

**CORPORATION OF THE TOWNSHIP OF SPRINGWATER**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**CORPORATION OF THE TOWNSHIP OF SPRINGWATER**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**TABLE OF CONTENTS**

	Page Number
<b>MANAGEMENT REPORT</b>	
<b>INDEPENDENT AUDITORS' 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 - 15
Schedule of Tangible Capital Assets	16
Schedules of Segment Disclosure	17 - 18
<b>TRUST FUNDS</b>	
Independent Auditors' Report	19
Statement of Financial Position	20
Statement of Continuity	21
Notes to the Financial Statements	22
<b>LOCAL BOARDS</b>	
Springwater Township Public Library Board	23 - 31
Elmvale Business Improvement Area	32 - 38

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**CORPORATION OF THE TOWNSHIP OF SPRINGWATER**

**For The Year Ended December 31, 2015**

**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 auditors, 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 auditors' report.

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

Mayor



Date

May 4, 2016

Director of Finance



Date

May 4 / 16

## **INDEPENDENT AUDITORS' REPORT**

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

#### *Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Springwater and its local boards, which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

#### *Auditors' Responsibility*

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

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

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

#### *Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Springwater and its local boards as at December 31, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### *Collins Barrow Kawarthas LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
May 6, 2016

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2015

	2015	2014
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash (note 5)	22,762,881	20,017,604
Investments (note 7)	296,819	296,392
Accounts receivable (note 8)	1,269,260	1,429,394
Taxes receivable	2,722,500	3,016,214
<b>TOTAL FINANCIAL ASSETS</b>	<b>27,051,460</b>	<b>24,759,604</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	5,457,919	4,762,654
Deferred revenue - obligatory reserve funds (note 9)	5,499,001	4,274,724
Long term debt (note 10)	6,481,554	6,949,540
<b>TOTAL LIABILITIES</b>	<b>17,438,474</b>	<b>15,986,918</b>
<b>NET FINANCIAL ASSETS</b>	<b>9,612,986</b>	<b>8,772,686</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 12)	146,489,606	146,507,217
Prepaid expenses	94,950	130,555
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>146,584,556</b>	<b>146,637,772</b>
<b>ACCUMULATED SURPLUS (note 13)</b>	<b>156,197,542</b>	<b>155,410,458</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, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
<b>REVENUES</b>			
Property taxation	11,527,923	11,554,865	10,933,170
User charges	4,502,385	5,400,826	4,579,246
Government of Canada	3,500	7,078	4,323
Province of Ontario	853,150	855,687	972,862
Other municipalities	221,292	196,608	232,571
Penalties and interest on taxes	462,000	467,203	460,642
Investment income	140,000	210,390	232,104
Donations and fundraising	54,500	142,840	155,225
Other	28,560	66,306	411,215
Ontario Community Infrastructure Fund earned	179,679	180,317	-
Development charges earned	6,587,563	1,247,772	2,115,617
Federal gas tax earned	527,655	637,416	826,023
<b>TOTAL REVENUES</b>	<b>25,088,207</b>	<b>20,967,308</b>	<b>20,922,998</b>
<b>EXPENSES</b>			
General government	3,056,557	2,924,188	2,932,435
Protection services	4,622,451	4,417,348	4,069,283
Transportation services	6,612,955	6,864,677	7,257,093
Environmental services	2,560,978	2,760,900	2,667,979
Health services	33,124	42,995	39,912
Recreation and cultural services	2,334,325	2,548,212	2,546,685
Planning and development	657,402	621,904	542,258
<b>TOTAL EXPENSES</b>	<b>19,877,792</b>	<b>20,180,224</b>	<b>20,055,645</b>
<b>ANNUAL SURPLUS</b>	<b>5,210,415</b>	<b>787,084</b>	<b>867,353</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>	<b>155,410,458</b>	<b>155,410,458</b>	<b>154,543,105</b>
<b>ACCUMULATED SURPLUS - end of year</b>	<b>160,620,873</b>	<b>156,197,542</b>	<b>155,410,458</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, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
<b>ANNUAL SURPLUS</b>	5,210,415	787,084	867,353
Amortization of tangible capital assets	4,545,880	4,938,619	4,863,643
Acquisition of tangible capital assets	(9,995,588)	(5,025,799)	(5,919,331)
Loss on disposal of tangible capital assets	-	104,791	524,816
Decrease in prepaid expenses	-	35,605	193,203
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	(239,293)	840,300	529,684
<b>NET FINANCIAL ASSETS - beginning of year</b>	8,772,686	8,772,686	8,243,002
<b>NET FINANCIAL ASSETS - end of year</b>	8,533,393	9,612,986	8,772,686

