

**CORPORATION OF THE
TOWNSHIP OF SPRINGWATER**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

**CORPORATION OF THE
TOWNSHIP OF SPRINGWATER**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

TABLE OF CONTENTS

| | Page Number |
|---|----------------|
| MANAGEMENT REPORT | |
| INDEPENDENT AUDITORS' REPORT | |
| CONSOLIDATED FINANCIAL STATEMENTS | |
| 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 |
| TRUST FUNDS | |
| Independent Auditors' Report | 19 |
| Statement of Financial Position | 20 |
| Statement of Continuity | 21 |
| Notes to the Financial Statements | 22 |
| LOCAL BOARDS | |
| Springwater Township Public Library Board | 23 - 31 |
| Elmvale Business Improvement Area | 32 - 39 |

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

For The Year Ended December 31, 2013

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.

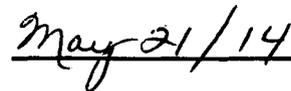
Council reviews and approves the Township's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Township of Springwater. Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial 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


Linda Collins

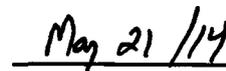
Date


May 21 / 14

Treasurer



Date


May 21 / 14

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, 2013, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Township of Springwater and its local boards as at December 31, 2013 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 LLPChartered Professional Accountants
Peterborough, Ontario
May 20, 2014

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2013

| | 2013 | 2012 |
|--|--------------------|--------------------|
| | \$ | \$ |
| FINANCIAL ASSETS | | |
| Cash (note 4) | 19,799,918 | 19,527,666 |
| Investments (note 6) | 294,877 | 293,417 |
| Accounts receivable (note 7) | 1,629,620 | 1,397,845 |
| Taxes receivable | 3,131,542 | 2,827,944 |
| TOTAL FINANCIAL ASSETS | 24,855,957 | 24,046,872 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 5,189,902 | 5,657,823 |
| Obligatory reserve funds (note 8) | 5,756,081 | 5,514,568 |
| Deferred revenue - other | - | 33,031 |
| Long term debt (note 9) | 5,666,972 | 4,739,812 |
| TOTAL LIABILITIES | 16,612,955 | 15,945,234 |
| NET FINANCIAL ASSETS | 8,243,002 | 8,101,638 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (note 11) | 145,976,345 | 145,809,444 |
| Prepaid expenses | 323,758 | 145,275 |
| TOTAL NON-FINANCIAL ASSETS | 146,300,103 | 145,954,719 |
| ACCUMULATED SURPLUS (note 12) | 154,543,105 | 154,056,357 |

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, 2013

| | Budget 2013 \$ (Unaudited) | Actual 2013 \$ | Actual 2012 \$ |
|--|-------------------------------------|----------------------|----------------------|
| REVENUES | | | |
| Property taxation | 10,583,220 | 10,636,721 | 11,456,402 |
| User charges | 4,263,824 | 4,683,316 | 4,538,776 |
| Government of Canada | 2,500 | 4,169 | 316,045 |
| Province of Ontario | 1,183,625 | 1,176,778 | 1,271,318 |
| Other municipalities | 202,500 | 238,888 | 219,593 |
| Penalties and interest on taxes | 460,000 | 467,544 | 414,076 |
| Investment income | 125,000 | 227,106 | 226,629 |
| Donations and fundraising | 37,623 | 95,153 | 70,173 |
| Gain on disposal of tangible capital assets | 365,500 | 81,106 | 2,712 |
| Other | 70,899 | 277,919 | 83,455 |
| Development charges earned | 1,499,200 | 810,365 | 915,643 |
| Federal gas tax earned | 345,000 | 546,593 | 1,118,312 |
| TOTAL REVENUES | 19,138,891 | 19,245,658 | 20,633,134 |
| EXPENSES | | | |
| General government | 2,651,905 | 2,528,786 | 2,292,659 |
| Protection services | 4,964,256 | 4,117,302 | 4,151,820 |
| Transportation services | 6,698,440 | 6,680,578 | 6,925,565 |
| Environmental services | 2,437,894 | 2,404,273 | 3,622,326 |
| Health services | 31,250 | 43,184 | 30,477 |
| Recreation and cultural services | 2,509,052 | 2,411,100 | 2,326,984 |
| Planning and development | 842,206 | 573,687 | 515,236 |
| TOTAL EXPENSES | 20,135,003 | 18,758,910 | 19,865,067 |
| ANNUAL SURPLUS/(DEFICIT) | (996,112) | 486,748 | 768,067 |
| ACCUMULATED SURPLUS - beginning of year | 154,056,357 | 154,056,357 | 153,288,290 |
| ACCUMULATED SURPLUS - end of year | 153,060,245 | 154,543,105 | 154,056,357 |

