



**CORPORATION OF THE TOWNSHIP OF SPRINGWATER**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**CORPORATION OF THE TOWNSHIP OF SPRINGWATER**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**TABLE OF CONTENTS**

	Page Number
<b>MANAGEMENT REPORT</b>	
<b>INDEPENDENT AUDITOR'S REPORT</b>	
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 17
Schedule of Tangible Capital Assets	18
Schedules of Segment Disclosure	19 - 20
<b>TRUST FUNDS</b>	
Independent Auditor's Report	21
Statement of Financial Position	23
Statement of Continuity	24
Notes to the Financial Statements	25
<b>LOCAL BOARDS</b>	
Springwater Township Public Library Board	26 - 36
Elmvale Business Improvement Area	37 - 46

## **CORPORATION OF THE TOWNSHIP OF SPRINGWATER**

**For The Year Ended December 31, 2019**

### **MANAGEMENT REPORT**

The accompanying consolidated financial statements of the Corporation of the Township of Springwater are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Township maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted for and adequately safeguarded.

The Township's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the Township's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Township of Springwater. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the Township. Baker Tilly KDN LLP has full and free access to Council.



---

Mayor



---

Director of Finance

February 3, 2021

## **INDEPENDENT AUDITOR'S REPORT**

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

#### *Opinion*

We have audited the consolidated financial statements of the Corporation of the Township of Springwater and its local boards (the Township), which comprise the consolidated statement of financial position as at December 31, 2019, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2019, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

#### *Basis for Opinion*

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

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

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

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

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

*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Township to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

***Baker Tilly KDN LLP***

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
February 18, 2021

**CORPORATION OF THE  
TOWNSHIP OF SPRINGWATER**



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
At December 31, 2019**

	2019 \$	2018 \$ (Restated - note 2)
<b>FINANCIAL ASSETS</b>		
Cash (note 3)	13,866,489	6,197,124
Investments (note 5)	12,156,102	21,267,587
Trade and other receivable (note 6)	2,301,661	1,831,985
Taxes receivable	2,710,057	2,774,167
<b>TOTAL FINANCIAL ASSETS</b>	<b>31,034,309</b>	<b>32,070,863</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	6,468,917	8,071,141
Deferred revenue - obligatory reserve funds (note 9)	7,451,671	7,421,237
Deferred revenue - other	64,697	66,160
Long term debt (note 10)	3,924,396	4,389,694
<b>TOTAL LIABILITIES</b>	<b>17,909,681</b>	<b>19,948,232</b>
<b>NET FINANCIAL ASSETS</b>	<b>13,124,628</b>	<b>12,122,631</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 11)	151,562,128	149,140,255
Prepaid expenses	171,549	154,800
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>151,733,677</b>	<b>149,295,055</b>
<b>ACCUMULATED SURPLUS (note 12)</b>	<b>164,858,305</b>	<b>161,417,686</b>

*The accompanying notes are an integral part of these financial statements*

**CORPORATION OF THE  
TOWNSHIP OF SPRINGWATER**



**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
For the Year Ended December 31, 2019**

	Budget 2019 \$	Actual 2019 \$	Actual 2018 \$ (Restated - note 2)
	(Unaudited)		
<b>REVENUES</b>			
Property taxation	14,738,155	15,080,165	13,861,148
User charges	5,953,174	5,994,641	6,538,438
Government of Canada	3,000	202,584	166,715
Province of Ontario	1,018,000	1,817,891	1,136,180
Other municipalities	135,500	268,810	229,411
Penalties and interest on taxes	375,000	393,211	377,518
Investment income	190,000	489,151	451,466
Donations	55,000	98,749	149,420
Other	22,960	61,577	109,344
Developer contributions earned	5,830,940	1,841,869	2,102,026
Parkland fees earned	502,812	57,032	35,861
Federal gas tax earned	672,178	640,902	255,707
Ontario Community Infrastructure Fund	-	466,553	482,012
<b>TOTAL REVENUES</b>	<b>29,496,719</b>	<b>27,413,135</b>	<b>25,895,246</b>
<b>EXPENSES</b>			
General government	3,768,377	3,382,359	3,533,834
Protection services	5,754,379	5,600,280	5,473,346
Transportation services	7,842,041	7,489,752	7,323,822
Environmental services	3,620,914	3,513,399	3,302,046
Health services	30,105	28,647	30,437
Recreation and cultural services	3,142,282	3,289,626	3,153,181
Planning and development	1,249,953	668,453	678,517
<b>TOTAL EXPENSES</b>	<b>25,408,051</b>	<b>23,972,516</b>	<b>23,495,183</b>
<b>ANNUAL SURPLUS</b>	<b><u>4,088,668</u></b>	<b>3,440,619</b>	<b>2,400,063</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>161,417,686</b>	<b>159,017,623</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>164,858,305</b>	<b>161,417,686</b>

*The accompanying notes are an integral part of these financial statements*

**CORPORATION OF THE  
TOWNSHIP OF SPRINGWATER**



**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
For the Year Ended December 31, 2019**

	Budget 2019 \$	Actual 2019 \$	Actual 2018 \$ (Restated - note 2)
	(Unaudited)		
<b>ANNUAL SURPLUS</b>	4,088,668	3,440,619	2,400,063
Amortization of tangible capital assets	5,081,609	5,317,558	5,206,174
Purchase of tangible capital assets	(15,200,000)	(7,748,908)	(8,582,275)
Loss/(gain) on disposal of tangible capital assets	-	9,477	(25,114)
Proceeds on disposal of tangible capital assets	-	-	25,114
Change in prepaid expenses	-	(16,749)	8,994
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	(6,029,723)	1,001,997	(967,044)
<b>NET FINANCIAL ASSETS - beginning of year</b>	12,122,631	12,122,631	13,089,675
<b>NET FINANCIAL ASSETS - end of year</b>	6,092,908	13,124,628	12,122,631