*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, 2015

	2015	2014
	\$	\$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Annual surplus	787,084	867,353
Decrease in accounts receivable	160,134	200,226
Decrease in taxes receivable	293,714	115,328
Decrease in prepaid expenses	35,605	193,203
Increase/(decrease) in accounts payable and accrued liabilities	695,265	(427,248)
Increase/(decrease) in deferred revenue - obligatory reserve funds	1,224,277	(1,481,357)
Non-cash charges to operations		
Amortization of tangible capital assets	4,938,619	4,863,643
Loss on disposal of tangible capital assets	104,791	524,816
Net increase in cash from operating transactions	8,239,489	4,855,964
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(5,025,799)	(5,919,331)
<b>INVESTING</b>		
Purchase of investments	(83,147)	(29,600)
Redemption of investments	82,720	28,085
Net decrease in cash from investing transactions	(427)	(1,515)
<b>FINANCING</b>		
Long term debt issued	-	1,600,000
Debt principal repayments	(467,986)	(317,432)
Net increase/(decrease) in cash from financing transactions	(467,986)	1,282,568
<b>INCREASE IN CASH</b>	2,745,277	217,686
<b>CASH - beginning of year</b>	20,017,604	19,799,918
<b>CASH - end of year</b>	22,762,881	20,017,604

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

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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 financial statements include:

- Springwater Township Public Library Board
- Elmvale Business Improvement Area
- Anten Mills Recreation Service Board
- Midhurst Recreation Service Board
- Phelpston Recreation Service Board
- Grenfel Recreation Service Board
- Minesing Recreation Service Board
- Hillsdale Recreation Service Board
- Elmvale Recreation Service Board
- 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) 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.

#### (d) 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.

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

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### 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) 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.

#### (g) 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.

#### (h) 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.

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (i) 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.

#### (j) 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 Township'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 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.

### 2. CHANGE IN ACCOUNTING POLICY

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

### 3. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF SIMCOE

During 2015, 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	6,817,377	8,203,606
Taxation from other governments	18,807	94,639
Amounts requisitioned and remitted	6,836,184	8,298,245

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

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

### 4. TRUST FUNDS

Trust funds administered by the Township amounting to \$183,414 (2014 - \$174,348) 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.

### 5. CASH

	2015	2014
	\$	\$
Unrestricted	6,592,608	5,439,512
Restricted	16,170,273	14,578,092
	22,762,881	20,017,604

### 6. 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 2015-014. At December 31, 2015 there was no balance outstanding (2014 - \$Nil).

### 7. INVESTMENTS

Investments consist of a money market fund that has been reported at cost and various GIC's with interest rates ranging from 0.79% to 3.30% and maturity dates ranging from 2016 to 2020 that have been reported at cost plus accrued interest earned to December 31, 2015.

### 8. ACCOUNTS RECEIVABLE

	2015	2014
	\$	\$
Government of Canada	174,032	559,790
Government of Ontario	272,112	132,058
User fees - water and sewer	156,498	144,549
Other	666,618	592,997
	1,269,260	1,429,394

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

### 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:

	2015	2014
	\$	\$
Development charges	4,804,991	3,482,770
Parkland fees	693,676	684,535
Ontario Community Infrastructure Fund	334	-
Federal gas tax	-	107,419
	<b>5,499,001</b>	<b>4,274,724</b>

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

	2015	2014
	\$	\$
Balance - beginning of year	4,274,724	5,756,081
Add amounts received:		
Development charges	2,514,963	837,649
Federal gas tax	527,655	541,960
Ontario Community Infrastructure Fund	179,679	-
Interest	66,085	80,674
Parkland fees	1,400	-
	<b>3,289,782</b>	<b>1,460,283</b>
Less transfer to operations:		
Development charges earned	1,247,772	2,115,617
Federal gas tax earned	637,416	826,023
Ontario Community Infrastructure Funds earned	180,317	-
	<b>2,065,505</b>	<b>2,941,640</b>
Balance - end of year	<b>5,499,001</b>	<b>4,274,724</b>

