

**The Corporation of the
Township of Severn**
Consolidated Financial Statements
For the year ended December 31, 2016

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TOWNSHIP OF SEVERN

THE CORPORATION OF THE TOWNSHIP OF SEVERN


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 auditor appointed by the Township. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.



Chief Administrative Officer



Director of Corporate Services/Treasurer



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INDEPENDENT AUDITOR'S 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, 2016, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 Corporation of the Township of Severn and its local boards as at December 31, 2016 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 28, 2017

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

December 31	2016	2015
Financial assets		
Cash (Note 1)	\$ 27,534,514	\$ 24,998,137
Taxes receivable	2,456,005	2,750,576
Accounts receivable	1,035,329	980,183
Inventories for resale	6,675	6,885
Long-term receivables (Note 2)	71,669	90,969
	<u>31,104,192</u>	<u>28,826,750</u>
Liabilities		
Accounts payable and accrued liabilities	2,242,044	2,173,524
Other liabilities	1,139,632	751,644
Deferred revenue (Note 4)	5,246,356	5,183,579
Long-term debt (Note 5)	7,552,862	7,779,079
	<u>16,180,894</u>	<u>15,887,826</u>
Net financial assets	14,923,298	12,938,924
Non-financial assets		
Tangible capital assets (Note 6)	83,368,034	79,297,877
Accumulated surplus (Note 7)	\$ 98,291,332	\$ 92,236,801

Contingencies (Note 10)

**The Corporation of the
Township of Severn**

Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	(Note 14) Budget 2016	Actual 2016	Actual 2015
Revenue			
Taxation (Note 12)	\$ 9,388,599	\$ 9,395,700	\$ 8,837,424
Government grants - Federal	376,300	112,283	508,321
Government grants - Provincial	1,396,840	1,514,365	1,424,213
Government grants - Municipal	632,768	585,760	99,607
User fees and service charges	4,245,994	5,304,491	3,999,350
Investment income	280,500	241,552	239,233
Contributed assets	-	2,152,031	886,185
Other (Note 8)	836,300	1,160,576	1,115,965
	<u>17,157,301</u>	<u>20,466,758</u>	<u>17,110,298</u>
Expenses			
General government	1,953,019	2,002,344	1,690,888
Fire department	1,237,894	1,203,598	1,039,675
Police services	2,228,551	2,230,105	1,738,903
Protective inspection and control	607,522	559,178	553,415
Transportation services	3,875,350	3,641,677	3,580,903
Water and sewer	3,722,938	3,460,430	3,364,737
Parks and recreation	826,707	828,131	821,012
Library and culture	211,345	192,653	178,085
Planning and development	333,059	294,111	234,484
	<u>14,996,385</u>	<u>14,412,227</u>	<u>13,202,102</u>
Annual surplus	2,160,916	6,054,531	3,908,196
Accumulated surplus, beginning of year	92,236,801	92,236,801	88,328,605
Accumulated surplus, end of year	<u>\$ 94,397,717</u>	<u>\$ 98,291,332</u>	<u>\$ 92,236,801</u>

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

For the year ended December 31	(Note 14) Budget 2016	2016	2015
Annual surplus	\$ 2,160,916	\$ 6,054,531	\$ 3,908,196
Acquisition of tangible capital assets	(6,249,000)	(6,892,146)	(5,211,354)
Amortization of tangible capital assets	2,698,000	2,697,300	2,524,563
Net loss on disposal of tangible capital assets	-	18,228	19,553
Proceeds on disposal of tangible capital assets	40,000	106,461	49,897
Net change in net financial assets	(1,350,084)	1,984,374	1,290,855
Net financial assets, beginning of year	12,938,924	12,938,924	11,648,069
Net financial assets, end of year	\$ 11,588,840	\$ 14,923,298	\$ 12,938,924