*The accompanying notes are an integral part of these financial statements*

**CORPORATION OF THE  
TOWNSHIP OF SPRINGWATER**



**CONSOLIDATED STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2019**

	2019 \$	2018 \$ (Restated - note 2)
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	3,440,619	2,400,063
Items not involving cash		
Amortization of tangible capital assets	5,317,558	5,206,174
Loss/(gain) on disposal of tangible capital assets	9,477	(25,114)
Change in non-cash assets and liabilities		
Trade and other receivable	(469,676)	357,608
Taxes receivable	64,110	(257,627)
Prepaid expenses	(16,749)	8,994
Accounts payable and accrued liabilities	(1,602,224)	102,764
Deferred revenue - obligatory reserve funds	30,434	(485,604)
Deferred revenue - other	(1,463)	5,612
<b>Net change in cash from operating activities</b>	<b>6,772,086</b>	<b>7,312,870</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(7,748,908)	(8,582,275)
Proceeds on disposal of tangible capital assets	-	25,114
<b>Net change in cash from capital activities</b>	<b>(7,748,908)</b>	<b>(8,557,161)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(12,166,919)	(21,267,587)
Redemption of investments	21,278,404	15,137,665
<b>Net change in cash from investing activities</b>	<b>9,111,485</b>	<b>(6,129,922)</b>
<b>FINANCING ACTIVITIES</b>		
Debt principal repayments	(465,298)	(452,015)
<b>NET CHANGE IN CASH</b>	<b>7,669,365</b>	<b>(7,826,228)</b>
<b>CASH - beginning of year</b>	<b>6,197,124</b>	<b>14,023,352</b>
<b>CASH - end of year</b>	<b>13,866,489</b>	<b>6,197,124</b>

*The accompanying notes are an integral part of these financial statements*

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

---

The Township of Springwater is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

**1. SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned and controlled by the Township. These consolidated financial statements include:

- Springwater Township Public Library Board
- Elmvale Business Improvement Area
- Anten Mills Community Recreation Association
- Midhurst Community Recreation Association
- Phelpston Community Recreation Association
- Grenfel Community Recreation Association
- Minesing Community Recreation Association
- Hillsdale Community Recreation Association
- Elmvale Community Recreation Association
- Springwater Sports Heritage Committee
- Springwater Community Policing Committee
- Midhurst Union Cemetery

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) Trust Funds

Trust funds and their related operations administered by the Township are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(c) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(d) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the Township because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Township unless they are sold.

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(e) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	15 years
Buildings	50 years
Vehicles, machinery and equipment	5 to 20 years
Furniture and fixtures	10 years
Roads	30 to 50 years
Water and waste water systems	25 to 100 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

(f) Reserves and Reserve Funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(g) Use of Estimates

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Township's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements or changes in such estimates in future periods could be significant. The Township's significant estimates include:

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(h) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Taxation

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Township's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Township is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are reported in the financial statements when amounts can be reasonably determined.

The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

Government Funding

Government funding is recognized in the financial statements as revenues 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 amounts can be made.

Other revenue

Development charges, Gas Tax, Parkland fees and Ontario Community Infrastructure Funds are recognized in the period in which the related expenditures are recorded.

Interest income is recorded and recognized when earned.

User charges are recognized as revenue in the year the goods and services are provided, with the exception of building permits that are recognized when the permits are issued.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

**2. RESTATEMENT FOR CHANGE IN ACCOUNTING POLICY**

The Township has restated its 2018 consolidated financial statements to recognize amortization of tangible capital assets that were previously omitted in error.

One of the local consolidated Board's of the Township determined during the year that there were 2018 expenses that were not recorded in the 2018 financial statements. The Board has restated the financial statements to reflect these expenses and as such these consolidated financial statements have been restated to reflect this adjustment.

Adjustments necessary to the 2018 consolidated financial statements as a result of the prior period adjustments are as follows:

**Adjustment to 2018 Tangible Capital Assets**

Cost of tangible capital assets previously recorded at December 31, 2018	\$ 233,929,465
Accumulated amortization to December 31, 2018	(83,891,099)
Amortization not previously recorded	<u>(898,111)</u>
Closing 2018 net book value of tangible capital assets as restated	<u>\$ 149,140,255</u>

**Adjustment to Opening 2018 Accumulated Surplus**

Accumulated surplus as previously stated	
Tangible capital assets	\$ 138,429,382
Surplus (deficit)	(53,787)
Reserves and reserve funds	<u>21,415,574</u>
	159,791,169
Amortization not previously recognized	<u>(773,546)</u>
Opening 2018 accumulated surplus as restated	<u>\$ 159,017,623</u>

**Adjustment to 2018 Expenses**

2018 expenses as previously stated	\$ 23,366,751
Add: Amortization not previously expensed	124,565
Expenses not previously recognized	<u>3,867</u>
2018 expenses as restated for the year ended December 31, 2018	<u>\$ 23,495,183</u>

**CORPORATION OF THE  
TOWNSHIP OF SPRINGWATER**



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

**3. CASH**

	2019	2018
	\$	\$
Unrestricted	5,267,394	3,551,692
Restricted	8,599,095	2,645,432
	<b>13,866,489</b>	<b>6,197,124</b>

Restricted funds are comprised of development charges, parkland fees, and gas tax funding.