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, 2013

| | Budget 2013 \$ (Unaudited) | Actual 2013 \$ | Actual 2012 \$ |
|--|-------------------------------------|----------------------|----------------------|
| ANNUAL SURPLUS/(DEFICIT) | (996,112) | 486,748 | 768,067 |
| Amortization of tangible capital assets | 4,523,873 | 4,687,981 | 4,453,905 |
| Acquisition of tangible capital assets | (6,686,300) | (5,247,776) | (5,403,587) |
| Loss/(gain) on disposal of tangible capital assets | (365,500) | (81,106) | 495,184 |
| Proceeds on disposal of tangible capital assets | 365,500 | 474,000 | 314,811 |
| Increase in prepaid expenses | - | (178,483) | (12,957) |
| INCREASE/(DECREASE) IN NET FINANCIAL ASSETS | (3,158,539) | 141,364 | 615,423 |
| NET FINANCIAL ASSETS - beginning of year | 8,101,638 | 8,101,638 | 7,486,215 |
| NET FINANCIAL ASSETS - end of year | 4,943,099 | 8,243,002 | 8,101,638 |

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, 2013

| | 2013 | 2012 |
|--|--------------------|--------------------|
| | \$ | \$ |
| NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES: | | |
| OPERATING | | |
| Annual surplus | 486,748 | 768,067 |
| (Increase)/decrease in accounts receivable | (231,775) | 742,755 |
| Increase in taxes receivable | (303,598) | (96,138) |
| Increase in prepaid expenses | (178,483) | (12,957) |
| Increase/(decrease) in accounts payable and accrued liabilities | (467,921) | 2,160,186 |
| Increase/(decrease) in obligatory reserve funds | 241,513 | (405,468) |
| Decrease in deferred revenue - other | (33,031) | (70,377) |
| Non-cash charges to operations | | |
| Amortization of tangible capital assets | 4,687,981 | 4,453,905 |
| Loss/(gain) on disposal of tangible capital assets | (81,106) | 495,184 |
| Net increase in cash from operating transactions | 4,120,328 | 8,035,157 |
| CAPITAL | | |
| Acquisition of tangible capital assets | (5,247,776) | (5,403,587) |
| Proceeds on disposal of tangible capital assets | 474,000 | 314,811 |
| Net decrease in cash from capital transactions | (4,773,776) | (5,088,776) |
| INVESTING | | |
| Redemption / (purchase) of investments | (1,460) | (913) |
| FINANCING | | |
| Long term debt issued | 1,138,173 | 930,000 |
| Debt principal repayments | (211,013) | (2,889,591) |
| Net increase/(decrease) in cash from financing transactions | 927,160 | (1,959,591) |
| INCREASE IN CASH | 272,252 | 985,877 |
| CASH - beginning of year | 19,527,666 | 18,541,789 |
| CASH - end of year | 19,799,918 | 19,527,666 |

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, 2013

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
- 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, 2013

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, 2013

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 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.

(k) Financial Instruments

The Township's financial instruments consist of cash, investments, accounts receivable, taxes receivable, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that the carrying value of the financial instruments approximates their fair values and that the Township does not have any significant concentration of interest, currency or credit risk.

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF SIMCOE

During 2013, 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 | 6,745,774 | 7,638,282 |
| Taxation from other governments | 17,499 | 88,445 |
| Amounts requisitioned and remitted | 6,763,273 | 7,726,727 |

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, 2013

3. TRUST FUNDS

Trust funds administered by the Township amounting to \$163,986 (2012 - \$157,649) 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.

4. CASH

| | 2013 | 2012 |
|--------------|------------|------------|
| | \$ | \$ |
| Unrestricted | 6,577,588 | 5,123,465 |
| Restricted | 13,222,330 | 14,404,201 |
| | 19,799,918 | 19,527,666 |

5. 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 2007-004. At December 31, 2013 there was a balance outstanding of \$Nil.

6. INVESTMENTS

Investments consist of a money market fund that has been reported at cost which approximates fair market value and various GIC's with interest rates ranging from 2.0% to 3.5% and maturity dates ranging from 2014 to 2018 that have been reported at cost plus accrued interest earned to December 31, 2013. The Township is exposed to interest rate risk as the value of the GIC's will generally rise if interest rates fall and conversely fall if interest rates rise.

