-	432,541	1,189,148	625,982	273,569	86,010	149,375	-	4,417,637
Materials and supplies	327,678	257,025	26,117	30,725	772,651	870,807	307,763	27,231	7,306	-	2,627,303
Contracted services	146,482	21,701	1,287,921	60,580	271,213	474,501	43,824	103,811	79,363	-	2,489,396
Rents and financial interest	9,544	-	-	-	-	-	-	-	-	-	9,544
Other	35,525	1,525	-	-	-	429,690	-	-	7,607	-	437,297
Amortization	92,464	181,840	-	6,113	932,620	846,390	130,249	14,207	-	-	39,977
	1,638,873	1,095,923	1,314,038	529,959	3,165,632	3,250,297	755,405	231,259	243,651	-	2,203,883
Net surplus (deficit)	\$ (944,142)	\$ (998,109)	\$ (8,413)	\$ (53,298)	\$ (2,859,431)	\$ (232,996)	\$ (281,116)	\$ (179,458)	\$ 23,401	\$ 7,546,906	\$ 2,013,344

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

December 31, 2014

18. Comparative Amounts

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

AUDITORS' COMMENTS ON SUPPLEMENTARY FINANCIAL INFORMATION

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

The audited consolidated financial statements of The Corporation of the Township of Severn as at December 31, 2014 and our report thereon dated June 12, 2015 are presented in the preceding section. The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the consolidated financial statements and, in our opinion, it is fairly presented in all material respects in relation to the consolidated financial statements taken as a whole.

We have audited the consolidated financial statements of The Corporation of the Township of Severn, which comprise the statement of financial position as at December 31, 2014, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have issued our report thereon dated June 12, 2015. The audit was performed to form an opinion on the consolidated financial statements as a whole. The supplementary information 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 consolidated financial statements or to the consolidated financial statements themselves.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Peterborough, Ontario
June 12, 2015

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

For the year ended December 31	Budget 2014	2014	2013
Revenue			
BIA Coldwater taxation	\$ 20,000	\$ 20,000	25,000
Other revenue	-	795	1,640
	<u>20,000</u>	<u>20,795</u>	<u>26,640</u>
Expenses			
Advertising	8,500	9,625	7,566
Beautification	8,500	7,440	9,593
Contingency	500	109	434
Insurance	1,000	985	953
Professional fees	2,000	2,000	-
Promotion and public relations	5,000	3,376	3,271
Taxes written off	-	198	257
	<u>25,500</u>	<u>23,733</u>	<u>22,074</u>
Annual surplus (deficit)	(5,500)	(2,938)	4,566
Accumulated surplus, beginning of year	15,887	15,887	11,321
Accumulated surplus, end of the year	\$ 10,387	\$ 12,949	\$ 15,887

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

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, 2014, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the Township of Severn as at December 31, 2014 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*Chartered Professional Accountants
Peterborough, Ontario
June 12, 2015

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

December 31	2014	2013
Assets		
Cash	\$ 111,211	\$ 109,664
Due from Township	11	11
	<u>\$ 111,222</u>	<u>\$ 109,675</u>
Fund Balance	\$ 111,222	\$ 109,675

Statement of Financial Activities

For the year ended December 31	2014	2013
Fund balance, beginning of the year	\$ 109,675	\$ 108,513
Revenue		
Care and maintenance - plots	900	1,500
Care and maintenance - niches	840	-
Monuments placed	-	400
Interments	-	150
Bank interest	125	132
	<u>1,865</u>	<u>2,182</u>
Expenses		
Interments used	168	732
Transfer to general fund	150	288
	<u>318</u>	<u>1,020</u>
Fund balance, end of the year	\$ 111,222	\$ 109,675

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

December 31, 2014

1. 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, 2014**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Library Board of the Corporation of the Township of Severn, which comprise the statement of financial position as at December 31, 2014, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Library Board as at December 31, 2014 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Peterborough, Ontario
June 12, 2015

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

December 31	2014	2013
Financial assets		
Cash	\$ 144,731	\$ 189,314
Due from the Corporation of the Township of Severn	10,802	-
	155,533	189,314
Liabilities		
Due to the Corporation of the Township of Severn	-	93,780
	155,533	95,534
Net financial assets		
	155,533	95,534
Non-financial assets		
Tangible capital assets (Note 2)	212,459	197,821
	212,459	197,821
Accumulated surplus (Note 3)	\$ 367,992	\$ 293,355