**4. CREDIT FACILITY AGREEMENT**

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$2,000,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate less 0.75% per annum. Council authorized the temporary borrowing limit by By-law 2019-004. At December 31, 2019 there was no balance outstanding (2018 - \$Nil).

**5. INVESTMENTS**

Investments consist of the following:

	2019 Annual Interest	2019 \$	2018 \$
GIC maturing Jan 3, 2019	2.05%	-	2,525,274
GIC maturing July 15, 2020	0.79%	10,902	10,817
ONE fund investment	2.42%	12,145,200	-
GIC maturing June 17, 2019	2.42%	-	72,354
GIC maturing Jan 29, 2019	2.16%	-	3,026,985
GIC maturing Jan 3, 2019	2.05%	-	1,515,164
GIC maturing March 11, 2019	2.37%	-	2,006,883
GIC maturing May 8, 2019	2.45%	-	3,010,673
GIC maturing Jan 7, 2019	2.03%	-	6,088,764
GIC maturing May 8, 2019	2.45%	-	3,010,673
		<b>12,156,102</b>	<b>21,267,587</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

**6. ACCOUNTS RECEIVABLE**

	2019	2018
	\$	\$
Government of Canada	432,329	238,662
Government of Ontario	497,040	288,814
User fees - water and sewer	283,246	237,449
Other	1,089,046	1,067,060
	<b>2,301,661</b>	<b>1,831,985</b>

**7. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF SIMCOE**

During 2019, requisitions were made by the County of Simcoe and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxation	7,504,588	10,298,524
Taxation from other governments	23,602	112,675
<b>Amounts requisitioned and remitted</b>	<b>7,528,190</b>	<b>10,411,199</b>

These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

**8. BUDGET FIGURES**

The budget, approved by the Township, for 2019 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 PSA reporting requirements. Budget figures are not subject to audit.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

**9. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS**

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Township are summarized below:

	2019 \$	2018 \$
Development charges	4,901,087	5,819,686
Parkland fees	781,585	674,604
Federal gas tax	1,481,151	925,605
Ontario Community Infrastructure Fund	287,848	1,342
	<b>7,451,671</b>	<b>7,421,237</b>

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2019 \$	2018 \$
Balance - beginning of year	7,421,237	7,906,841
Add amounts received:		
Development charges	763,203	1,137,212
Federal gas tax	1,169,408	580,420
Ontario Community Infrastructure Fund	747,350	482,012
Interest	209,829	180,857
Parkland fees	147,000	9,501
	<b>3,036,790</b>	<b>2,390,002</b>
Less transfer to operations:		
Development charges earned	1,841,869	2,102,026
Federal gas tax earned	640,902	255,707
Parkland fees earned	57,032	35,861
Ontario Community Infrastructure Funds earned	466,553	482,012
	<b>3,006,356</b>	<b>2,875,606</b>
Balance - end of year	<b>7,451,671</b>	<b>7,421,237</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

**10. LONG TERM DEBT**

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2019 \$	2018 \$
Ontario Infrastructure Projects Corporation debenture repayable in blended semi-annual installments of \$79,147 including principal and interest with interest of 4.26%, due October 2030	1,378,703	1,475,172
Green Municipal Fund debenture repayable in blended semi-annual installments of \$60,914 including principal and interest with interest of 2.00%, due July 2030	1,197,537	1,293,960
Ontario Infrastructure Projects Corporation debenture repayable in blended semi-annual installments of \$65,707 including principal and interest with interest of 2.82%, due July 2023	493,812	608,862
Ontario Infrastructure and Lands Corporation debenture repayable in blended semi-annual installments of \$92,003 including principal and interest with interest of 2.74%, due September 2024	854,344	1,011,700
	<b>3,924,396</b>	<b>4,389,694</b>

- (b) The long term debt in (a) issued in the name of the Township have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (c) The Township acts as a collection agency for the Province of Ontario for tile drainage loans for individual ratepayers. The value of these loans outstanding at December 31, 2019 is \$63,266 (2018 - \$97,198).
- (d) Interest paid during the year on long term debt amounted to \$125,268 (2018 - \$138,152).
- (e) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2020	478,971	116,571	595,542
2021	493,153	102,389	595,542
2022	507,703	87,840	595,543
2023	522,737	72,805	595,542
2024	405,890	58,239	464,129
2025 and subsequent years	1,515,942	164,801	1,680,743
	<b>3,924,396</b>	<b>602,645</b>	<b>4,527,041</b>

**CORPORATION OF THE  
TOWNSHIP OF SPRINGWATER**



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

**11. TANGIBLE CAPITAL ASSETS**

The net book value of the Township's tangible capital assets are:

	2019	2018 (Restated - note 2)
	\$	\$
General		
Land and land improvements	29,994,036	29,473,584
Buildings	12,238,544	12,136,505
Vehicles machinery and equipment	6,118,571	5,631,213
Furniture and fixtures	10,670	10,670
Books	204,077	193,029
Infrastructure		
Roads	66,865,530	66,327,541
Water	22,438,083	22,839,469
Sewer	10,482,972	9,669,983
	148,352,483	146,281,994
Assets under construction	3,209,645	2,858,261
	151,562,128	149,140,255

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2018 - \$Nil) and no interest capitalized (2018 - \$Nil).