7. ACCOUNTS RECEIVABLE

| | 2013 | 2012 |
|-----------------------------|-----------|-----------|
| | \$ | \$ |
| Government of Canada | 712,384 | 483,234 |
| Government of Ontario | 88,443 | 101,504 |
| User fees - water and sewer | 107,112 | 144,646 |
| Other | 721,681 | 668,461 |
| | 1,629,620 | 1,397,845 |

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

8. 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:

| | 2013 | 2012 |
|---------------------|------------------|------------------|
| | \$ | \$ |
| Development charges | 4,695,262 | 4,456,172 |
| Parkland fees | 673,805 | 665,433 |
| Federal gas tax | 387,014 | 392,963 |
| | <u>5,756,081</u> | <u>5,514,568</u> |

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

| | 2013 | 2012 |
|------------------------------|------------------|------------------|
| | \$ | \$ |
| Balance - beginning of year | 5,514,568 | 5,920,036 |
| Add amounts received: | | |
| Development charges | 987,298 | 1,013,438 |
| Federal gas tax | 535,463 | 535,463 |
| Interest | 75,710 | 79,586 |
| | <u>1,598,471</u> | <u>1,628,487</u> |
| Less transfer to operations: | | |
| Development charges earned | 810,365 | 915,643 |
| Federal gas tax earned | 546,593 | 1,118,312 |
| | <u>1,356,958</u> | <u>2,033,955</u> |
| Balance - end of year | <u>5,756,081</u> | <u>5,514,568</u> |

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2013

9. LONG TERM DEBT

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

| | 2013 | 2012 |
|---|------------------|------------------|
| | \$ | \$ |
| 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 | 1,900,974 | 1,975,885 |
| 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 | 1,748,314 | 1,833,927 |
| Bank loan repayable in blended monthly installments of \$6,329 including principal and interest with interest of 2.79%, due December 2017 | 879,511 | 930,000 |
| 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 | 1,138,173 | - |
| | 5,666,972 | 4,739,812 |

- (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, 2013 is \$99,244 (2012 - \$93,375). 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 \$144,182 (2012 - \$277,595).

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2013

9. LONG TERM DEBT, continued

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

| | Principal \$ | Interest \$ | Total \$ |
|---------------------------|------------------|------------------|------------------|
| 2014 | 317,525 | 169,961 | 487,486 |
| 2015 | 326,965 | 160,531 | 487,496 |
| 2016 | 336,594 | 150,892 | 487,486 |
| 2017 | 1,009,022 | 140,719 | 1,149,741 |
| 2018 | 298,882 | 131,984 | 430,866 |
| 2019 and subsequent years | 3,377,984 | 640,552 | 4,018,536 |
| | 5,666,972 | 1,394,639 | 7,061,611 |

10. BUDGET FIGURES

The budget, approved by the Township, for 2013 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 | 16,929,191 | 16,231,130 |
| Capital | 4,695,000 | 6,686,300 |
| Total Council approved budget | 21,624,191 | 22,917,430 |
| Less: Tangible capital assets capitalized | - | (6,686,300) |
| Add: Amortization of tangible capital assets | - | 4,523,873 |
| Less: Long term debt proceeds | (2,485,300) | - |
| Add: Principal repayment of long term debt | - | (620,000) |
| Adjusted budget per Consolidated Statement of Operations | 19,138,891 | 20,135,003 |

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2013

11. TANGIBLE CAPITAL ASSETS

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

| | 2013 | 2012 |
|----------------------------------|--------------------|--------------------|
| | \$ | \$ |
| General | | |
| Land and land improvements | 29,400,208 | 29,477,785 |
| Buildings | 11,896,340 | 11,970,687 |
| Vehicles machinery and equipment | 4,209,119 | 4,386,356 |
| Furniture and fixtures | 65,178 | 79,547 |
| Books | 151,949 | 145,497 |
| Infrastructure | | |
| Roads | 66,743,694 | 65,697,251 |
| Water | 24,112,415 | 24,489,356 |
| Sewer | 9,397,442 | 9,562,965 |
| | 145,976,345 | 145,809,444 |

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

During the year there were no write-downs of assets (2012 - \$Nil) and no interest capitalized (2012 - \$Nil).

| | 2013 | 2012 |
|----------------------------------|--------------------|--------------------|
| | \$ | \$ |
| General government | 10,327,244 | 10,271,934 |
| Protection services | 2,768,588 | 2,950,631 |
| Transportation services | 91,103,190 | 90,266,370 |
| Environmental services | 34,347,937 | 34,890,401 |
| Recreation and cultural services | 7,429,386 | 7,430,108 |
| | 145,976,345 | 145,809,444 |