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

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

For the year ended December 31	2016	2015
Operating transactions		
Annual surplus	\$ 6,054,531	\$ 3,908,196
Items not involving cash		
Amortization of tangible capital assets	2,697,300	2,524,563
Net loss on disposal of tangible capital assets	18,228	19,553
Contributed tangible capital assets	(2,152,031)	(886,185)
Changes in non-cash operating balances		
Taxes receivable	294,571	215,708
Accounts receivable	(55,146)	(46,629)
Inventories for resale	210	2,151
Long term receivables	19,300	23,729
Accounts payable and accrued liabilities	68,520	625,497
Other current liabilities	387,988	(242,700)
Deferred revenue	62,777	6,819
	<u>7,396,248</u>	<u>6,150,702</u>
Capital transactions		
Purchase of tangible capital assets	(4,740,115)	(4,325,169)
Proceeds on disposal of tangible capital assets	106,461	49,897
	<u>(4,633,654)</u>	<u>(4,275,272)</u>
Financing transactions		
Repayment of long-term debt	(226,217)	(220,167)
	<u>(226,217)</u>	<u>(220,167)</u>
Net change in cash	2,536,377	1,655,263
Cash, beginning of year	<u>24,998,137</u>	<u>23,342,874</u>
Cash, end of year (Note 1)	<u>\$ 27,534,514</u>	<u>\$ 24,998,137</u>

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

December 31, 2016

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, 2016

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, 2016

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, 2016

1. Cash

	<u>2016</u>	<u>2015</u>
Unrestricted	\$ 22,288,158	\$ 19,814,558
Restricted	5,246,356	5,183,579
	<u>\$ 27,534,514</u>	<u>\$ 24,998,137</u>

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

	<u>2016</u>	<u>2015</u>
Due from County of Simcoe	\$ -	\$ 28
Tile drainage loans	71,669	90,941
	<u>\$ 71,669</u>	<u>\$ 90,969</u>

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, 2016

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, 2016 no amounts have been drawn relating to either credit facility.

4. Deferred Revenue - Obligatory Reserve Funds

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 483,720	\$ 376,300	\$ 3,428	\$ (112,283)	\$ 751,165
Development charges	4,078,593	1,157,476	28,904	(1,449,507)	3,815,466
Recreational land	621,266	72,097	4,403	(18,041)	679,725
	\$ 5,183,579	\$ 1,605,873	\$ 36,735	\$ (1,579,831)	\$ 5,246,356

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, 2016

5. Long-term Debt

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

	2016	2015
Ontario Strategic Infrastructure Financing Authority Debenture, 5.28%, repayable \$305,092 semi-annually, due August 2036	\$ 7,481,193	\$ 7,688,138
Tile drainage loans, interest rate of 6%, annual payments ranging from \$3,206 to \$6,793 per year, due 2017 to 2023	71,669	90,941
	\$ 7,552,862	\$ 7,779,079

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

2017		\$ 238,445
2018		240,586
2019		253,528
2020		267,166
2021		274,166
Thereafter		6,278,971
		\$ 7,552,862

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 \$408,694 (2015 - \$420,627).

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

December 31, 2016

6. Tangible Capital Assets

	Land and Site Improvements	Buildings	Equipment	Roads and Bridges	Water systems	Sewer systems	Vehicles	Construction in progress	2016 Total
Cost, beginning 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
Additions	523,958	72,151	99,300	4,721,427	532,120	393,373	388,319	161,498	6,892,146
Disposals	-	-	(70,052)	(9,714)	-	-	(527,439)	-	(607,205)
Cost, end of year	9,502,251	11,849,185	1,676,871	41,886,948	23,096,872	29,247,749	6,329,834	291,607	123,881,317
Accumulated amortization, beginning of year	442,252	4,840,115	832,056	19,412,007	5,138,121	4,961,061	2,872,887	-	38,298,499
Amortization	40,154	295,266	144,958	923,850	433,989	430,327	428,756	-	2,697,300
Disposals	-	-	(64,190)	(9,714)	-	-	(408,612)	-	(482,516)
Accumulated amortization, end of year	482,406	4,935,381	912,824	20,326,143	5,572,110	5,391,388	2,893,031	-	40,513,283
Net carrying amount, end of year	\$ 9,019,845	\$ 6,913,804	\$ 764,047	\$ 21,560,805	\$ 17,524,762	\$ 23,856,361	\$ 3,436,803	\$ 291,607	\$ 83,368,034

