

**The Corporation of the
Township of Severn**
Consolidated Financial Statements
For the year ended December 31, 2015

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TOWNSHIP OF SEVERN

THE CORPORATION OF THE TOWNSHIP OF SEVERN

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

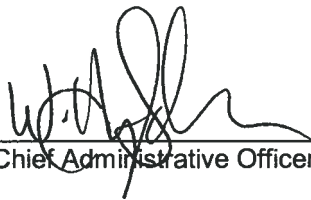
Management's Responsibility for the Consolidated Financial Statements

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 Kawartha 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

Municipal Office: 1024 Hurlwood Lane

Telephone: (705) 325-2315 Fax: (705) 327-5818

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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, 2015, 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, 2015 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
Licensed Public Accountants

Peterborough, Ontario
June 17, 2016

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

December 31	2015	2014
Financial assets		
Cash (Note 2)	\$ 24,998,137	\$ 23,342,874
Taxes receivable	2,750,576	2,966,284
Accounts receivable	980,183	933,554
Inventories for resale	6,885	9,036
Long-term receivables (Note 3)	<u>90,969</u>	<u>114,698</u>
	28,826,750	27,366,446
Liabilities		
Accounts payable and accrued liabilities	2,173,524	1,548,027
Other current liabilities	751,644	994,344
Deferred revenue (Note 5)	5,183,579	5,176,760
Long-term debt (Note 6)	<u>7,779,079</u>	<u>7,999,246</u>
	15,887,826	15,718,377
Net financial assets	12,938,924	11,648,069
Non-financial assets		
Tangible capital assets (Note 7)	<u>79,297,877</u>	<u>76,680,536</u>
Accumulated surplus (Note 8)	\$ 92,236,801	\$ 88,328,605

Contingencies (Note 11)

**The Corporation of the
Township of Severn**

Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	(Note 15) Budget 2015	Actual 2015	Actual 2014
Revenue			
Taxation (Note 13)	\$ 8,734,116	\$ 8,837,424	\$ 8,336,140
Government grants - Federal	358,381	508,321	765,929
Government grants - Provincial	1,414,850	1,424,213	1,333,859
Government grants - Municipal	91,792	99,607	86,282
User fees and service charges	4,055,246	3,999,350	4,080,706
Investment income	305,500	239,233	268,944
Contributed assets	-	886,185	750,198
Other (Note 9)	819,300	1,115,965	955,693
	<u>15,779,185</u>	<u>17,110,298</u>	<u>16,577,751</u>
Expenses			
General government	1,849,230	1,690,888	1,639,254
Fire department	1,226,239	1,039,675	1,040,602
Police services	1,815,256	1,738,903	1,558,254
Protective inspection and control	585,372	553,415	531,685
Transportation services	3,797,150	3,580,903	3,354,112
Water and sewer	3,536,996	3,364,737	3,458,535
Parks and recreation	841,105	821,012	775,438
Library and culture	290,720	178,085	189,774
Planning and development	342,381	234,484	269,515
	<u>14,284,449</u>	<u>13,202,102</u>	<u>12,817,169</u>
Annual surplus	1,494,736	3,908,196	3,760,582
Accumulated surplus, beginning of year	88,328,605	88,328,605	84,568,023
Accumulated surplus, end of year	<u>\$ 89,823,341</u>	<u>\$ 92,236,801</u>	<u>\$ 88,328,605</u>

**The Corporation of the
Township of Severn**

Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	(Note 15) Budget 2015	2015	2014
Annual surplus	\$ 1,494,736	\$ 3,908,196	\$ 3,760,582
Acquisition of tangible capital assets	(4,682,200)	(5,211,354)	(4,955,112)
Amortization of tangible capital assets	2,525,000	2,524,563	2,440,939
Net loss on disposal of tangible capital assets	-	19,553	2,125
Proceeds on disposal of tangible capital assets	34,500	49,897	17,351
Net change in net financial assets	(627,964)	1,290,855	1,265,885
Net financial assets, beginning of year	11,648,069	11,648,069	10,382,184
Net financial assets, end of year	\$ 11,020,105	\$ 12,938,924	\$ 11,648,069