	2019	2018 (Restated - note 2)
	\$	\$
General government	10,494,655	10,221,835
Protection services	3,376,502	3,477,533
Transportation services	92,467,439	91,668,231
Environmental services	36,442,314	35,711,262
Health services	8,049	8,049
Recreation and cultural services	8,773,169	8,053,345
	151,562,128	149,140,255

**CORPORATION OF THE  
TOWNSHIP OF SPRINGWATER**



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

**12. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2019	2018 (Restated - note 2)
	\$	\$
<b>Surplus/(Deficit)</b>		
Township	1,069,752	-
Municipal drains	(73,126)	(57,840)
	996,626	(57,840)
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	151,562,128	149,140,255
Long term debt	(3,924,396)	(4,389,694)
Unfunded roads capital projects	(4,792,770)	(3,366,258)
	142,844,962	141,384,303
<b>Surplus</b>	143,841,588	141,326,463
<b>Reserves</b>		
Working funds	1,394,162	1,431,533
Capital asset acquisitions	5,927,073	6,157,464
General operations	3,101,459	3,193,104
<b>Total Reserves</b>	10,422,694	10,782,101
<b>Reserve Funds</b>		
Capital assets acquisitions	10,516,020	9,234,944
Recreation programs and facilities	78,003	74,178
<b>Total Reserve Funds</b>	10,594,023	9,309,122
	164,858,305	161,417,686

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

**13. EXPENSES BY OBJECT**

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

	Budget 2019 \$	Actual 2019 \$	Actual 2018 \$ (Restated - note 2)
	(Unaudited)		
Salaries and benefits	8,523,467	8,145,386	7,392,310
Interest charges	330,245	125,268	138,152
Materials	5,830,808	5,088,134	4,846,853
Contracted services	5,342,085	5,022,101	5,042,749
Rents and financial	63,550	68,771	679,033
External transfers	236,287	236,287	215,026
Amortization	5,081,609	5,317,558	5,206,174
Loss/(gain) on disposal of tangible capital assets	-	(30,989)	(25,114)
	<b>25,408,051</b>	<b>23,972,516</b>	<b>23,495,183</b>

**14. TRUST FUNDS**

Trust funds administered by the Township amounting to \$182,848 (2018 - \$187,638) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or operations.

**15. PENSION AGREEMENTS**

Certain employees of the Township are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2019 Annual Report disclosed total actuarial liabilities of \$107,687 million in respect of benefits accrued for service with actuarial assets of \$104,290 million indicating an actuarial deficit of \$3,397 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 Township does not recognize any share of the OMERS pension surplus or deficit.

The Township's required contributions to OMERS in 2019 were \$505,096 (2018 - \$469,572).

**16. CONTINGENT LIABILITIES**

The Township, in the course of its operations, has been named in several lawsuits the outcomes of which are indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

**17. COMPARATIVE FIGURES**

Certain comparative figures were restated, where required, to conform with the current year presentation. There was no impact on the prior year's annual surplus.

**18. SEGMENTED INFORMATION**

The Township of Springwater is a municipal government organization that provides a range of services to its residents. Township services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure.

**General Government**

General government consists of the activities of Council and general financial and administrative management of the Township and its programs and services.

**Protection Services**

Protection services include police, fire, conservation authority and protective inspection and control.

**Transportation Services**

The activities of the transportation function include construction and maintenance of the Township's roads and bridges, winter control and street lighting.

**Environmental Services**

The environmental function is responsible for providing water and sewer services to ratepayers.

**Health Services**

The health services function consists of the cemetery operations.

**Recreation and Cultural Services**

The recreation and cultural services function provides indoor and outdoor recreational facilities and programs and library services.

**Planning and Development**

The planning and development services function manages commercial, industrial and residential development within the Township.

**19. SUBSEQUENT EVENT**

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic and the Township of Springwater declared a State of Emergency on March 23, 2020. The extent of the impact of this outbreak and related containment measures (such as closure of non-essential municipal operations, imposition of quarantines and social distancing) on the Township's operations has been significant.

The Provincial government has announced additional funding that will be applied toward funding the lost revenues and additional expenses that have resulted during fiscal 2020. Management expects the Township will have adequate cash flow to fund its operations throughout the crisis.

The Township can not estimate the length and gravity of the COVID-19 outbreak. If the pandemic continues, it may have a material adverse effect on the Township's results in fiscal 2021. The Township is continually monitoring and assessing new information and recommendations from health and other levels of government as it becomes available, and will continue to respond accordingly.

No amounts related to the impact of the pandemic have been recorded in these financial statements.

**CORPORATION OF THE TOWNSHIP OF SPRINGWATER**



**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
For the Year Ended December 31, 2019**

	General					Infrastructure			Assets Under Construction	Totals
	Land and Land Improvements	Buildings	Vehicles Machinery and Equipment	Furniture and Fixtures	Books	Roads	Water	Sewer		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST</b>										
Balance, beginning of year	32,415,340	17,958,574	12,215,880	147,439	323,929	122,198,628	31,782,907	14,028,507	2,858,261	233,929,465
Add: additions during the year	848,144	480,879	1,252,276	-	49,012	3,753,353	-	1,013,860	351,384	7,748,908
Less: disposals during the year	-	-	146,500	-	44,726	-	-	-	-	191,226
Balance, end of year	33,263,484	18,439,453	13,321,656	147,439	328,215	125,951,981	31,782,907	15,042,367	3,209,645	241,487,147
<b>ACCUMULATED AMORTIZATION</b>										
Balance, beginning of year restated (Note 2)	2,941,756	5,822,069	6,584,667	136,769	130,900	55,871,087	8,943,438	4,358,524	-	84,789,210
Add: additions during the year	327,692	378,840	755,441	-	37,964	3,215,364	401,386	200,871	-	5,317,558
Less: disposals during the year	-	-	137,023	-	44,726	-	-	-	-	181,749
Balance, end of year	3,269,448	6,200,909	7,203,085	136,769	124,138	59,086,451	9,344,824	4,559,395	-	89,925,019
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	29,994,036	12,238,544	6,118,571	10,670	204,077	66,865,530	22,438,083	10,482,972	3,209,645	151,562,128