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

12. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

| | 2013 | 2012 |
|--|-------------|-------------|
| | \$ | \$ |
| Surplus/(Deficit) | | |
| Community centres | 63,716 | 44,519 |
| Municipal drains | (70,693) | (48,772) |
| | (6,977) | (4,253) |
| Invested In Capital Assets | | |
| Tangible capital assets - net book value | 145,976,345 | 145,809,444 |
| Long term debt | (5,666,972) | (4,739,812) |
| Unfunded capital (note 12(b)) | (2,381,918) | (1,396,146) |
| | 137,927,455 | 139,673,486 |
| Surplus | 137,920,478 | 139,669,233 |
| Reserves | | |
| Working funds | 1,648,675 | 952,707 |
| Capital assets acquisitions | 4,112,198 | 3,915,526 |
| General operations | 3,287,073 | 2,970,515 |
| Total Reserves | 9,047,946 | 7,838,748 |
| Reserve Funds | | |
| Capital assets acquisitions | 7,539,384 | 6,503,121 |
| Recreation programs and facilities | 35,297 | 45,255 |
| Total Reserve Funds | 7,574,681 | 6,548,376 |
| | 154,543,105 | 154,056,357 |

(b) Unfunded capital consists of the following:

| | 2013 | 2012 |
|----------------------------|-------------|-------------|
| | \$ | \$ |
| Grenfel Pavilion | (16,304) | (24,681) |
| Hillsdale Pavilion | - | (8,142) |
| Minesing Pavilion | (609) | (3,167) |
| Nursery Park ball diamonds | (221,983) | (221,983) |
| Roads capital projects | (2,143,022) | (1,138,173) |
| | (2,381,918) | (1,396,146) |

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

13. 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 2013 were \$361,884 (2012 - \$327,825).

14. CONTINGENT LIABILITIES

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

15. EXPENSES BY OBJECT

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

| | Budget 2013 \$ (Unaudited) | Actual 2013 \$ | Actual 2012 \$ |
|---|-------------------------------------|----------------------|----------------------|
| Salaries and benefits | 6,073,970 | 5,931,924 | 5,648,796 |
| Interest charges | 265,000 | 144,182 | 277,595 |
| Materials | 4,242,460 | 3,330,298 | 3,387,324 |
| Contracted services | 4,253,400 | 3,920,249 | 4,946,054 |
| Rents and financial | 602,800 | 571,302 | 487,893 |
| External transfers | 173,500 | 172,974 | 165,604 |
| Amortization | 4,523,873 | 4,687,981 | 4,453,905 |
| Loss on disposal of tangible capital assets | - | - | 497,896 |
| | <u>20,135,003</u> | <u>18,758,910</u> | <u>19,865,067</u> |

16. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

17. 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, 2013

| | General | | | | | Infrastructure | | | Totals \$ |
|--|-------------------------------------|-----------------|--|---------------------------------|-------------|----------------|-------------|-------------|--------------|
| | Land and Land Improvements \$ | Buildings \$ | Vehicles Machinery and Equipment \$ | Furniture and Fixtures \$ | Books \$ | Roads \$ | Water \$ | Sewer \$ | |
| COST | | | | | | | | | |
| Balance, beginning of year | 30,710,875 | 15,774,996 | 8,061,426 | 147,439 | 282,111 | 103,386,168 | 31,162,520 | 12,907,895 | 202,433,430 |
| Add: additions during the year | 205,789 | 248,010 | 753,751 | - | 47,120 | 3,993,106 | - | - | 5,247,776 |
| Less: disposals during the year | 161,651 | - | 360,581 | - | 36,098 | - | - | - | 558,330 |
| Balance, end of year | 30,755,013 | 16,023,006 | 8,454,596 | 147,439 | 293,133 | 107,379,274 | 31,162,520 | 12,907,895 | 207,122,876 |
| ACCUMULATED AMORTIZATION | | | | | | | | | |
| Balance, beginning of year | 1,233,090 | 3,804,309 | 3,675,070 | 67,892 | 136,614 | 37,688,917 | 6,673,164 | 3,344,930 | 56,623,986 |
| Add: additions during the year | 121,715 | 322,357 | 699,745 | 14,369 | 40,668 | 2,946,663 | 376,941 | 165,523 | 4,687,981 |
| Less: disposals during the year | - | - | 129,338 | - | 36,098 | - | - | - | 165,436 |
| Balance, end of year | 1,354,805 | 4,126,666 | 4,245,477 | 82,261 | 141,184 | 40,635,580 | 7,050,105 | 3,510,453 | 61,146,531 |
| NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | 29,400,208 | 11,896,340 | 4,209,119 | 65,178 | 151,949 | 66,743,694 | 24,112,415 | 9,397,442 | 145,976,345 |