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

For the year ended December 31	2015	2014
Operating transactions		
Annual surplus	\$ 3,908,196	\$ 3,760,582
Items not involving cash		
Amortization of tangible capital assets	2,524,563	2,440,939
Net loss on disposal of tangible capital assets	19,553	2,125
Contributed tangible capital assets	(886,185)	(750,198)
Changes in non-cash operating balances		
Taxes receivable	215,708	(286,499)
Accounts receivable	(46,629)	(106,579)
Inventories for resale	2,151	761
Long term receivables	23,729	22,388
Accounts payable and accrued liabilities	625,497	86,215
Other current liabilities	(242,700)	196,521
Deferred revenue	6,819	(181,424)
	6,150,702	5,184,831
Capital transactions		
Purchase of tangible capital assets	(4,325,169)	(4,204,914)
Proceeds on disposal of tangible capital assets	49,897	17,351
	(4,275,272)	(4,187,563)
Financing transactions		
Repayment of long-term debt	(220,167)	(208,849)
	(220,167)	(208,849)
Net change in cash	1,655,263	788,419
Cash, beginning of year	23,342,874	22,554,455
Cash, end of year (Note 2)	\$ 24,998,137	\$ 23,342,874

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

December 31, 2015

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, 2015

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 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.

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

December 31, 2015

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, 2015

1. Change in Accounting Policy

The Corporation of the Township of Severn has implemented PSA section 3260 Liability for Contaminated Sites. Section 3260 requires governments to record a liability in their financial statements if they have a contaminated site that meets the requirements set out in the standard. The standard defines contamination as the introduction into air, soil, water, or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The standard generally applies to sites that are not in productive use. Sites that are in productive use are only considered contaminated if there was an unexpected event that resulted in contamination. This change has been applied retroactively without restatement of prior periods. The adoption of this standard did not have an impact on the Township's financial statements.

2. Cash

	2015	2014
Unrestricted	\$ 19,814,558	\$ 18,166,114
Restricted	5,183,579	5,176,760
	\$ 24,998,137	\$ 23,342,874

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 5).

3. Long-Term Receivables

	2015	2014
Due from County of Simcoe	\$ 28	\$ 274,583
Tile drainage loans	90,941	114,671
	90,969	389,254
Less: Allowance for doubtful accounts	-	(274,556)
	\$ 90,969	\$ 114,698

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. A settlement was reached with the County in 2015 that resulted in a recovery of bad debts in the amount of \$129,338. The remainder of the receivable was written off.

The tile drainage loans have interest rates of 6% and are due from 2017 to 2023.

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

December 31, 2015

4. 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, 2015 no amounts have been drawn relating to either credit facility.

5. Deferred Revenue - Obligatory Reserve Funds

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 628,606	\$ 358,381	\$ 5,054	\$ (508,321)	\$ 483,720
Development charges	3,935,811	512,087	31,644	(400,949)	4,078,593
Recreational land	612,343	4,000	4,923	-	621,266
	\$ 5,176,760	\$ 874,468	\$ 41,621	\$ (909,270)	\$ 5,183,579

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, 2015

6. Long-term Debt

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

	2015	2014
Ontario Strategic Infrastructure Financing Authority Debenture, 5.28%, repayable \$305,092 semi-annually, due August 2036	\$ 7,688,138	\$ 7,884,575
Tile drainage loans, interest rate of 6%, annual payments ranging from \$3,206 to \$6,793 per year, due 2017 to 2023	90,941	114,671
	\$ 7,779,079	\$ 7,999,246

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

2016	\$	226,217
2017		238,445
2018		240,586
2019		253,528
2020		267,166
Thereafter		6,553,137
	\$	7,779,079

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 \$420,627 (2014 - \$431,945).

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

December 31, 2015

7. Tangible Capital Assets

	2015								
	Land and Site Improvements	Buildings	Equipment	Roads and Bridges	Water systems	Sewer systems	Vehicles	Construction in progress	Total
Cost, beginning 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
Additions	61,449	1,302,779	320,209	2,400,393	115,081	146,473	742,013	122,957	5,211,354
Disposals	-	-	(153,894)	-	(10,858)	-	(263,596)	-	(428,348)
Cost, end of year	8,978,293	11,777,034	1,647,623	37,175,235	22,564,752	28,854,376	6,468,954	130,109	117,596,376
Accumulated amortization, beginning of year	410,050	4,373,548	826,376	18,575,990	4,721,741	4,536,141	2,688,988	-	36,132,834
Amortization	32,202	266,567	133,026	836,017	427,238	424,920	404,593	-	2,524,563
Disposals	-	-	(127,346)	-	(10,858)	-	(220,694)	-	(358,898)
Accumulated amortization, end of year	442,252	4,640,115	832,056	19,412,007	5,138,121	4,961,061	2,872,887	-	38,298,499
Net carrying amount, end of year	\$ 8,536,041	\$ 7,136,919	\$ 815,567	\$ 17,763,228	\$ 17,426,631	\$ 23,893,315	\$ 3,596,067	\$ 130,109	\$ 79,297,877

(Note 17)

	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

Included in additions are \$886,185 (2014 - \$750,198) 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 (2014 - \$7,557,237) and is not being amortized.

