

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

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CORPORATION OF THE TOWNSHIP OF SPRINGWATER

For The Year Ended December 31, 2022

MANAGEMENT REPORT

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

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

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

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

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

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



Mayor



Director of Finance

September 6, 2023

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Springwater and its local boards (the Township), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2022, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
December 14, 2023



CORPORATION OF THE TOWNSHIP OF SPRINGWATER

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2022

	2022 \$	2021 \$ (Restated - note 2)
FINANCIAL ASSETS		
Cash (note 2)	33,582,466	21,447,838
Investments (note 5)	12,668,167	12,368,068
Trade and other receivable (note 6)	3,030,958	1,937,313
Taxes receivable	2,445,505	2,345,049
TOTAL FINANCIAL ASSETS	51,727,096	38,098,268
LIABILITIES		
Accounts payable and accrued liabilities	12,797,303	10,100,424
Deferred revenue - obligatory reserve funds (note 10)	12,558,759	7,654,087
Deferred revenue - other (note 9)	169,443	126,266
Long term debt (note 11)	2,444,569	2,952,272
TOTAL LIABILITIES	27,970,074	20,833,049
NET FINANCIAL ASSETS	23,757,022	17,265,219
NON-FINANCIAL ASSETS		
Tangible capital assets (note 12)	161,813,376	161,367,979
Prepaid expenses	412,409	284,803
TOTAL NON-FINANCIAL ASSETS	162,225,785	161,652,782
ACCUMULATED SURPLUS (note 13)	185,982,807	178,918,001

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, 2022

	Budget 2022 \$	Actual 2022 \$	Actual 2021 \$ (Restated - note 2)
	(Unaudited)		
REVENUES			
Property taxation	16,997,568	17,162,569	16,145,450
User charges	7,058,288	8,832,116	6,915,383
Government of Canada	797,621	911,302	193,023
Province of Ontario	1,536,400	1,430,516	1,169,568
Other municipalities	131,000	109,874	76,248
Penalties and interest on taxes	395,000	379,665	418,114
Investment income	150,000	781,576	143,083
Donations	94,000	126,203	8,243
Donated tangible capital assets	-	-	3,065,000
Other	202,847	194,066	1,143,714
Developer contributions earned	11,370,993	4,513,366	1,932,309
Parkland fees earned	100,000	-	-
Canada Community-Building Fund earned	-	585,952	840,470
Ontario Community Infrastructure Fund	-	62,699	1,404,636
Gain/(loss) on disposal of tangible capital assets	-	19,525	88,154
TOTAL REVENUES	38,833,717	35,109,429	33,543,395
EXPENSES			
General government	4,602,508	4,290,692	3,854,726
Protection services	6,417,189	6,589,327	5,943,603
Transportation services	9,027,657	8,550,461	7,714,738
Environmental services	4,875,654	4,341,888	4,011,827
Health services	40,378	60,313	45,766
Recreation and cultural services	3,974,964	3,269,398	2,843,247
Planning and development	1,248,244	942,544	772,124
TOTAL EXPENSES	30,186,594	28,044,623	25,186,031
ANNUAL SURPLUS	<u>8,647,123</u>	7,064,806	8,357,364
ACCUMULATED SURPLUS - beginning of year		178,918,001	170,560,637
ACCUMULATED SURPLUS - end of year		185,982,807	178,918,001

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$ (Restated - note 2)
ANNUAL SURPLUS	8,647,123	7,064,806	8,357,364
Amortization of tangible capital assets	5,581,232	5,719,836	5,581,232
Purchase of tangible capital assets	(22,361,195)	(6,165,233)	(6,551,901)
Gain on disposal of tangible capital assets	-	(19,525)	(88,154)
Proceeds on disposal of tangible capital assets	-	19,525	86,332
Contributed capital assets	-	-	(3,065,000)
Change in prepaid expenses	-	(127,606)	(85,934)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(8,132,840)	6,491,803	4,233,939
NET FINANCIAL ASSETS - beginning of year	17,265,219	17,265,219	13,031,280
NET FINANCIAL ASSETS - end of year	9,132,379	23,757,022	17,265,219