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

### 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:

	2015	2014
	\$	\$
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	1,741,337	1,822,838
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	1,571,978	1,661,023
Bank loan repayable in blended monthly installments of \$6,329 including principal and interest with interest of 2.79%, due December 2017	774,069	827,524
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	935,297	1,038,155
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 3, 2024	1,458,873	1,600,000
	<u>6,481,554</u>	<u>6,949,540</u>

- (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, 2015 is \$134,742 (2014 - \$81,852). These loans and the related repayments are not reported on the Consolidated Statements of Financial Position, Operations and Accumulated Surplus, Change in Net Financial Assets and Cash Flows.
- (d) Interest paid during the year on long term debt amounted to \$203,422 (2014 - \$169,969).

**CORPORATION OF THE TOWNSHIP OF SPRINGWATER**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2015**

**10. LONG TERM DEBT, continued**

(e) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2016	481,614	189,879	671,493
2017	1,158,043	175,705	1,333,748
2018	452,015	162,859	614,874
2019	465,298	130,245	595,543
2020	478,971	116,521	595,492
2021 and subsequent years	3,445,613	511,480	3,957,093
	<b>6,481,554</b>	<b>1,286,689</b>	<b>7,768,243</b>

**11. BUDGET FIGURES**

The budget, approved by the Township, for 2015 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The 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 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.

	(Unaudited) Revenue \$	(Unaudited) Expenses \$
Council approved budget:		
Operating	18,775,453	18,730,453
Capital	9,950,588	9,995,588
Total Council approved budget	28,726,041	28,726,041
Less: Tangible capital assets capitalized	-	(9,995,588)
Add: Amortization of tangible capital assets	-	4,545,880
Less: Principal repayment of long term debt	-	(577,986)
Less: Reserve transfers	(3,637,834)	(2,820,555)
<b>Adjusted budget per Consolidated Statement of Operations</b>	<b>25,088,207</b>	<b>19,877,792</b>

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

### 12. TANGIBLE CAPITAL ASSETS

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

	2015	2014
	\$	\$
General		
Land and land improvements	29,477,083	29,396,897
Buildings	11,323,442	11,592,016
Vehicles machinery and equipment	3,525,308	3,674,218
Furniture and fixtures	38,714	51,945
Books	152,278	148,830
Infrastructure		
Roads	69,135,239	68,549,216
Water	23,373,853	23,736,139
Sewer	9,364,219	9,231,919
	146,390,136	146,381,180
Assets under construction	99,470	126,037
	146,489,606	146,507,217

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

During the year there were no write-downs of assets (2014 - \$Nil) and no interest capitalized (2014 - \$Nil).

	2015	2014
	\$	\$
General government	9,804,473	10,149,487
Protection services	2,497,831	2,529,508
Transportation services	93,134,780	92,498,775
Environmental services	33,596,275	33,849,396
Recreation and cultural services	7,456,247	7,480,051
	146,489,606	146,507,217

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

### 13. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2015	2014
	\$	\$
<b>Surplus/(Deficit)</b>		
Community centres	70,782	77,037
Municipal drains	(63,116)	(38,930)
	7,666	38,107
<b>Invested in Capital Assets</b>		
Tangible capital assets - net book value	146,489,606	146,507,217
Long term debt	(6,481,554)	(6,949,540)
Unfunded capital (note 13(b))	(2,675,821)	(1,404,107)
	137,332,231	138,153,570
<b>Surplus</b>	137,339,897	138,191,677
<b>Reserves</b>		
Working funds	1,847,848	1,657,289
Capital asset acquisitions	5,245,395	4,416,825
General operations	3,163,599	3,222,917
<b>Total Reserves</b>	10,256,842	9,297,031
<b>Reserve Funds</b>		
Capital assets acquisitions	8,564,742	7,886,053
Recreation programs and facilities	36,061	35,697
<b>Total Reserve Funds</b>	8,600,803	7,921,750
	156,197,542	155,410,458

(b) Unfunded capital consists of the following:

	2015	2014
	\$	\$
Roads capital projects	(2,675,821)	(1,266,390)
Nursery Park ball diamonds	-	(135,819)
Grenfel Pavilion	-	(1,898)
	(2,675,821)	(1,404,107)

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

### 14. PENSION AGREEMENTS

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions required on account of current service in 2015 were \$399,316 (2014 - \$379,866).