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2013

| | General Government \$ | Protection Services \$ | Transportation Services \$ | Environmental Services \$ | Health Services \$ | Recreation and Cultural Services \$ | Planning and Development \$ | Consolidated \$ |
|--|-----------------------------|------------------------------|----------------------------------|---------------------------------|--------------------------|---|-----------------------------------|--------------------|
| Revenues | | | | | | | | |
| Property taxation | 2,320,984 | 2,848,545 | 3,698,081 | - | - | 1,352,916 | 416,195 | 10,636,721 |
| User charges | 26,250 | 524,417 | 188,332 | 2,860,073 | 33,130 | 704,803 | 346,311 | 4,683,316 |
| Government transfers - operating | 391,084 | 397,554 | 282,240 | - | - | 105,241 | 4,828 | 1,180,947 |
| Other municipalities | - | 220,950 | - | - | - | 17,938 | - | 238,888 |
| Penalties and interest on taxes | 102,020 | 125,210 | 162,552 | - | - | 59,468 | 18,294 | 467,544 |
| Investment income | 148,233 | 10,833 | 998 | 66,444 | - | 598 | - | 227,106 |
| Donations and fundraising | 8,600 | 700 | - | - | - | 85,853 | - | 95,153 |
| Gain on disposal of tangible capital assets | - | - | 81,106 | - | - | - | - | 81,106 |
| Other | 56,042 | 6,709 | 170,728 | - | - | 22,183 | 22,257 | 277,919 |
| Development charges earned | 26,116 | - | 708,273 | - | - | 75,976 | - | 810,365 |
| Federal gas tax earned | - | - | 546,593 | - | - | - | - | 546,593 |
| Total revenues | 3,079,329 | 4,134,918 | 5,838,903 | 2,926,517 | 33,130 | 2,424,976 | 807,885 | 19,245,658 |
| Expenses | | | | | | | | |
| Salaries and benefits | 1,467,705 | 1,226,418 | 1,523,424 | 81,058 | - | 1,258,756 | 374,563 | 5,931,924 |
| Interest charges | 118,800 | - | - | 25,382 | - | - | - | 144,182 |
| Materials | 681,996 | 541,486 | 612,352 | 628,653 | 38,363 | 711,167 | 116,281 | 3,330,298 |
| Contracted services | 160,591 | 1,899,941 | 656,460 | 999,610 | 4,821 | 175,228 | 23,598 | 3,920,249 |
| Rents and financial | 36,562 | (192) | 515,613 | - | - | 19,319 | - | 571,302 |
| External transfers | - | 172,974 | - | - | - | - | - | 172,974 |
| Amortization | 303,724 | 211,075 | 3,395,450 | 542,464 | - | 235,268 | - | 4,687,981 |
| Internal transfers | (240,592) | 65,600 | (22,721) | 127,106 | - | 11,362 | 59,245 | - |
| Total expenses | 2,528,786 | 4,117,302 | 6,680,578 | 2,404,273 | 43,184 | 2,411,100 | 573,687 | 18,758,910 |
| Net surplus/(deficit) | 550,543 | 17,616 | (841,675) | 522,244 | (10,054) | 13,876 | 234,198 | 486,748 |