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, 2022

	2022 \$	2021 \$ (Restated - note 2)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	7,064,806	8,357,364
Items not involving cash		
Amortization of tangible capital assets	5,719,836	5,581,232
Gain on disposal of tangible capital assets	(19,525)	(88,154)
Contributed capital assets	-	(3,065,000)
Change in non-cash assets and liabilities		
Trade and other receivable	(1,093,645)	641,434
Taxes receivable	(100,456)	685,082
Prepaid expenses	(127,606)	(85,934)
Accounts payable and accrued liabilities	2,696,879	1,337,440
Deferred revenue - obligatory reserve funds	4,904,672	925,936
Deferred revenue - other	43,177	26,501
Net change in cash from operating activities	19,088,138	14,315,901
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(6,165,233)	(6,551,901)
Proceeds on disposal of tangible capital assets	19,525	86,332
Net change in cash from capital activities	(6,145,708)	(6,465,569)
INVESTING ACTIVITIES		
Purchase of investments	(300,099)	(12,368,068)
Redemption of investments	-	12,307,919
Net change in cash from investing activities	(300,099)	(60,149)
FINANCING ACTIVITIES		
Debt principal repayments	(507,703)	(493,153)
NET CHANGE IN CASH	12,134,628	7,297,030
CASH - beginning of year	21,447,838	14,150,808
CASH - end of year	33,582,466	21,447,838

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, 2022

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

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

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

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

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

(b) Trust Funds

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

(c) Deferred Revenue

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

(d) Non-financial Assets

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

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

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

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

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

(f) Reserves and Reserve Funds

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

(g) Use of Estimates

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

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

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Recognition of Revenues and Expenses

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

Taxation

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

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

Government Funding

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other Revenue

Canada Community-Building Fund, development charges, parkland fees and Ontario Community Infrastructure Fund are recognized in the period in which the related expenditures are recorded.

Investment income is recorded and recognized when earned.

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

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

2. CASH

Cash consists of the following:

	2022	2021
	\$	\$
Unrestricted	23,585,741	11,639,709
Restricted	9,996,725	9,808,129
	<u>33,582,466</u>	<u>21,447,838</u>

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

3. RESTATEMENT FOR CHANGE IN ACCOUNTING POLICY

The Township has restated its 2021 financial statements to recognize contributed land that was previously omitted in error.

Adjustments necessary to the 2021 consolidated financial statements as a result of the prior period adjustment is as follows:

Adjustment to 2021 Tangible Capital Assets

Assets previously expensed to December 31, 2021	\$ 258,346,785
Accumulated amortization to December 31, 2021	(100,043,806)
Costs not previously recorded	<u>3,065,000</u>
Closing 2021 net book value of tangible capital assets as restated	<u>\$ 161,367,979</u>

Adjustment to 2021 Annual Surplus

2021 annual surplus as previously stated	\$ 5,292,364
Add: Contributed capital not previously recognized	<u>3,065,000</u>
2021 annual surplus as restated	<u>\$ 8,357,364</u>

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

4. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$2,000,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate less 0.75% per annum. Council authorized the temporary borrowing limit by By-law 2022-003. At December 31, 2022 there was no balance outstanding (2021 - \$Nil).

5. INVESTMENTS

Investments, recorded at cost plus accrued interest consist of the following:

	2022 Annual Interest	2022 \$	2021 \$
GIC maturing July 17, 2023	3.75%	12,724	12,472
ONE fund investment	2.38%	12,655,443	12,355,596
		12,668,167	12,368,068

6. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2022 \$	2021 \$
Government of Canada	991,797	157,186
Government of Ontario	314,042	194,399
User fees - water and sewer	276,954	234,151
Other	1,448,165	1,351,577
	3,030,958	1,937,313

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

7. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF SIMCOE

During 2022, requisitions were made by the County of Simcoe and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxation	7,587,726	11,502,236
Taxation from other governments	17,563	115,072
Amounts requisitioned and remitted	7,605,289	11,617,308

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

8. BUDGET FIGURES

The budget, approved by the Township, for 2022 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

9. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2022 \$	2021 \$
Water and sewer	100,216	82,506
Other	69,227	43,760
	169,443	126,266

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

10. 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:

	2022	2021
	\$	\$
Development charges	8,004,313	4,515,166
COVID relief	502,961	621,970
Parkland fees	762,259	703,020
Canada Community-Building Fund	1,759,421	1,700,591
Ontario Community Infrastructure Fund	1,529,805	113,340
	12,558,759	7,654,087

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

	2022	2021
	\$	\$
Balance - beginning of year	7,654,087	6,728,151
Add amounts received:		
Development charges	7,875,719	2,786,000
Canada Community-Building Fund	604,459	1,185,543
Ontario Community Infrastructure Fund	1,458,264	741,961
Interest	217,647	50,534
COVID relief funding	-	411,417
Parkland fees	42,450	85,000
	10,198,539	5,260,455
Less transfer to operations:		
Development charges earned	4,513,366	1,932,309
Canada Community-Building Fund earned	585,952	840,470
Ontario Community Infrastructure Funds earned	62,699	1,404,636
COVID relief funding earned	131,850	157,104
	5,293,867	4,334,519
Balance - end of year	12,558,759	7,654,087