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER



## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2019

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>								
Property taxation	4,103,024	2,397,883	5,691,243	-	-	2,266,066	621,949	15,080,165
User charges	53,045	699,512	158,793	4,134,127	24,187	785,727	139,250	5,994,641
Government transfers - operating	1,089,082	256,052	358,988	33,552	-	118,781	5,621	1,862,076
Government transfers - capital	-	-	3,864	154,535	-	-	-	158,399
Other municipalities	-	246,630	-	-	-	19,680	2,500	268,810
Penalties and interest on taxes	393,211	-	-	-	-	-	-	393,211
Investment income	489,107	-	-	-	-	44	-	489,151
Donations	34,747	-	-	-	-	64,002	-	98,749
Other	61,577	-	-	-	-	-	-	61,577
Developer contributions earned	11,095	58,752	244,909	640,313	-	886,800	-	1,841,869
Parkland fees earned	-	-	-	-	-	57,032	-	57,032
Federal gas tax earned	-	-	640,902	-	-	-	-	640,902
Ontario Community Infrastructure Fund	-	-	466,553	-	-	-	-	466,553
<b>Total revenues</b>	<b>6,234,888</b>	<b>3,658,829</b>	<b>7,565,252</b>	<b>4,962,527</b>	<b>24,187</b>	<b>4,198,132</b>	<b>769,320</b>	<b>27,413,135</b>
<b>Expenses</b>								
Salaries and benefits	2,140,927	1,856,870	1,922,474	117,222	-	1,598,438	509,455	8,145,386
Interest charges	85,305	-	39,963	-	-	-	-	125,268
Materials	978,051	595,578	1,067,124	1,285,323	23,430	1,019,917	118,711	5,088,134
Contracted services	174,105	2,590,008	801,490	1,224,382	5,217	186,831	40,068	5,022,101
Rents and financial	34,592	1,100	18,850	95	-	14,134	-	68,771
External transfers	-	236,287	-	-	-	-	-	236,287
Amortization	280,118	231,586	3,693,984	646,073	-	465,797	-	5,317,558
Loss (gain) on disposal of tangible capital assets	-	3,866	(32,255)	-	-	(2,600)	-	(30,989)
Internal transfers	(310,739)	84,985	(21,878)	240,304	-	7,109	219	-
<b>Total expenses</b>	<b>3,382,359</b>	<b>5,600,280</b>	<b>7,489,752</b>	<b>3,513,399</b>	<b>28,647</b>	<b>3,289,626</b>	<b>668,453</b>	<b>23,972,516</b>
<b>Net surplus/(deficit)</b>	<b>2,852,529</b>	<b>(1,941,451)</b>	<b>75,500</b>	<b>1,449,128</b>	<b>(4,460)</b>	<b>908,506</b>	<b>100,867</b>	<b>3,440,619</b>

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER



## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE - restated - note 2 For the Year Ended December 31, 2018

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>								
Property taxation	3,771,353	2,204,048	5,231,187	-	-	2,082,887	571,673	13,861,148
User charges	27,174	982,136	694,244	4,005,452	15,897	638,098	175,437	6,538,438
Government transfers - operating	1,018,527	41,253	-	32,421	-	71,956	56,258	1,220,415
Government transfers - capital	-	-	1,680	80,800	-	-	-	82,480
Other municipalities	-	193,040	-	-	-	21,371	15,000	229,411
Penalties and interest on taxes	377,518	-	-	-	-	-	-	377,518
Investment income	451,466	-	-	-	-	-	-	451,466
Donations	149,420	-	-	-	-	-	-	149,420
Other	96,364	(5,055)	(3,447)	-	-	422	21,060	109,344
Developer contributions earned	3,959	358,100	468,176	139,172	-	1,132,417	202	2,102,026
Parkland fees earned	-	-	-	-	-	35,861	-	35,861
Federal gas tax earned	-	-	255,707	-	-	-	-	255,707
Ontario Community Infrastructure Fund	482,012	-	-	-	-	-	-	482,012
<b>Total revenues</b>	<b>6,377,793</b>	<b>3,773,522</b>	<b>6,647,547</b>	<b>4,257,845</b>	<b>15,897</b>	<b>3,983,012</b>	<b>839,630</b>	<b>25,895,246</b>
<b>Expenses</b>								
Salaries and benefits	2,050,499	1,593,956	1,672,879	112,081	-	1,483,229	479,666	7,392,310
Interest charges	91,513	-	46,639	-	-	-	-	138,152
Materials	1,070,915	756,508	619,225	1,164,073	25,371	1,070,179	140,582	4,846,853
Contracted services	274,091	2,606,442	724,634	1,203,849	5,066	171,170	57,497	5,042,749
Rents and financial	43,877	940	623,650	272	-	10,294	-	679,033
External transfers	-	215,026	-	-	-	-	-	215,026
Amortization	273,196	229,603	3,702,192	603,350	-	397,833	-	5,206,174
Loss (gain) on disposal of tangible capital assets	-	(1,200)	(23,914)	-	-	-	-	(25,114)
Internal transfers	(270,257)	72,071	(41,483)	218,421	-	20,476	772	-
<b>Total expenses</b>	<b>3,533,834</b>	<b>5,473,346</b>	<b>7,323,822</b>	<b>3,302,046</b>	<b>30,437</b>	<b>3,153,181</b>	<b>678,517</b>	<b>23,495,183</b>
<b>Net surplus/(deficit)</b>	<b>2,843,959</b>	<b>(1,699,824)</b>	<b>(676,275)</b>	<b>955,799</b>	<b>(14,540)</b>	<b>829,831</b>	<b>161,113</b>	<b>2,400,063</b>