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2012

| | General Government \$ | Protection Services \$ | Transportation Services \$ | Environmental Services \$ | Health Services \$ | Recreation and Cultural Services \$ | Planning and Development \$ | Consolidated \$ |
|--|-----------------------------|------------------------------|----------------------------------|---------------------------------|--------------------------|---|-----------------------------------|--------------------|
| Revenues | | | | | | | | |
| Property taxation | 1,120,059 | 2,905,607 | 4,625,482 | 1,099,984 | - | 1,374,514 | 330,756 | 11,456,402 |
| User charges | 39,973 | 426,686 | 154,702 | 2,913,722 | 33,611 | 686,667 | 283,415 | 4,538,776 |
| Government transfers - operating | 501,141 | 381,960 | 281,680 | - | - | 36,331 | 86,251 | 1,287,363 |
| Government transfers - capital | 300,000 | - | - | - | - | - | - | 300,000 |
| Other municipalities | - | 189,843 | - | - | - | 29,750 | - | 219,593 |
| Penalties and interest on taxes | 106,894 | 97,971 | 114,130 | - | - | 84,488 | 10,593 | 414,076 |
| Investment income | 150,157 | 9,269 | 931 | 65,618 | - | 654 | - | 226,629 |
| Donations and fundraising | 513 | 500 | - | - | - | 69,160 | - | 70,173 |
| Gain on disposal of tangible capital assets | - | 2,712 | - | - | - | - | - | 2,712 |
| Other | 50,878 | 3,188 | 14,517 | - | - | 13,236 | 1,636 | 83,455 |
| Development charges earned | 52,576 | 248,763 | 561,983 | - | - | 40,254 | 12,067 | 915,643 |
| Federal gas tax earned | - | - | 1,118,312 | - | - | - | - | 1,118,312 |
| Total revenues | 2,322,191 | 4,266,499 | 6,871,737 | 4,079,324 | 33,611 | 2,335,054 | 724,718 | 20,633,134 |
| Expenses | | | | | | | | |
| Salaries and benefits | 1,435,465 | 1,179,488 | 1,492,139 | 68,168 | - | 1,173,117 | 300,419 | 5,648,796 |
| Interest charges | 123,013 | 24,795 | - | 129,787 | - | - | - | 277,595 |
| Materials | 582,196 | 545,154 | 636,982 | 694,991 | 27,928 | 750,641 | 149,432 | 3,387,324 |
| Contracted services | 72,114 | 1,958,611 | 675,635 | 2,063,178 | 2,549 | 167,178 | 6,789 | 4,946,054 |
| Rents and financial | 34,944 | 69 | 432,843 | - | - | 20,037 | - | 487,893 |
| External transfers | - | 165,604 | - | - | - | - | - | 165,604 |
| Amortization | 284,838 | 212,749 | 3,207,259 | 542,464 | - | 206,595 | - | 4,453,905 |
| Loss on disposal of tangible capital assets | - | - | 494,826 | - | - | 3,070 | - | 497,896 |
| Internal transfers | (239,911) | 65,350 | (14,119) | 123,738 | - | 6,346 | 58,596 | - |
| Total expenses | 2,292,659 | 4,151,820 | 6,925,565 | 3,622,326 | 30,477 | 2,326,984 | 515,236 | 19,865,067 |
| Net surplus/(deficit) | 29,532 | 114,679 | (53,828) | 456,998 | 3,134 | 8,070 | 209,482 | 768,067 |

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, 2013, 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 Township as at December 31, 2013 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Peterborough, Ontario
May 20, 2014

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2013

| | Subdivision Trust Funds \$ | H D Russell Recreation and Cemetery Trust Funds \$ | Cemetery Care and Maintenance Trust Funds \$ | 2013 Total \$ | 2012 Total \$ |
|-------------------------|----------------------------------|--|--|---------------------|---------------------|
| FINANCIAL ASSETS | | | | | |
| Cash | 18,960 | - | - | 18,960 | 18,725 |
| Investments (note 2) | - | 12,244 | 129,599 | 141,843 | 136,739 |
| Due from Township | - | 460 | 2,723 | 3,183 | 2,185 |
| | 18,960 | 12,704 | 132,322 | 163,986 | 157,649 |
| FUND BALANCE | 18,960 | 12,704 | 132,322 | 163,986 | 157,649 |

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, 2013

| | Subdivision Trust Funds \$ | H D Russell Recreation and Cemetery Trust Funds \$ | Cemetery Care and Maintenance Trust Funds \$ | 2013 Total \$ | 2012 Total \$ |
|------------------------------------|----------------------------------|--|--|---------------------|---------------------|
| BALANCE - beginning of year | 18,725 | 12,244 | 126,680 | 157,649 | 151,841 |
| RECEIPTS | | | | | |
| Net investment income | 235 | 542 | 2,821 | 3,598 | 2,034 |
| Perpetual care receipts | - | - | 5,279 | 5,279 | 6,307 |
| | 235 | 542 | 8,100 | 8,877 | 8,341 |
| EXPENSES | | | | | |
| Transfer to Township | - | 82 | 2,458 | 2,540 | 2,533 |
| BALANCE - end of year | 18,960 | 12,704 | 132,322 | 163,986 | 157,649 |

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, 2013

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) Financial Instruments

The Trust Funds financial instruments consist of cash, investments and due from Township. It is management's opinion that the fair value of the financial instruments are not materially different from their carrying value unless otherwise noted. The Trust Funds do not have any significant concentration of credit, currency or interest rate risk.

(c) 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. The amounts reported in these financial statements approximates their market values.