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

11. LONG TERM DEBT

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

	2022	2021
	\$	\$
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	1,063,654	1,173,128
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	896,483	998,838
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	128,686	253,818
Ontario Infrastructure and Lands Corporation debenture repayable in blended semi-annual installments of \$92,003 including principal and interest with interest of 2.74%, due September 2024	355,746	526,488
	2,444,569	2,952,272

- (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, 2022 is \$104,699 (2021 - \$123,318).
- (d) Interest paid during the year on long term debt amounted to \$84,066 (2021 - \$97,265).
- (e) The long term debt reported in (a) of this note is repayable as follows:

	Principal	Interest	Total
	\$	\$	\$
2023	522,737	72,805	595,542
2024	405,890	58,239	464,129
2025	232,898	47,224	280,122
2026	240,415	39,708	280,123
2027	248,221	31,901	280,122
2028 and subsequent years	794,408	43,976	838,384
	2,444,569	293,853	2,738,422

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

12. TANGIBLE CAPITAL ASSETS

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

	2022	2021 (Restated - note 2)
	\$	\$
General		
Land and land improvements	37,818,797	36,525,378
Buildings	11,679,595	12,088,551
Vehicles machinery and equipment	11,506,864	8,279,362
Furniture and fixtures	10,670	10,670
Books	232,729	215,524
Infrastructure		
Roads	65,678,731	67,787,621
Water	21,770,036	22,088,711
Sewer	10,451,855	10,228,626
	159,149,277	157,224,443
Assets under construction	2,664,099	4,143,536
	161,813,376	161,367,979

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

During the year there were no write-downs of assets (2021 - \$Nil) and no interest capitalized (2021 - \$Nil).

	2022	2021 (Restated - note 2)
	\$	\$
General government	14,324,016	14,438,824
Protection services	5,718,389	5,141,418
Transportation services	89,932,260	91,846,148
Environmental services	41,246,033	41,214,894
Health services	8,049	8,049
Recreation and cultural services	10,584,629	8,718,646
	161,813,376	161,367,979

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

13. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022	2021 (Restated - note 2)
	\$	\$
Surplus/(Deficit)		
Township	1,947,644	-
Municipal drains	(480,455)	(236,650)
	1,467,189	(236,650)
Invested In Capital Assets		
Tangible capital assets - net book value	161,813,376	161,367,979
Long term debt	(2,444,569)	(2,952,272)
Unfunded roads capital projects	(643,089)	(2,944,193)
	158,725,718	155,471,514
Surplus	160,192,907	155,234,864
Reserves		
Working funds	1,306,148	1,185,493
Capital asset acquisitions	8,946,298	8,316,097
General operations	3,842,496	3,486,006
Total Reserves	14,094,942	12,987,596
Reserve Funds		
Capital assets acquisitions	11,513,375	10,517,632
Recreation programs and facilities	181,583	177,909
Total Reserve Funds	11,694,958	10,695,541
	185,982,807	178,918,001

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

14. EXPENSES BY OBJECT

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

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
Salaries and benefits	10,763,188	10,033,177	8,863,771
Interest charges	242,755	84,066	97,265
Materials	6,544,919	5,460,292	4,469,786
Contracted services	6,012,133	5,552,896	5,287,753
Rents and financial	739,794	891,783	589,508
External transfers	302,573	302,573	296,716
Amortization	5,581,232	5,719,836	5,581,232
	30,186,594	28,044,623	25,186,031

15. TRUST FUNDS

Trust funds administered by the Township amounting to \$214,207 (2021 - \$216,276) 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.

16. PENSION AGREEMENTS

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

The Actuarial Opinion contained in the 2022 Annual Report disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets of \$123,628 million indicating an actuarial deficit of \$6,678 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The Township's required contributions to OMERS in 2022 were \$657,334 (2021 - \$567,788).

17. CONTINGENT LIABILITIES

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

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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, drains, and residential development within the Township.