(Note 16)

	Land and Site Improvements	Buildings	Equipment	Roads and Bridges	Water systems	Sewer systems	Vehicles	Construction In Progress	2015 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

Included in additions are \$2,152,031 (2015 - \$886,185) 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 \$7,598,560 (2015 - \$7,557,237) and is not being amortized.

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

December 31, 2016

7. Accumulated Surplus

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

	2016	2015
Investment in tangible capital assets		
Tangible capital assets - net book value	\$ 83,368,034	\$ 79,297,877
Long Term Debt - amounts to be recovered	(7,507,700)	(7,712,665)
	75,860,334	71,585,212
Current Fund		
General area taxation	2,500	2,500
Police	39,181	158,598
Waterworks and sewer systems	336,237	349,810
Coldwater Business Improvement Area (Schedule 1)	21,047	19,105
Libraries	241,071	208,620
	640,036	738,633
Reserves set aside for specific purposes by Council:		
Working funds	3,579,585	3,572,618
Election	56,668	69,998
Emergency planning	40,000	40,000
Parkland	156,166	172,389
Capital purposes	9,566,830	8,712,520
Severn Sound	50,000	50,000
Taxation	1,000,000	900,000
Administration	1,550,670	1,472,538
Fire protection	2,186,305	1,873,032
Water and sewer systems	1,785,902	1,458,898
Environment	319,926	317,675
Building department	356,517	125,627
Gravel pit restoration	120,103	119,258
Westshore	1,022,290	1,028,403
	21,790,962	19,912,956
	\$ 98,291,332	\$ 92,236,801

The balance available to offset future revenue requirements for the fiscal year ending December 31, 2016 has been decreased by an amount of \$526,967, transferred to reserves as authorized by by-law #2016-18 dated May 5, 2016. Had this decrease not been made the current fund balance would have shown a surplus of \$1,167,003.

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

December 31, 2016

8. Other Revenue

	(Note 14) Budget 2016	Actual 2016	Actual 2015
Penalties and interest on taxation	\$ 420,000	\$ 389,078	\$ 423,844
Other fines and penalties	100,000	89,420	79,336
Licences, permits and fines	316,200	646,793	447,930
Donations	100	6,427	21,395
Gain on disposal of tangible capital assets	-	28,658	11,674
Bad Debt Recovery	-	-	129,338
Other	-	200	2,448
	\$ 836,300	\$ 1,160,576	\$ 1,115,965

Losses on disposal of tangible capital assets amounted to \$46,578 (2015 - \$31,227) and are included in the other expense line in respect to the department they pertain to, resulting in a total net gain/(loss) of (\$18,228) (2015 - (\$19,553)).

9. Expenses by Object

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

	(Note 14) Budget 2016	Actual 2016	Actual 2015
Expenses			
Salaries and wages	\$ 5,422,417	\$ 4,832,726	\$ 4,463,130
Materials and supplies	3,475,992	3,616,558	3,315,722
Contracted services	2,920,449	2,747,127	2,395,317
Rents and financial	14,950	20,224	10,866
Interest	414,577	404,594	416,746
Other	50,000	93,698	75,758
Amortization	2,698,000	2,697,300	2,524,563
	\$ 14,996,385	\$ 14,412,227	\$ 13,202,102

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, 2016

11. Post Retirement Benefits

OMERS provides pension services to approximately 470,000 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, 2016. The results of this valuation disclosed total actuarial liabilities of \$87,554 (2015 - \$82,369) million in respect of benefits accrued for service with actuarial assets at that date of \$81,834 (2015 - \$75,392) million indicating an actuarial deficit of \$5,720 (2015 - \$6,977) 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 2016 were \$290,633 (2015 - \$283,116).