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

December 31, 2015

8. Accumulated Surplus

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

	2015	2014
Investment in tangible capital assets		
Tangible capital assets - net book value	\$ 79,297,877	\$ 76,680,536
Long Term Debt - amounts to be recovered	(7,712,665)	(7,906,901)
	71,585,212	68,773,635
Current Fund		
General area taxation	2,500	2,500
Police	158,598	148,661
Waterworks and sewer systems	349,810	549,453
Coldwater Business Improvement Area (Schedule 1)	19,105	12,949
Libraries	208,620	155,533
	738,633	869,096
Reserves set aside for specific purposes by Council:		
Working funds	3,572,618	3,571,568
Election	69,998	52,498
Emergency planning	40,000	40,000
Parkland	172,389	57,389
Capital purposes	8,712,520	8,471,465
Severn Sound	50,000	50,000
Taxation	900,000	700,000
Administration	1,472,538	1,507,808
Fire protection	1,873,032	1,560,486
Water and sewer systems	1,458,898	1,050,452
Environment	317,675	315,141
Building department	125,627	75,023
Gravel pit restoration	119,258	118,307
Westshore	1,028,403	1,115,737
	19,912,956	18,685,874
	\$ 92,236,801	\$ 88,328,605

The balance available to offset future revenue requirements for the fiscal year ending December 31, 2015 has been decreased by an amount of \$1,161,050, 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 \$1,899,683.

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

December 31, 2015

9. Other Revenue

	(Note 15) Budget 2015	Actual 2015	Actual 2014
Penalties and interest on taxation	\$ 410,000	\$ 423,844	\$ 417,149
Other fines and penalties	100,000	79,336	75,939
Licences, permits and fines	309,200	447,930	443,580
Donations	100	21,395	571
Gain on disposal of tangible capital assets	-	11,674	10,337
Bad Debt Recovery	-	129,338	-
Other	-	2,448	8,117
	\$ 819,300	\$ 1,115,965	\$ 955,693

Losses on disposal of tangible capital assets amounted to \$31,227 (2014 - \$12,462) and are included in the other expense line in respect to the department they pertain to, resulting in a total net gain/(loss) of (\$19,553) (2014 - (\$2,125)).

10. Expenses by Object

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

	(Note 15) Budget 2015	Actual 2015	Actual 2014
Expenses			
Salaries and wages	\$ 5,146,106	\$ 4,463,130	\$ 4,371,343
Materials and supplies	3,403,390	3,319,739	3,101,769
Contracted services	2,700,646	2,391,300	2,406,658
Rents and financial	14,950	10,866	17,774
Interest	444,357	416,746	428,246
Other	50,000	75,758	50,440
Amortization	2,525,000	2,524,563	2,440,939
	\$ 14,284,449	\$ 13,202,102	\$ 12,817,169

11. 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, 2015

12. Post Retirement Benefits

OMERS provides pension services to approximately 461,000 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, 2015. The results of this valuation disclosed total actuarial liabilities of \$81,924 (2014 - \$76,924) million in respect of benefits accrued for service with actuarial assets at that date of \$74,947 (2014 - \$69,846) million indicating an actuarial deficit of \$6,977 (2014 - \$7,078) 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 2015 were \$283,116 (2014 - \$267,069).

13. Taxation

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

	2015	2014
Taxation revenue	\$ 22,743,622	\$ 22,026,938
Amount levied and remitted to School Boards	(6,404,545)	(6,382,590)
Amount levied and remitted to the County of Simcoe	(7,458,350)	(7,250,990)
Available for general municipal purposes	8,880,727	8,393,358
Amounts written off during the year	(43,303)	(57,218)
	\$ 8,837,424	\$ 8,336,140

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

December 31, 2015

14. Trust Funds

The trust funds administered by the municipality amounting to \$112,853 (2014 - \$111,222) 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, 2015, the trusts fund balances are as follows:

	<u>2015</u>	<u>2014</u>
Cemetery Care and Maintenance funds	\$ 103,129	\$ 101,600
Cemetery pre-need	5,924	5,862
Other	3,800	3,760
	<u>\$ 112,853</u>	<u>\$ 111,222</u>

15. Budget Figures

The budget, approved by the Township, for 2015 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, 2015