### 15. 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.

### 16. EXPENSES BY OBJECT

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

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
Salaries and benefits	6,372,874	6,024,075	6,030,144
Interest charges	253,421	227,785	168,329
Materials	3,372,381	3,689,500	3,738,277
Contracted services	4,520,147	4,503,015	3,987,525
Rents and financial	624,089	503,439	559,662
External transfers	189,000	189,000	183,248
Amortization	4,545,880	4,938,619	4,863,643
Loss on disposal of tangible capital assets	-	104,791	524,817
	19,877,792	20,180,224	20,055,645

### 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.

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

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### 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.

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2015

	General					Infrastructure			Assets Under Construction \$	Totals \$
	Land and Land Improvements \$	Buildings \$	Machinery and Equipment \$	Furniture and Fixtures \$	Books \$	Roads \$	Water \$	Sewer \$		
<b>COST</b>										
Balance, beginning of year	30,885,386	16,050,075	8,591,678	147,439	293,041	112,136,119	31,162,520	12,907,895	126,037	212,300,115
Add: additions during the year	225,892	63,838	528,882	-	43,722	3,874,093	-	269,251	20,121	5,025,715
Less: disposals during the year	-	-	401,881	-	39,329	185,440	-	-	-	626,651
Internal transfers	-	-	3,431	-	-	-	13,325	29,932	(46,688)	-
Balance, end of year	31,111,278	16,113,913	8,722,110	147,439	297,434	115,824,772	31,175,845	13,207,078	99,470	216,699,333
<b>ACCUMULATED AMORTIZATION</b>										
Balance, beginning of year	1,488,489	4,458,059	4,917,460	95,494	144,211	43,586,903	7,426,381	3,675,976	-	65,792,973
Add: additions during the year	145,706	332,412	678,445	13,231	40,274	3,186,057	375,611	166,883	-	4,938,613
Less: disposals during the year	-	-	399,103	-	39,329	83,427	-	-	-	521,857
Balance, end of year	1,634,195	4,790,471	5,196,802	108,725	145,156	46,689,533	7,801,992	3,842,859	-	70,209,733
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	29,477,083	11,323,442	3,525,308	38,714	152,278	69,135,239	23,373,853	9,364,219	99,470	146,489,600

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2015

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>								
Property taxation	3,262,859	1,815,488	4,426,992	-	-	1,680,775	368,751	11,554,865
User charges	40,561	1,042,758	121,871	3,245,029	40,489	709,510	200,608	5,400,826
Government transfers - operating	274,753	262,092	257,360	15,000	-	50,929	2,631	862,765
Other municipalities	-	175,337	-	-	-	21,271	-	196,608
Penalties and interest on taxes	131,928	73,406	178,999	-	-	67,960	14,910	467,203
Investment income	126,509	9,832	792	72,825	-	432	-	210,390
Donations and fundraising	82,425	2,915	-	-	-	57,500	-	142,840
Other	-	1,088	35,805	-	-	7,957	21,456	66,306
Ontario Community Infrastructure Fund earned	-	-	180,317	-	-	-	-	180,317
Development charges earned	34,503	40,256	644,495	289,372	-	239,146	-	1,247,772
Federal gas tax earned	-	-	637,416	-	-	-	-	637,416
<b>Total revenues</b>	<b>3,953,538</b>	<b>3,423,172</b>	<b>6,484,047</b>	<b>3,622,226</b>	<b>40,489</b>	<b>2,835,480</b>	<b>608,356</b>	<b>20,967,308</b>
<b>Expenses</b>								
Salaries and benefits	1,580,280	1,316,265	1,460,167	43,288	-	1,263,288	360,787	6,024,075
Interest charges	107,911	-	97,479	22,395	-	-	-	227,785
Materials	791,541	493,247	568,922	965,428	36,302	760,491	73,569	3,689,500
Contracted services	267,758	2,152,282	604,181	1,057,507	6,693	227,902	186,692	4,503,015
Rents and financial	35,979	-	446,451	-	-	21,009	-	503,439
External transfers	-	189,000	-	-	-	-	-	189,000
Amortization	327,488	198,063	3,612,480	542,493	-	258,095	-	4,938,619
Loss on disposal of tangible capital assets	-	2,778	102,013	-	-	-	-	104,791
Internal transfers	(186,769)	65,713	(27,016)	129,789	-	17,427	856	-
<b>Total expenses</b>	<b>2,924,188</b>	<b>4,417,348</b>	<b>6,864,677</b>	<b>2,760,900</b>	<b>42,995</b>	<b>2,548,212</b>	<b>621,904</b>	<b>20,180,224</b>
<b>Net surplus/(deficit)</b>	<b>1,029,350</b>	<b>(994,176)</b>	<b>(380,630)</b>	<b>861,326</b>	<b>(2,506)</b>	<b>287,268</b>	<b>(13,548)</b>	<b>787,084</b>