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, 2013**

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, 2013, 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 Springwater Township Public Library Board as at December 31, 2013 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Peterborough, Ontario
May 20, 2014

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

SPRINGWATER TOWNSHIP PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2013

| | 2013 | 2012 |
|---|---------|---------|
| | \$ | \$ |
| FINANCIAL ASSETS | | |
| <u>Due from Township</u> | 35,297 | 45,255 |
| NET FINANCIAL ASSETS | 35,297 | 45,255 |
| NON-FINANCIAL ASSETS | | |
| <u>Tangible capital assets (note 2)</u> | 162,889 | 160,812 |
| ACCUMULATED SURPLUS (note 3) | 198,186 | 206,067 |

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, 2013

| | Budget 2013 \$ (Unaudited) | Actual 2013 \$ | Actual 2012 \$ |
|---|-------------------------------------|----------------------|----------------------|
| REVENUES | | | |
| Contributions from Township | 473,000 | 478,700 | 442,800 |
| Contributions from Township - development charges | 40,000 | 22,849 | 40,254 |
| Fines and miscellaneous | 12,700 | 10,263 | 12,110 |
| Province of Ontario | 28,500 | 29,711 | 28,504 |
| Other municipalities | 15,000 | 12,938 | 13,375 |
| Other grants | 2,500 | 6,000 | 4,045 |
| Interest | - | 598 | 654 |
| Donations | 1,500 | 3,490 | 2,341 |
| TOTAL REVENUES | 573,200 | 564,549 | 544,083 |
| EXPENSES | | | |
| Salaries and benefits | 438,300 | 438,245 | 420,643 |
| Materials and supplies | 34,500 | 34,780 | 25,519 |
| Utilities, services and rent | 55,400 | 54,361 | 57,692 |
| Amortization | 43,467 | 45,044 | 44,007 |
| TOTAL EXPENSES | 571,667 | 572,430 | 547,861 |
| ANNUAL SURPLUS/(DEFICIT) | 1,533 | (7,881) | (3,778) |
| ACCUMULATED SURPLUS - beginning of year | 206,067 | 206,067 | 209,845 |
| ACCUMULATED SURPLUS - end of year | 207,600 | 198,186 | 206,067 |

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, 2013**

| | Budget 2013 \$ (Unaudited) | Actual 2013 \$ | Actual 2012 \$ |
|---|-------------------------------------|----------------------|----------------------|
| ANNUAL SURPLUS/(DEFICIT) | 1,533 | (7,881) | (3,778) |
| Amortization of tangible capital assets | 43,467 | 45,044 | 44,007 |
| Acquisition of tangible capital assets | (45,000) | (47,121) | (44,726) |
| DECREASE IN NET FINANCIAL ASSETS | - | (9,958) | (4,497) |
| NET FINANCIAL ASSETS - beginning of year | 45,255 | 45,255 | 49,752 |
| NET FINANCIAL ASSETS - end of year | 45,255 | 35,297 | 45,255 |

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, 2013

| | 2013 | 2012 |
|--|----------|----------|
| | \$ | \$ |
| NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES: | | |
| OPERATING | | |
| Annual surplus/(deficit) | (7,881) | (3,778) |
| Decrease in due from Township | 9,958 | 4,497 |
| Non-cash charges to operations | | |
| Amortization of tangible capital assets | 45,044 | 44,007 |
| Net increase in cash from operating transactions | 47,121 | 44,726 |
| CAPITAL | | |
| Acquisition of tangible capital assets | (47,121) | (44,726) |
| INCREASE IN CASH | - | - |
| CASH - beginning of year | - | - |
| CASH - end of year | - | - |

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, 2013

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. Such amounts are not expected to change materially in the near term. 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 amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

(c) Financial Instruments

The Board's financial instruments consist of due from Township. It is management's opinion that the fair value of financial instruments are not materially different from their carrying value unless otherwise noted. The Board does not have any significant concentration of credit, currency or interest rate risk.

(d) 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.

(e) 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.

(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, 2013

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(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.