12. Taxation

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

	2016	2015
Taxation revenue	\$ 23,424,904	\$ 22,743,622
Amount levied and remitted to School Boards	(6,332,206)	(6,404,545)
Amount levied and remitted to the County of Simcoe	(7,573,316)	(7,458,350)
Available for general municipal purposes	9,519,382	8,880,727
Amounts written off during the year	(123,682)	(43,303)
	\$ 9,395,700	\$ 8,837,424

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

December 31, 2016

13. Trust Funds

The trust funds administered by the municipality amounting to \$115,466 (2015 - \$112,853) 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, 2016, the trusts fund balances are as follows:

	<u>2016</u>	<u>2015</u>
Cemetery Care and Maintenance funds	\$ 105,649	\$ 103,129
Cemetery pre-need	5,981	5,924
Other	3,836	3,800
	<u>\$ 115,466</u>	<u>\$ 112,853</u>

14. Budget Figures

The budget, approved by the Township, for 2016 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, 2016

15. Segmented Information

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

General Government

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

Fire Department

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

Police Services

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

Protective Inspection and Control

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

Transportation Services

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

Water and Sewer

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

Parks and Recreation

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

Library and Cultural

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

Planning and Development

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

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

The Corporation of the Township of Severn

Notes to Consolidated Financial Statements

December 31, 2016

15. Segmented Information (continued)

For the year ended December 31, 2016	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	2016 Total
Revenue											
Taxation (Note 12)	\$ -	\$ -	\$ 2,110,688	\$ -	\$ 1,028,148	\$ -	\$ 30,614	\$ 50,646	\$ -	\$ 7,285,012	\$ 9,395,700
Grants	-	-	-	-	-	-	-	-	-	1,103,000	2,212,408
User fees and service charges	51,152	111,170	-	-	126,272	3,258,760	200,516	2,077	1,554,544	-	5,304,491
Investment income	206,860	13,274	-	890	845	17,627	-	2,056	-	-	241,552
Contributed assets	-	-	-	-	1,665,899	486,132	-	-	-	-	2,152,031
Other (Note 8)	394,670	24,560	-	733,521	4,098	-	200	3,527	-	-	1,160,576
	652,682	149,004	2,110,688	734,411	2,825,262	3,762,519	231,330	58,306	1,554,544	8,388,012	20,466,758
Expenses											
Salaries and wages	1,158,916	691,925	-	462,307	1,203,398	698,989	299,233	111,579	206,379	-	4,832,726
Materials and supplies	435,400	285,352	44,435	27,117	1,053,721	1,360,136	364,746	47,502	18,149	-	3,616,558
Contracted services	237,818	20,377	2,185,670	60,761	64,308	94,863	10,529	8,674	64,127	-	2,747,127
Rents and financial	20,161	-	-	-	-	-	-	63	-	-	20,224
Interest	52,431	-	-	-	40,525	399,138	-	-	5,456	-	404,594
Other	97,618	225,944	-	-	742	-	-	-	-	-	93,698
Amortization	2,002,344	1,203,598	2,230,105	559,178	1,279,725	906,562	153,623	24,835	-	-	2,697,300
	(1,349,662)	(1,054,594)	(119,417)	175,233	(816,415)	302,089	(596,801)	(134,347)	1,260,433	8,388,012	6,054,531
Net surplus (deficit)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