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2014

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>								
Property taxation	2,386,551	3,004,420	3,771,483	-	-	1,385,518	385,198	10,933,170
User charges	29,112	547,866	62,964	2,926,797	41,221	704,155	267,131	4,579,246
Government transfers - operating	300,000	310,725	282,620	27,740	-	46,930	9,170	977,185
Other municipalities	-	215,368	-	-	-	17,203	-	232,571
Penalties and interest on taxes	100,583	126,573	158,888	-	-	58,370	16,228	460,642
Investment income	231,621	-	-	-	-	483	-	232,104
Donations and fundraising	-	3,245	-	-	-	151,130	850	155,225
Other	128,939	10,569	238,508	-	-	6,088	27,111	411,215
Development charges earned	87,387	223,193	1,620,678	29,933	-	149,448	4,978	2,115,617
Federal gas tax earned	-	-	826,023	-	-	-	-	826,023
<b>Total revenues</b>	<b>3,264,193</b>	<b>4,441,959</b>	<b>6,961,164</b>	<b>2,984,470</b>	<b>41,221</b>	<b>2,519,325</b>	<b>710,666</b>	<b>20,922,988</b>
<b>Expenses</b>								
Salaries and benefits	1,572,814	1,214,396	1,500,895	89,789	-	1,259,901	392,349	6,030,144
Interest charges	113,130	-	31,396	23,803	-	-	-	168,329
Materials	879,185	480,969	586,557	837,204	31,054	781,149	142,159	3,738,277
Contracted services	190,397	1,921,911	585,810	1,048,058	8,858	225,844	6,647	3,987,525
Rents and financial	36,474	-	503,924	-	-	19,264	-	559,662
External transfers	-	183,248	-	-	-	-	-	183,248
Amortization	323,212	203,314	3,541,821	541,799	-	253,497	-	4,863,643
Loss on disposal of tangible capital assets	-	-	524,817	-	-	-	-	524,817
Internal transfers	(182,777)	65,445	(18,127)	127,326	-	7,030	1,103	-
<b>Total expenses</b>	<b>2,932,435</b>	<b>4,069,283</b>	<b>7,257,093</b>	<b>2,667,979</b>	<b>39,912</b>	<b>2,546,685</b>	<b>542,258</b>	<b>20,055,645</b>
<b>Net surplus/(deficit)</b>	<b>331,758</b>	<b>372,676</b>	<b>(295,929)</b>	<b>316,491</b>	<b>1,309</b>	<b>(27,360)</b>	<b>168,408</b>	<b>867,353</b>

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

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Township of Springwater, which comprise the statement of financial position as at December 31, 2015, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

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

*Auditors' Responsibility*

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

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

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

*Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the Township of Springwater as at December 31, 2015 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*Chartered Professional Accountants  
Licensed Public AccountantsPeterborough, Ontario  
May 6, 2016

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER

## TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2015

	Subdivision Trust Funds	H D Russell Recreation and Cemetery Trust Funds	Cemetery Care and Maintenance Trust Funds	2015 Total	2014 Total
	\$	\$	\$	\$	\$
<b>FINANCIAL ASSETS</b>					
Cash	19,421	-	-	19,421	19,204
Investments (note 2)	-	12,244	149,059	161,303	148,215
Due from Township	-	-	2,690	2,690	6,929
	19,421	12,244	151,749	183,414	174,348
<b>FUND BALANCES</b>	19,421	12,244	151,749	183,414	174,348