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

We have audited the financial statements of the Trust Fund of the Corporation of the Township of Springwater (the Trust Fund), which comprise the statement of financial position as at December 31, 2019, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Fund as at December 31, 2019, and the continuity of the Trust Fund for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Basis for Opinion*

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

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

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

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

Those charged with governance are responsible for overseeing the Trust Funds' financial reporting process.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Baker Tilly KDN LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
February 18, 2021

**CORPORATION OF THE  
TOWNSHIP OF SPRINGWATER**



**TRUST FUNDS  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2019**

	Subdivision Trust Funds \$	H D Russell Recreation and Cemetery Trust Funds \$	Cemetery Care and Maintenance Trust Funds \$	2019 Total \$	2018 Total \$
<b>FINANCIAL ASSETS</b>					
Cash	7,705	-	-	7,705	20,219
Investments (note 2)	-	12,974	162,169	175,143	167,419
	7,705	12,974	162,169	182,848	187,638
<b>FUND BALANCES</b>	7,705	12,974	162,169	182,848	187,638

*The accompanying notes are an integral part of these financial statements*

**CORPORATION OF THE  
TOWNSHIP OF SPRINGWATER**



**TRUST FUNDS  
STATEMENT OF CONTINUITY  
For the Year Ended December 31, 2019**

	Subdivision Trust Funds \$	H D Russell Recreation and Cemetery Trust Funds \$	Cemetery Care and Maintenance Trust Funds \$	2019 Total \$	2018 Total \$
<b>BALANCES - beginning of year</b>	20,219	12,244	155,175	187,638	189,190
<b>RECEIPTS</b>					
Investment income	462	870	8,429	9,761	804
Perpetual care receipts	-	-	3,747	3,747	1,982
	462	870	12,176	13,508	2,786
<b>EXPENSES</b>					
Transfer to Township	12,976	140	3,259	16,375	3,447
Investment fees	-	-	1,923	1,923	891
	12,976	140	5,182	18,298	4,338
<b>BALANCES - end of year</b>	7,705	12,974	162,169	182,848	187,638

*The accompanying notes are an integral part of these financial statements*

**TRUST FUNDS  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

---

**1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which 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.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Township's best information and judgment. Actual results could differ from these estimates.

**2. INVESTMENTS**

Investments are comprised of Guaranteed Investment Certificates and funds held by Scotiabank, TD Canada Trust and RBC Dominion Securities and are recorded at cost plus the accrued interest earned at December 31, 2019. Interest rates range on the GIC's from 1.01% to 1.94% and maturity dates from 2020 to 2021.

**3. CARE AND MAINTENANCE FUNDS**

The Cemetery Care and Maintenance Fund administered by the Cemetery Board is funded by the sale of cemetery plots. These funds are invested and earnings derived there from are used to perform perpetual care maintenance to the Board's cemeteries. The operations and investments of the Fund are undertaken by the Board in accordance with the regulations of the Cemeteries Act. The figures reported for the cemetery perpetual care and maintenance represent the trust fund activities for the Midhurst Union cemetery.

**4. SUBSEQUENT EVENT**

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Trust Fund's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Trust Fund's operations. The extent of the impact of this outbreak and related containment measures on the Trust Fund's operations cannot be reliably estimated at this time.

**CORPORATION OF THE TOWNSHIP OF  
SPRINGWATER**

**SPRINGWATER TOWNSHIP PUBLIC LIBRARY BOARD**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

## INDEPENDENT AUDITOR'S REPORT

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

**Baker Tilly KDN LLP**  
272 Charlotte St.  
Peterborough, ON  
Canada K9J 2V4

**T: (705) 742-3418**  
**F: (705) 742-9775**

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

### *Qualified Opinion*

We have audited the financial statements of the Springwater Township Public Library Board of the Corporation of the Township of Springwater (the Board), which comprise the statement of financial position as at December 31, 2019, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### *Basis for Qualified Opinion*

In common with many Public Library Boards, the Board derives revenue from donations, fines, and user fees, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Board. Therefore, we were not able to determine whether any adjustments might be necessary to donations, fines, and user fees revenue, annual surplus, assets and accumulated surplus.

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

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

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

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

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Baker Tilly KDN LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
February 18, 2021

**CORPORATION OF THE  
TOWNSHIP OF SPRINGWATER**



**SPRINGWATER TOWNSHIP PUBLIC LIBRARY BOARD  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2019**

	2019	2018
	\$	\$
<b>FINANCIAL ASSETS</b>		
<u>Due from Township</u>	<u>76,424</u>	<u>74,178</u>
<b>NET FINANCIAL ASSETS</b>	76,424	74,178
<b>NON-FINANCIAL ASSETS</b>		
<u>Tangible capital assets (note 2)</u>	<u>204,078</u>	<u>193,030</u>
<b>ACCUMULATED SURPLUS (note 3)</b>	<u>280,502</u>	<u>267,208</u>

---

*The accompanying notes are an integral part of these financial statements*

**CORPORATION OF THE  
TOWNSHIP OF SPRINGWATER**



**SPRINGWATER TOWNSHIP PUBLIC LIBRARY BOARD  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
For the Year Ended December 31, 2019**