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

For the year ended December 31	(Note 4) Budget 2014	Actual 2014	Actual 2013
Revenue			
Township of Severn operating contribution	\$ 193,363	\$ 193,363	\$ 181,844
Township of Severn capital contribution	-	17,125	93,487
Province of Ontario grant	25,342	25,342	27,245
Township of Oro-Medonte contribution	19,864	19,685	19,380
Fines	1,500	874	1,014
Miscellaneous	1,400	1,946	2,167
Interest	500	1,874	1,885
Donations	100	571	110
	<u>242,069</u>	<u>260,780</u>	<u>327,132</u>
Expenses			
Amortization of tangible capital assets	20,000	19,455	14,207
Donations	-	-	2,000
Equipment	-	1,625	287
General and office	8,025	5,480	5,760
Insurance	2,000	-	1,524
Library contract	104,878	43,884	102,320
Professional fees	700	700	700
Repairs and maintenance	54,175	9,074	3,931
Supplies	5,845	6,157	6,627
Telephone	2,000	1,824	1,702
Training	2,000	814	1,372
Utilities	6,500	4,461	4,820
Wages and benefits	90,746	92,669	86,010
	<u>296,869</u>	<u>186,143</u>	<u>231,260</u>
Annual surplus (deficit)	(54,800)	74,637	95,872
Accumulated Annual surplus, beginning of year	<u>293,355</u>	<u>293,355</u>	<u>197,483</u>
Accumulated surplus, end of year	\$ 238,555	\$ 367,992	\$ 293,355

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

For the year ended December 31	(Note 4) Budget 2014	2014	2013
Annual surplus (deficit)	\$ (54,800)	\$ 74,637	\$ 95,872
Acquisition of tangible capital assets	(54,500)	(34,093)	(103,989)
Amortization of tangible capital assets	20,000	19,455	14,207
Net change in net financial assets	(89,300)	59,999	6,090
Net financial assets, beginning of year	95,534	95,534	89,444
Net financial assets, end of year	\$ 6,234	\$ 155,533	\$ 95,534

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

For the year ended December 31	2014	2013
Operating transactions		
Annual surplus	\$ 74,637	\$ 95,872
Items not involving cash		
Amortization of tangible capital assets	19,455	14,207
Changes in non-cash operating balances		
Grants receivable	-	25,342
	<u>94,092</u>	<u>135,421</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(34,093)</u>	<u>(103,989)</u>
Investing transactions		
Due to (from) the Corporation of the Township of Severn	<u>(104,582)</u>	<u>43,907</u>
Net change in cash	(44,583)	75,339
Cash, beginning of year	<u>189,314</u>	<u>113,975</u>
Cash, end of year	\$ 144,731	\$ 189,314

The Corporation of the Township of Severn Library Board

Summary of Significant Accounting Policies

December 31, 2014

Nature of Business	The organization provides library services to the general public.								
Basis of Accounting	<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 organization. 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 organization, and is the difference between its assets and liabilities. This provides information about the organization's overall future revenue requirements and its ability to finance activities and meets its obligations.</p>								
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 change in net financial assets for the year.								
Tangible Capital Assets	<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								
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.								

The Corporation of the Township of Severn Library Board

Summary of Significant Accounting Policies

December 31, 2014

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.

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.

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, 2014

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 ("Library 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 Library 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

	2014		2013	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 5,067	\$ -	\$ 5,067	\$ -
Buildings	288,776	133,260	278,803	123,877
Books	74,712	36,622	70,442	38,618
Computer equipment	16,339	10,257	13,800	8,513
Furniture and equipment	1,651	1,099	1,651	934
Construction in progress	7,152	-	-	-
	\$ 393,697	\$ 181,238	\$ 369,763	\$ 171,942
Net book value		\$ 212,459		\$ 197,821

3. Accumulated Surplus

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

	2014	2013
Investment in tangible capital assets	\$ 212,459	\$ 197,821
Surplus	155,533	95,534
	\$ 367,992	\$ 293,355

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

The Corporation of the Township of Severn Library Board

Notes to Financial Statements

December 31, 2014

4. Budget

The budget, approved by the Board, for 2014 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The 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.

5. Post Retirement Benefits

OMERS provides pension services to almost 450,000 active and retired members and almost 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, 2014. The results of this valuation disclosed total actuarial liabilities of \$76,924 (2013 - \$73,004) million in respect of benefits accrued for service with actuarial assets at that date of \$69,846 (2013 - \$64,363) million indicating an actuarial deficit of \$7,078 (2013 - \$8,641) 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 Library Board to OMERS for 2014 were \$5,930 (2013 - \$5,538).