*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, 2015

	Subdivision Trust Funds \$	H D Russell Recreation and Cemetery Trust Funds \$	Cemetery Care and Maintenance Trust Funds \$	2015 Total \$	2014 Total \$
<b>BALANCES - beginning of year</b>	19,204	12,244	142,900	174,348	163,986
<b>RECEIPTS</b>					
Net investment income	217	542	3,653	4,412	6,720
Perpetual care receipts	-	-	7,140	7,140	6,929
	217	542	10,793	11,552	13,649
<b>EXPENSES</b>					
Transfer to Township	-	542	1,944	2,486	3,287
<b>BALANCES - end of year</b>	19,421	12,244	151,749	183,414	174,348

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER

## TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2015

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### 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, 2015. Interest rates range on the GIC's from 0.79% to 3.30% and maturity dates from 2016 to 2020.

### 3. CEMETERY PERPETUAL CARE

The Perpetual Care Fund administered by the 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.

**CORPORATION OF THE TOWNSHIP OF  
SPRINGWATER**

**SPRINGWATER TOWNSHIP PUBLIC LIBRARY BOARD**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**INDEPENDENT AUDITORS' 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***Report on the Financial Statements*

We have audited the accompanying financial statements of the Springwater Township Public Library Board of the Corporation of the Township of Springwater, which comprise the statement of financial position as at December 31, 2015, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

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

*Auditors' Responsibility*

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

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

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

*Basis for Qualified Opinion*

The Board derives revenue from donations and fines and miscellaneous, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Board and we were not able to determine whether any adjustments might be necessary to donations and fines and miscellaneous revenues, assets and accumulated surplus.

*Qualified Opinion*

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the Springwater Township Public Library Board as at December 31, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*Chartered Professional Accountants  
Licensed Public AccountantsPeterborough, Ontario  
May 6, 2016

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER

## SPRINGWATER TOWNSHIP PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2015

	2015	2014
	\$	\$
<b>FINANCIAL ASSETS</b>		
Due from Township	36,061	35,697
<b>NET FINANCIAL ASSETS</b>	36,061	35,697
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 2)	154,467	155,395
<b>ACCUMULATED SURPLUS (note 3)</b>	190,528	191,092

*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, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
<b>REVENUES</b>			
Contributions from Township	496,292	484,304	484,438
Contributions from Township - development charges	24,071	42,231	61,785
Fines and miscellaneous	12,500	17,364	14,266
Government of Canada	-	1,320	-
Province of Ontario	28,500	38,027	29,754
Other municipalities	15,000	13,771	9,703
Other grants	3,500	5,758	4,323
Interest	-	432	883
Donations	4,000	18,333	4,313
<b>TOTAL REVENUES</b>	<b>583,863</b>	<b>621,540</b>	<b>609,465</b>
<b>EXPENSES</b>			
Salaries and benefits	447,290	465,563	449,898
Materials and supplies	37,350	59,058	66,278
Utilities, services and rent	54,223	52,833	55,315
Amortization	42,124	44,650	45,068
<b>TOTAL EXPENSES</b>	<b>580,987</b>	<b>622,104</b>	<b>616,559</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b>2,876</b>	<b>(564)</b>	<b>(7,094)</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>	<b>191,092</b>	<b>191,092</b>	<b>198,186</b>
<b>ACCUMULATED SURPLUS - end of year</b>	<b>193,968</b>	<b>190,528</b>	<b>191,092</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, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	2,876	(564)	(7,094)
Amortization of tangible capital assets	42,124	44,650	45,068
Acquisition of tangible capital assets	(45,000)	(43,722)	(37,574)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	-	364	400
<b>NET FINANCIAL ASSETS - beginning of year</b>	35,697	35,697	35,297
<b>NET FINANCIAL ASSETS - end of year</b>	35,697	36,061	35,697

*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, 2015

	2015	2014
	\$	\$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Annual surplus/(deficit)	(564)	(7,094)
Decrease in due from Township	(364)	(400)
Non-cash charges to operations		
Amortization of tangible capital assets	44,650	45,068
<b>Net increase in cash from operating transactions</b>	<b>43,722</b>	<b>37,574</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(43,722)	(37,574)
<b>INCREASE 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*

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER

## SPRINGWATER TOWNSHIP PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2015

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### 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

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 and periodicals	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.