2. TANGIBLE CAPITAL ASSETS

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

| | Equipment | Books | 2013 Totals | 2012 Totals |
|--|---------------|----------------|----------------|----------------|
| | \$ | \$ | \$ | \$ |
| COST | | | | |
| Balance, beginning of year | 30,629 | 282,112 | 312,741 | 303,351 |
| Add: additions during the year | - | 47,121 | 47,121 | 44,726 |
| Less: disposals during the year | - | 36,098 | 36,098 | 35,336 |
| Balance, end of year | 30,629 | 293,135 | 323,764 | 312,741 |
| ACCUMULATED AMORTIZATION | | | | |
| Balance, beginning of year | 15,315 | 136,614 | 151,929 | 143,258 |
| Add: additions during the year | 4,376 | 40,668 | 45,044 | 44,007 |
| Less: disposals during the year | - | 36,098 | 36,098 | 35,336 |
| Balance, end of year | 19,691 | 141,184 | 160,875 | 151,929 |
| NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | 10,938 | 151,951 | 162,889 | 160,812 |

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

SPRINGWATER TOWNSHIP PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2013

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

| | 2013 | 2012 |
|--|---------|---------|
| | \$ | \$ |
| Invested In Capital Assets | | |
| Tangible capital assets - net book value | 162,889 | 160,812 |
| Surplus | 162,889 | 160,812 |
| Reserve Funds | | |
| Capital asset acquisitions | 35,297 | 45,255 |
| | 198,186 | 206,067 |

4. BUDGET FIGURES

The operating budget, approved by the Board, for 2013 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, 2013**

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, 2013, 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, 2013 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawartha LLP

Chartered Professional Accountants
Peterborough, Ontario
May 20, 2014

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

ELMVALE BUSINESS IMPROVEMENT AREA STATEMENT OF FINANCIAL POSITION At December 31, 2013

| | 2013 | 2012 |
|-------------------------------------|--------|--------|
| | \$ | \$ |
| FINANCIAL ASSETS | | |
| Due from Township | 26,167 | 17,351 |
| NET FINANCIAL ASSETS | 26,167 | 17,351 |
| ACCUMULATED SURPLUS (note 2) | 26,167 | 17,351 |

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, 2013

| | Budget 2013 \$ (Unaudited) | Actual 2013 \$ | Actual 2012 \$ |
|--|-------------------------------------|----------------------|----------------------|
| REVENUES | | | |
| Membership contributions | 21,000 | 21,330 | 21,060 |
| Donations | - | - | 147 |
| TOTAL REVENUES | 21,000 | 21,330 | 21,207 |
| EXPENSES | | | |
| Promotion | 7,000 | 3,233 | 295 |
| Administration | 4,000 | - | - |
| Networking and communication | 3,000 | 8,618 | 2,747 |
| Beautification and signage | 4,000 | 500 | 814 |
| Tourism and events | 3,000 | 163 | - |
| TOTAL EXPENSES | 21,000 | 12,514 | 3,856 |
| ANNUAL SURPLUS | - | 8,816 | 17,351 |
| ACCUMULATED SURPLUS - beginning of year | 17,351 | 17,351 | - |
| ACCUMULATED SURPLUS - end of year | 17,351 | 26,167 | 17,351 |

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, 2013

| | Budget 2013 \$ (Unaudited) | Actual 2013 \$ | Actual 2012 \$ |
|---|-------------------------------------|----------------------|----------------------|
| ANNUAL SURPLUS | - | 8,816 | 17,351 |
| NET FINANCIAL ASSETS - beginning of year | 17,351 | 17,351 | - |
| NET FINANCIAL ASSETS - end of year | 17,351 | 26,167 | 17,351 |

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, 2013**

| | 2013 | 2012 |
|--|---------|----------|
| | \$ | \$ |
| NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES: | | |
| OPERATING | | |
| Annual surplus | 8,816 | 17,351 |
| Increase in due from Township | (8,816) | (17,351) |
| <u>Net increase in cash from operating transactions</u> | - | - |
| INCREASE IN CASH | - | - |
| <u>CASH - beginning of year</u> | - | - |
| <u>CASH - end of year</u> | - | - |

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, 2013

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) Financial Instruments

The board's financial instruments consist of due from Township. It is management's opinion that the fair value of financial instruments are not materially different from their carrying value unless otherwise noted. The board does not have any significant concentration of credit, currency or interest rate risk.

(d) 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.

(e) 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.

2. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

| | 2013 | 2012 |
|--------------------|--------|--------|
| | \$ | \$ |
| Reserve | | |
| General operations | 26,167 | 17,351 |

CORPORATION OF THE TOWNSHIP OF SPRINGWATER
ELMVALE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

3. BUDGET FIGURES

The operating budget, approved by the board, for 2013 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. COMMITMENTS

Subsequent to yearend, the Board entered into a contract for television business ads for 2014 totalling \$18,000.

Subsequent to yearend, the Board entered into an agreement to fund a portion of a gazebo construction for the Elmvale Gateway Project. The total commitment was for \$10,000.