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	(Note 16) 2015 Total
Revenue											
Taxation (Note 12)	\$ -	\$ -	\$ 1,748,839	\$ -	\$ 848,929	\$ 15,000	\$ 29,345	\$ 48,967	\$ -	\$ 7,088,585	\$ 8,837,424
Grants	-	-	-	-	-	-	-	-	-	1,089,900	2,032,141
User fees and service charges	42,955	90,365	-	-	25,000	3,106,451	216,943	2,060	515,576	-	3,999,350
Investment income	206,014	12,546	-	603	951	17,416	-	1,703	-	-	239,233
Contributed assets	-	-	-	-	834,198	51,987	-	-	-	-	886,185
Other (Note 8)	575,007	4,867	-	527,014	6,656	-	1,207	1,214	-	-	1,115,965
	823,976	107,778	1,748,839	527,617	1,715,734	3,190,854	247,495	53,944	515,576	8,178,485	17,110,298
Expenses											
Salaries and benefits	1,076,809	563,900	-	457,596	1,100,803	681,519	268,843	104,286	209,374	-	4,463,130
Materials and supplies	295,111	222,980	25,572	30,037	1,262,896	1,024,976	403,632	40,759	9,659	-	3,315,722
Contracted services	159,013	23,516	1,713,331	59,204	60,767	353,489	5,366	12,060	8,571	-	2,395,317
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	1,151,658	894,887	143,171	20,980	-	-	2,524,563
	1,690,888	1,039,675	1,738,903	553,415	3,580,903	3,364,737	821,012	178,085	234,484	-	13,202,102
Net surplus (deficit)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

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

December 31, 2016

16. 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.



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AUDITOR'S 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, 2016 and our report thereon dated June 28, 2017 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, 2016, 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 28, 2017. 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
Licensed Public Accountants

Peterborough, Ontario
June 28, 2017

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

For the year ended December 31	Budget 2016	2016	2015
Revenue			
BIA Coldwater taxation	\$ 25,000	\$ 25,000	25,000
Other revenue	2,600	3,400	20,000
	<u>27,600</u>	<u>28,400</u>	<u>45,000</u>
Advertising	11,600	7,775	7,231
Beautification	8,000	12,358	25,266
Contingency	-	500	-
Insurance	1,000	950	1,062
Professional fees	2,000	2,000	2,000
Promotion and public relations	5,000	2,641	3,045
Taxes written off	-	234	240
	<u>27,600</u>	<u>26,458</u>	<u>38,844</u>
Annual surplus	-	1,942	6,156
Accumulated surplus, beginning of year	19,105	19,105	12,949
Accumulated surplus, end of the year	\$ 19,105	\$ 21,047	\$ 19,105

INDEPENDENT AUDITOR'S 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, 2016, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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, 2016 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 28, 2017

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

December 31	2016	2015
Assets		
Cash	\$ 115,458	\$ 112,845
Due from Township	8	8
	<u>\$ 115,466</u>	<u>\$ 112,853</u>
Fund Balance	\$ 115,466	\$ 112,853

Statement of Financial Activities

For the year ended December 31	2016	2015
Fund balance, beginning of the year	\$ 112,853	\$ 111,222
Revenue		
Care and maintenance - plots	600	900
Care and maintenance - niches	1,620	330
Monuments placed	300	300
Bank interest	93	101
	<u>2,613</u>	<u>1,631</u>
Fund balance, end of the year	\$ 115,466	\$ 112,853

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

December 31, 2016

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, 2016**

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INDEPENDENT AUDITOR'S REPORT

**To the Members of the Library Board, the Members of Council,
Inhabitants and Ratapayers 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, 2016, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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, 2016 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 28, 2017

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

December 31	2016	2015
Financial assets		
Cash	\$ 253,222	\$ 199,109
Due from the Corporation of the Township of Severn	-	11,648
	<u>253,222</u>	<u>210,757</u>
Liabilities		
Due to the Corporation of the Township of Severn	12,151	-
Deferred revenue	-	2,137
	<u>12,151</u>	<u>2,137</u>
Net financial assets	241,071	208,620
Non-financial assets		
Tangible capital assets (Note 2)	<u>332,266</u>	<u>338,180</u>
Accumulated surplus (Note 3)	\$ 573,337	\$ 546,800