16. Segmented Information

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

General Government

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

Fire Department

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

Police Services

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

Protective Inspection and Control

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

Transportation Services

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

Water and Sewer

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

Parks and Recreation

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

Library and Cultural

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

Planning and Development

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

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

The Corporation of the Township of Severn

Notes to Consolidated Financial Statements

December 31, 2015

16. Segmented Information (continued)

For the year ended December 31, 2015	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	2015 Total
	\$	- \$										
Revenue												
Taxation (Note 13)												
Grants												
User fees and service charges	42,955	90,365										
Investment income	206,014	12,546			603							
Contributed assets												
Other (Note 9)	575,007	4,867			527,014							
	823,976	107,778		1,748,839	527,617		3,138,867		53,944	515,576		8,178,485
												17,110,298
Expenses												
Salaries and wages	1,076,809	563,900			457,596		681,519		104,286	209,374		4,463,130
Materials and supplies	295,111	222,980		28,621	30,037		1,024,976		40,759	10,627		3,319,739
Contracted services	159,013	23,516		1,710,282	59,204		353,489		12,060	7,603		2,391,300
Rents and financial	10,866											10,866
Interest							409,866			6,880		416,746
Other	50,120	20,959			4,679							75,758
Amortization	98,969	208,320			6,578		894,887		20,980			2,524,563
	1,690,898	1,039,675		1,738,903	553,415		3,364,737		178,085	234,484		13,202,102
Net surplus (deficit)	\$(66,912)	\$(31,897)		9,936	\$(25,798)		\$(25,870)		\$(124,141)	281,092		8,178,485

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	(Note 17) 2014 Total
	\$	- \$										
Revenue												
Taxation (Note 13)												
Grants												
User fees and service charges	49,958	83,278										
Investment income	232,964	12,434			247							
Contributed assets												
Other (Note 9)	421,341	5,954			518,395		4,382		571			
	754,263	101,666		1,517,996	518,642		3,074,817		50,292	731,896		16,577,751
												8,336,140
Expenses												
Salaries and benefits	974,875	576,509			439,712		640,605		95,986	189,993		4,371,343
Materials and supplies	360,363	243,109		26,903	29,676		1,125,575		28,803	9,295		3,101,769
Contracted services	144,270	21,737		1,531,351	57,350		403,715		45,530	62,003		2,406,658
Rents and financial												17,774
Interest							420,022			8,224		428,246
Other	40,757				6,201							50,440
Amortization	101,195	199,247			4,947		865,136		19,455			2,440,939
	1,539,254	1,040,602		1,558,254	531,685		3,456,535		189,774	289,515		12,817,169
Net surplus (deficit)	\$(84,991)	\$(98,936)		\$(4,258)	\$(13,043)		\$(383,718)		\$(139,482)	462,381		7,921,144

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

December 31, 2015

17. 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.

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Coldwater Business Improvement Area of the Corporation of the Township of Severn, which comprise the statement of financial position as at December 31, 2015, 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 Coldwater Business Improvement Area as at December 31, 2015 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
Licensed Public Accountants

Peterborough, Ontario
June 17, 2016

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

For the year ended December 31	Budget 2015	2015	2014
Revenue			
BIA Coldwater taxation	\$ 25,000	\$ 25,000	20,000
Other revenue	-	20,000	795
	<u>25,000</u>	<u>45,000</u>	<u>20,795</u>
Expenses			
Advertising	9,000	7,231	9,625
Beautification	9,000	25,266	7,440
Contingency	-	-	109
Insurance	1,000	1,062	985
Professional fees	2,000	2,000	2,000
Promotion and public relations	5,000	3,045	3,376
Taxes written off	-	240	198
	<u>26,000</u>	<u>38,844</u>	<u>23,733</u>
Annual surplus (deficit)	(1,000)	6,156	(2,938)
Accumulated surplus, beginning of year	<u>12,949</u>	<u>12,949</u>	<u>15,887</u>
Accumulated surplus, end of the year	<u>\$ 11,949</u>	<u>\$ 19,105</u>	<u>\$ 12,949</u>

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, 2015, 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, 2015 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
Licensed Public Accountants

Peterborough, Ontario
June 17, 2016

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

December 31	2015	2014
Assets		
Cash	\$ 112,845	\$ 111,211
Due from Township	8	11
	\$ 112,853	\$ 111,222
Fund Balance	\$ 112,853	\$ 111,222

Statement of Financial Activities

For the year ended December 31	2015	2014
Fund balance, beginning of the year	\$ 111,222	\$ 109,675
Revenue		
Care and maintenance - plots	900	900
Care and maintenance - niches	330	840
Monuments placed	300	-
Bank interest	101	125
	1,631	1,865
Expenses		
Interments used	-	168
Transfer to general fund	-	150
	-	318
Fund balance, end of the year	\$ 112,853	\$ 111,222