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
<b>REVENUES</b>			
Contributions from Township	683,000	682,593	645,555
Contributions from Township - development charges	78,000	78,499	44,644
Fines and user fees	23,200	36,594	31,425
Province of Ontario	30,000	28,504	29,779
Other municipalities	13,500	12,180	13,871
Other grants	3,000	3,920	5,492
Interest	-	2,247	676
Donations	7,500	16,368	12,008
<b>TOTAL REVENUES</b>	<b>838,200</b>	<b>860,905</b>	<b>783,450</b>
<b>EXPENSES</b>			
Salaries and benefits	629,822	637,582	589,850
Materials and supplies	104,325	101,113	45,352
Utilities, services and rent	68,200	70,952	55,184
Amortization	35,012	37,964	35,012
<b>TOTAL EXPENSES</b>	<b>837,359</b>	<b>847,611</b>	<b>725,398</b>
<b>ANNUAL SURPLUS</b>	<b><u>841</u></b>	<b>13,294</b>	<b>58,052</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>267,208</b>	<b>209,156</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>280,502</b>	<b>267,208</b>

*The accompanying notes are an integral part of these financial statements*

**CORPORATION OF THE  
TOWNSHIP OF SPRINGWATER**



**SPRINGWATER TOWNSHIP PUBLIC LIBRARY BOARD  
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
For the Year Ended December 31, 2019**

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
<b>ANNUAL SURPLUS</b>	841	13,294	58,052
Amortization of tangible capital assets	35,012	37,964	35,012
Acquisition of tangible capital assets	(50,000)	(49,012)	(49,605)
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	(14,147)	2,246	43,459
<b>NET FINANCIAL ASSETS - beginning of year</b>	74,178	74,178	30,719
<b>NET FINANCIAL ASSETS - end of year</b>	60,031	76,424	74,178

*The accompanying notes are an integral part of these financial statements*

**CORPORATION OF THE  
TOWNSHIP OF SPRINGWATER**



**SPRINGWATER TOWNSHIP PUBLIC LIBRARY BOARD  
STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2019**

	2019	2018
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	13,294	58,052
Items not involving cash		
Amortization of tangible capital assets	37,964	35,012
Change in non-cash assets and liabilities		
Change in due from Township	(2,246)	(43,459)
<b>Net change in cash from operating activities</b>	<b>49,012</b>	<b>49,605</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(49,012)	(49,605)
<b>NET CHANGE IN CASH</b>	<b>-</b>	<b>-</b>
<b>CASH - beginning of year</b>	<b>-</b>	<b>-</b>
<b>CASH - end of year</b>	<b>-</b>	<b>-</b>

*The accompanying notes are an integral part of these financial statements*

**SPRINGWATER TOWNSHIP PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

---

**1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

User fees are recognized as revenue in the year the goods and services are provided.

Fines and donations are recognized when the amounts are received.

(b) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Board's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Board's significant estimates include:

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Books	7 years
Equipment	5 to 20 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

(d) Non-Financial Assets

Tangible capital assets and other non-financial assets are accounted for as assets by the Board because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Board unless they are sold.

(e) Government Funding

Government funding is recognized in the financial statements as revenues 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 amounts can be made.

**CORPORATION OF THE  
TOWNSHIP OF SPRINGWATER**



**SPRINGWATER TOWNSHIP PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(f) Reserve Funds

Certain amounts, as approved by the Board, are set aside in reserve funds for future operating and capital purposes. Transfers to and/or from reserve funds are an adjustment to the respective fund when approved.

(g) Inter-Entity Transactions

The Springwater Township Public Library Board is a Board of the Township of Springwater and is consolidated with the Township's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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

**2. TANGIBLE CAPITAL ASSETS**

The net book value of the Board's tangible capital assets are:

	Equipment \$	Books \$	2019 Totals \$	2018 Totals \$
<b>COST</b>				
Balance, beginning of year	30,629	323,931	354,560	346,941
Add: additions during the year	-	49,012	49,012	49,605
Less: disposals during the year	-	44,726	44,726	41,986
Balance, end of year	30,629	328,217	358,846	354,560
<b>ACCUMULATED AMORTIZATION</b>				
Balance, beginning of year	30,629	130,901	161,530	168,504
Add: additions during the year	-	37,964	37,964	35,012
Less: disposals during the year	-	44,726	44,726	41,986
Balance, end of year	30,629	124,139	154,768	161,530
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	-	204,078	204,078	193,030

**SPRINGWATER TOWNSHIP PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

---

**3. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2019	2018
	\$	\$
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	204,078	193,030
<b>Surplus</b>	204,078	193,030
<b>Reserve Fund</b>		
Capital asset acquisitions	76,424	74,178
	<b>280,502</b>	<b>267,208</b>

**4. BUDGET FIGURES**

The operating budget, approved by the Board, for 2019 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets 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 expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

**SPRINGWATER TOWNSHIP PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

---

**5. INTER-ENTITY TRANSACTIONS**

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

As part of the budgeting process, the Township approves a contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus. In addition, the Township collects and remits development charges to the Board for library capital expenditures. These revenues are reported on the Statement of Operations and Accumulated Surplus.

Details of the Inter-Entity expense transactions are as follows:

	2019	2018
	\$	\$
Allocated costs:		
Insurance	10,290	7,601
Audit fees	1,550	1,500
Facility rent	7,500	6,200
	19,340	15,301

In addition, the following services are provided to the Board by the Township at no cost.

- Accounting and administrative services
- Professional services

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

**6. SUBSEQUENT EVENT**

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Board's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Board's operations. The extent of the impact of this outbreak and related containment measures on the Board's operations cannot be reliably estimated at this time.