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 2016	Actual 2016	Actual 2015
Revenue			
Township of Severn operating contribution	\$ 160,885	\$ 160,885	\$ 174,516
Township of Severn capital contribution	-	-	128,433
Province of Ontario grant	25,342	29,979	28,705
Township of Oro-Medonte contribution	20,768	20,667	20,262
Fines	1,000	727	1,105
Miscellaneous	750	1,350	955
Interest	500	2,056	1,703
Donations	100	3,527	1,214
	<u>209,345</u>	<u>219,191</u>	<u>356,893</u>
Expenses			
Amortization of tangible capital assets	25,000	24,835	20,980
Equipment	-	1,113	134
General and office	9,350	6,045	3,887
Insurance	2,200	2,090	2,125
Library contract	25,000	7,418	8,175
Professional fees	700	700	700
Repairs and maintenance	8,775	9,946	11,934
Supplies	16,520	20,717	18,152
Telephone	2,000	1,868	1,843
Training	2,000	893	973
Utilities	6,000	5,450	4,896
Wages and benefits	113,800	111,579	104,286
	<u>211,345</u>	<u>192,654</u>	<u>178,085</u>
Annual surplus (deficit)	(2,000)	26,537	178,808
Accumulated Annual surplus, beginning of year	546,800	546,800	367,992
Accumulated surplus, end of year	\$ 544,800	\$ 573,337	\$ 546,800

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 2016	2016	2015
Annual surplus (deficit)	\$ (2,000)	\$ 26,537	\$ 178,808
Acquisition of tangible capital assets	(93,000)	(18,921)	(146,701)
Amortization of tangible capital assets	25,000	24,835	20,980
Net change in net financial assets	(70,000)	32,451	53,087
Net financial assets, beginning of year	208,620	208,620	155,533
Net financial assets, end of year	\$ 138,620	\$ 241,071	\$ 208,620

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	2016	2015
Operating transactions		
Annual surplus	\$ 26,537	\$ 178,808
Items not involving cash		
Amortization of tangible capital assets	24,835	20,980
Deferred revenue	(2,137)	2,137
	<u>49,235</u>	<u>201,925</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(18,921)</u>	<u>(146,701)</u>
Financing transactions		
Due to (from) the Corporation of the Township of Severn	<u>23,799</u>	<u>(846)</u>
	<u>23,799</u>	<u>(846)</u>
Net change in cash	54,113	54,378
Cash, beginning of year	<u>199,109</u>	<u>144,731</u>
Cash, end of year	<u>\$ 253,222</u>	<u>\$ 199,109</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, 2016

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, 2016

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, 2016

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

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 5,067	\$ -	\$ 5,067	\$ -
Buildings	424,361	156,365	424,361	143,259
Books	87,616	37,649	79,501	36,722
Computer equipment	15,169	9,086	17,760	12,181
Furniture and equipment	5,001	1,848	5,001	1,348
	\$ 537,214	\$ 204,948	\$ 531,690	\$ 193,510
Net book value		\$ 332,266		\$ 338,180

3. Accumulated Surplus

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

	2016	2015
Investment in tangible capital assets	\$ 332,266	\$ 338,180
Surplus	241,071	208,620
	\$ 573,337	\$ 546,800

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, 2016

4. Budget

The budget, approved by the Board, for 2016 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 470,000 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, 2016. The results of this valuation disclosed total actuarial liabilities of \$87,554 (2015 - \$82,369) million in respect of benefits accrued for service with actuarial assets at that date of \$81,834 (2015 - \$75,392) million indicating an actuarial deficit of \$5,720 (2015 - \$6,977) 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 2016 were \$6,546 (2015 - \$6,474).