#### (f) Reserves and Reserve Funds

Certain amounts, as approved by the Board, 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.

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER

## SPRINGWATER TOWNSHIP PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2015

### 2. TANGIBLE CAPITAL ASSETS

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

	Equipment \$	Books \$	2015 Totals \$	2014 Totals \$
<b>COST</b>				
Balance, beginning of year	30,629	293,043	323,672	323,764
Add: additions during the year	-	43,722	43,722	37,574
Less: disposals during the year	-	39,329	39,329	37,666
<b>Balance, end of year</b>	<b>30,629</b>	<b>297,436</b>	<b>328,065</b>	<b>323,672</b>
<b>ACCUMULATED AMORTIZATION</b>				
Balance, beginning of year	24,067	144,210	168,277	160,875
Add: additions during the year	4,375	40,275	44,650	45,068
Less: disposals during the year	-	39,329	39,329	37,666
<b>Balance, end of year</b>	<b>28,442</b>	<b>145,156</b>	<b>173,598</b>	<b>168,277</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>2,187</b>	<b>152,280</b>	<b>154,467</b>	<b>155,395</b>

### 3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2015 \$	2014 \$
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	154,467	155,395
<b>Surplus</b>	<b>154,467</b>	<b>155,395</b>
<b>Reserve Funds</b>		
Capital asset acquisitions	36,061	35,697
	<b>190,528</b>	<b>191,092</b>

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER

## SPRINGWATER TOWNSHIP PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2015

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### 4. BUDGET FIGURES

The operating budget, approved by the Board, for 2015 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The 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.

**CORPORATION OF THE TOWNSHIP OF  
SPRINGWATER**

**ELMVALE BUSINESS IMPROVEMENT AREA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

## INDEPENDENT AUDITORS' 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**

#### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Elmvale Business Improvement Area of the Corporation of the Township of Springwater, which comprise the statement of financial position as at December 31, 2015, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

#### *Auditors' Responsibility*

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

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

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

#### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Elmvale Business Improvement Area as at December 31, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
May 6, 2016

# CORPORATION OF THE TOWNSHIP OF SPRINGWATER

## ELMVALE BUSINESS IMPROVEMENT AREA STATEMENT OF FINANCIAL POSITION At December 31, 2015

	2015	2014
	\$	\$
<b>FINANCIAL ASSETS</b>		
Due from Township	27,501	25,930
<b>NET FINANCIAL ASSETS</b>	27,501	25,930
<b>ACCUMULATED SURPLUS (note 2)</b>	27,501	25,930

*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, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
<b>REVENUES</b>			
Membership contributions	21,060	21,060	21,060
Donations	-	-	850
<b>TOTAL REVENUES</b>	<b>21,060</b>	<b>21,060</b>	<b>21,910</b>
<b>EXPENSES</b>			
Promotion	7,000	4,400	4,961
Administration	1,000	1,000	-
Networking and communication	13,060	10,217	16,630
Beautification and signage	-	948	100
Tourism and events	-	2,924	456
<b>TOTAL EXPENSES</b>	<b>21,060</b>	<b>19,489</b>	<b>22,147</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b>-</b>	<b>1,571</b>	<b>(237)</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>	<b>25,930</b>	<b>25,930</b>	<b>26,167</b>
<b>ACCUMULATED SURPLUS - end of year</b>	<b>25,930</b>	<b>27,501</b>	<b>25,930</b>

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, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	-	1,571	(237)
<b>NET FINANCIAL ASSETS - beginning of year</b>	25,930	25,930	26,167
<b>NET FINANCIAL ASSETS - end of year</b>	25,930	27,501	25,930

*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, 2015

	2015	2014
	\$	\$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Annual surplus/(deficit)	1,571	(237)
(Increase)/decrease in due from Township	(1,571)	237
Net increase in cash from operating transactions	-	-
<b>INCREASE 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*

**CORPORATION OF THE TOWNSHIP OF SPRINGWATER**  
**ELMVALE BUSINESS IMPROVEMENT AREA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2015**

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**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 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.

**2. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2015	2014
	\$	\$
<b>Reserve</b>		
General operations	27,501	25,930

**3. BUDGET FIGURES**

The operating budget, approved by the Board, for 2015 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The 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.