**CORPORATION OF THE TOWNSHIP OF  
SPRINGWATER**

**ELMVALE BUSINESS IMPROVEMENT AREA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

## INDEPENDENT AUDITOR'S REPORT

**To the Members of the Elmvale Business Improvement Area, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Springwater**

**Baker Tilly KDN LLP**  
272 Charlotte St.  
Peterborough, ON  
Canada K9J 2V4

**T: (705) 742-3418**  
**F: (705) 742-9775**

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

### *Opinion*

We have audited the financial statements of the Elmvale Business Improvement Area of the Corporation of the Township of Springwater (the Board), which comprise the statement of financial position as at December 31, 2019, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### *Basis for Opinion*

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

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

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

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

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Baker Tilly KDN LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
February 18, 2021

**CORPORATION OF THE  
TOWNSHIP OF SPRINGWATER**



**ELMVALE BUSINESS IMPROVEMENT AREA  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2019**

	2019	2018
	\$	\$
		(Restated - note 5)
<b>FINANCIAL ASSETS</b>		
Due from Township	42,266	51,079
<b>NET FINANCIAL ASSETS</b>	42,266	51,079
<b>ACCUMULATED SURPLUS</b> (note 2)	42,266	51,079

---

*The accompanying notes are an integral part of these financial statements*

**CORPORATION OF THE  
TOWNSHIP OF SPRINGWATER**



**ELMVALE BUSINESS IMPROVEMENT AREA  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
For the Year Ended December 31, 2019**

	Budget 2019 \$  (Unaudited)	Actual 2019 \$	Actual 2018 \$  (Restated - note 5)
<b>REVENUES</b>			
Members' tax levy	21,060	20,520	21,060
<b>EXPENSES</b>			
Networking and communication	10,000	13,898	4,660
Promotion	5,000	4,900	5,082
Administration	1,025	1,025	1,000
Tourism and events	5,035	9,510	4,683
<b>TOTAL EXPENSES</b>	21,060	29,333	15,425
<b>ANNUAL SURPLUS/(DEFICIT)</b>	-	(8,813)	5,635
<b>ACCUMULATED SURPLUS - beginning of year</b>		51,079	45,444
<b>ACCUMULATED SURPLUS - end of year</b>		42,266	51,079

*The accompanying notes are an integral part of these financial statements*

**CORPORATION OF THE  
TOWNSHIP OF SPRINGWATER**



**ELMVALE BUSINESS IMPROVEMENT AREA  
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
For the Year Ended December 31, 2019**

	Budget 2019 \$  (Unaudited)	Actual 2019 \$	Actual 2018 \$  (Restated - note 5)
<b>ANNUAL SURPLUS/(DEFICIT)</b>	-	(8,813)	5,635
<b>NET FINANCIAL ASSETS - beginning of year</b>	51,079	51,079	45,444
<b>NET FINANCIAL ASSETS - end of year</b>	51,079	42,266	51,079

*The accompanying notes are an integral part of these financial statements*

**CORPORATION OF THE  
TOWNSHIP OF SPRINGWATER**



**ELMVALE BUSINESS IMPROVEMENT AREA  
STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2019**

	2019 \$	2018 \$ (Restated - note 5)
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus/(deficit)	(8,813)	5,635
Change in non-cash assets and liabilities		
Due from Township	8,813	(5,635)
<b>NET CHANGE IN CASH</b>	-	-
<b>CASH - beginning of year</b>	-	-
<b>CASH - end of year</b>	-	-

*The accompanying notes are an integral part of these financial statements*

**1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Board's best information and judgment. Actual results could differ from these estimates.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The Board has no significant tangible capital assets.

(d) Reserves

Certain amounts, as approved by the Board, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective fund when approved.

(e) Inter-Entity Transactions

The Elmvale Business Improvement Area is a Board of the Township of Springwater and is consolidated with the Township's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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

**ELMVALE BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

---

**2. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2019	2018 (Restated - note 5)
	\$	\$
<b>Reserve</b>		
General operations	42,266	51,079
	<b>42,266</b>	<b>51,079</b>

**3. BUDGET FIGURES**

The operating budget, approved by the Board, for 2019 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets 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 expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

**4. INTER-ENTITY TRANSACTIONS**

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

As part of the budgeting process, the Township approves a contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus. The contribution is based on an additional tax levy on the businesses within the geographical boundaries of the Elmvale Business Improvement Area. The Township bills the tax levy and contributes this tax levy adjusted for any applicable supplementary tax billing or tax write-off annually to the Board.

Details of the related party expense transactions are as follows:

	2019	2018
Allocated costs:		
Audit fees	1,000	1,000

In addition, the following services are provided to the Board by the Township at no cost:

- Accounting and administrative services
- Professional services

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

**ELMVALE BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

---

**5. RESTATEMENT FOR CHANGE IN ACCOUNTING POLICY**

The Board determined during the year that there were 2018 expenses that were not recorded in the 2018 financial statements. The Board has restated the financial statements to reflect these expenses and as such these consolidated financial statements have been restated to reflect this adjustment.

**Adjustment to 2018 Expenses**

2018 expenses as previously stated	\$	11,558
Add: expenses not previously recognized		<u>3,867</u>

**Adjustment to 2018 Annual Surplus**

2018 annual surplus as previously stated	\$	9,502
Less: expenses not previously recognized		<u>(3,867)</u>
2018 Annual Surplus as restated	\$	<u>5,635</u>

**6. SUBSEQUENT EVENT**

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Board's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Board's operations. The extent of the impact of this outbreak and related containment measures on the Board's operations cannot be reliably estimated at this time.