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

December 31, 2015

1. Cemetery Perpetual Care

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

2. Summary of Significant Accounting Policies

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

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

**The Corporation of the
Township of Severn
Library Board
Financial Statements
For the year ended December 31, 2015**

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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, 2015, 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, 2015 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
Licensed Public Accountants

Peterborough, Ontario
June 17, 2016

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

December 31	2015	2014
Financial assets		
Cash	\$ 199,109	\$ 144,731
Due from the Corporation of the Township of Severn	<u>11,648</u>	<u>10,802</u>
	<u>210,757</u>	<u>155,533</u>
Liabilities		
Deferred revenue	<u>2,137</u>	<u>-</u>
Net financial assets	208,620	155,533
Non-financial assets		
Tangible capital assets (Note 2)	<u>338,180</u>	<u>212,459</u>
Accumulated surplus (Note 3)	<u>\$ 546,800</u>	<u>\$ 367,992</u>

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

For the year ended December 31	(Note 4) Budget 2015	Actual 2015	Actual 2014
Revenue			
Township of Severn operating contribution	\$ 174,516	\$ 174,516	\$ 193,363
Township of Severn capital contribution	-	128,433	17,125
Province of Ontario grant	25,342	28,705	25,342
Township of Oro-Medonte contribution	20,262	20,262	19,685
Fines	1,000	1,105	874
Miscellaneous	1,800	955	1,946
Interest	500	1,703	1,874
Donations	-	1,214	571
	223,420	356,893	260,780
Expenses			
Amortization of tangible capital assets	21,000	20,980	19,455
Equipment	-	134	1,625
General and office	9,350	3,887	5,480
Insurance	2,000	2,125	-
Library contract	50,000	8,175	43,884
Professional fees	700	700	700
Repairs and maintenance	7,375	11,934	9,074
Supplies	16,345	18,152	6,157
Telephone	2,000	1,843	1,824
Training	2,000	973	814
Utilities	6,000	4,896	4,461
Wages and benefits	103,950	104,286	92,669
	220,720	178,085	186,143
Annual surplus	2,700	178,808	74,637
Accumulated Annual surplus, beginning of year	367,992	367,992	293,355
Accumulated surplus, end of year	\$ 370,692	\$ 546,800	\$ 367,992

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 2015	2015	2014
Annual surplus	\$ 2,700	\$ 178,808	\$ 74,637
Acquisition of tangible capital assets	(93,000)	(146,701)	(34,093)
Amortization of tangible capital assets	21,000	20,980	19,455
Net change in net financial assets	(69,300)	53,087	59,999
Net financial assets, beginning of year	155,533	155,533	95,534
Net financial assets, end of year	\$ 86,233	\$ 208,620	\$ 155,533

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	2015	2014
Operating transactions		
Annual surplus	\$ 178,808	\$ 74,637
Items not involving cash		
Amortization of tangible capital assets	20,980	19,455
Deferred revenue	2,137	-
	<u>201,925</u>	<u>94,092</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(146,701)</u>	<u>(34,093)</u>
Investing transactions		
Due to (from) the Corporation of the Township of Severn	<u>(846)</u>	<u>(104,582)</u>
Net change in cash	54,378	(44,583)
Cash, beginning of year	<u>144,731</u>	<u>189,314</u>
Cash, end of year	<u>\$ 199,109</u>	<u>\$ 144,731</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 Library Board

Summary of Significant Accounting Policies

December 31, 2015

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, 2015

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 organization has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The organization 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, 2015

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

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 5,067	\$ -	\$ 5,067	\$ -
Buildings	424,361	143,259	288,776	133,260
Books	79,051	36,622	74,712	36,622
Computer equipment	18,210	10,257	16,339	10,257
Furniture and equipment	5,001	3,372	1,651	1,099
Construction in progress	-	-	7,152	-
	\$ 531,690	\$ 193,510	\$ 393,697	\$ 181,238
Net book value		\$ 338,180		\$ 212,459

3. Accumulated Surplus

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

	2015	2014
Investment in tangible capital assets	\$ 338,180	\$ 212,459
Surplus	208,620	155,533
	\$ 546,800	\$ 367,992

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, 2015

4. Budget

The budget, approved by the Board, for 2015 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 approximately 461,000 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, 2015. The results of this valuation disclosed total actuarial liabilities of \$81,924 (2014 - \$76,924) million in respect of benefits accrued for service with actuarial assets at that date of \$74,947 (2014 - \$69,846) million indicating an actuarial deficit of \$6,977 (2014 - \$7,078) 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 2015 were \$6,474 (2014 - \$5,930).