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2022

	General				Infrastructure				Totals	
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles and Furniture and Fixtures	Books	Roads	Water	Sewer		Assets Under Construction
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
COST										
Balance, beginning of year restated (note 2)	40,509,054	19,090,313	16,356,167	147,439	422,092	133,276,053	32,244,049	15,223,082	4,143,536	261,411,785
Add: additions during the year	1,586,004	-	1,210,461	-	60,439	1,107,385	62,556	466,699	1,671,689	6,165,233
Less: disposals during the year	-	-	191,899	-	-	-	-	-	-	191,899
Internal transfers	114,796	-	3,011,717	-	-	-	24,613	-	(3,151,126)	-
Balance, end of year	42,209,854	19,090,313	20,386,446	147,439	482,531	134,383,438	32,331,218	15,689,781	2,664,099	267,385,119
ACCUMULATED AMORTIZATION										
Balance, beginning of year	3,983,676	7,001,762	8,076,805	136,769	206,568	65,488,432	10,155,338	4,994,456	-	100,043,806
Add: additions during the year	407,381	408,956	994,676	-	43,234	3,216,275	405,844	243,470	-	5,719,836
Less: disposals during the year	-	-	191,899	-	-	-	-	-	-	191,899
Balance, end of year	4,391,057	7,410,718	8,879,582	136,769	249,802	68,704,707	10,561,182	5,237,926	-	105,571,743
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS										
	37,818,797	11,679,595	11,506,864	10,670	232,729	65,678,731	21,770,036	10,451,855	2,664,099	161,813,376



CORPORATION OF THE TOWNSHIP OF SPRINGWATER

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2022

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	4,669,607	2,729,004	6,477,140	-	-	2,578,984	707,834	17,162,569
User charges	54,644	2,469,403	194,619	5,274,439	81,425	552,731	204,855	8,832,116
Government transfers - operating	653,019	292,363	384,834	-	-	261,602	-	1,591,818
Government transfers - capital	-	81,831	-	-	-	750,000	-	750,000
Other municipalities	-	-	-	-	-	28,043	-	109,874
Penalties and interest on taxes	379,665	-	-	-	-	-	-	379,665
Investment income	781,492	-	-	-	-	84	-	781,576
Donations	10,337	-	-	-	-	115,866	-	126,203
Other	192,566	1,300	-	-	200	-	-	194,066
Developer contributions earned	1,021,648	914,712	1,522,005	361,403	-	678,093	15,505	4,513,366
Canada Community-Building Fund earned	-	-	585,952	-	-	-	-	585,952
Ontario Community Infrastructure Fund	-	-	62,699	-	-	-	-	62,699
Gain/(loss) on disposal of tangible capital assets	-	-	19,525	-	-	-	-	19,525
Total revenues	7,762,978	6,488,613	9,246,774	5,635,842	81,625	4,965,403	928,194	35,109,429
Expenses								
Salaries and benefits	2,711,452	2,385,598	2,459,352	178,157	-	1,731,688	566,930	10,033,177
Interest charges	66,265	-	17,801	-	-	-	-	84,066
Materials	1,203,820	681,491	622,198	1,702,767	54,779	849,003	346,234	5,460,292
Contracted services	266,457	2,669,011	987,166	1,490,969	5,534	104,379	29,380	5,552,896
Rents and financial	88,771	28,430	761,472	145	-	12,965	-	891,783
External transfers	-	302,573	-	-	-	-	-	302,573
Amortization	335,553	389,978	3,717,884	713,636	-	562,785	-	5,719,836
Internal transfers	(381,626)	132,246	(15,412)	256,214	-	8,578	-	-
Total expenses	4,290,692	6,589,327	8,550,461	4,341,888	60,313	3,269,398	942,544	28,044,623
Net surplus/(deficit)	3,472,286	(100,714)	696,313	1,293,954	21,312	1,696,005	(14,350)	7,064,806



CORPORATION OF THE TOWNSHIP OF SPRINGWATER

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2021

	General Government	Protection Services	Transportation Services	Water and Sewer	Health Services	Recreation and Cultural Services	Planning and Development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues (Restated - note 2)								
Property taxation	4,392,868	2,567,273	6,093,280	-	-	2,426,144	665,885	16,145,450
User charges	39,555	1,278,221	197,682	4,975,218	44,214	215,409	165,084	6,915,383
Government transfers - operating	595,449	269,174	400,428	-	-	97,540	-	1,362,591
Other municipalities	-	57,146	-	-	-	17,102	2,000	76,248
Penalties and interest on taxes	418,114	-	-	-	-	-	-	418,114
Investment income	143,066	-	-	-	-	17	-	143,083
Donations	-	-	-	-	-	8,243	-	8,243
Donated tangible capital assets	-	-	-	3,065,000	-	-	-	3,065,000
Other	1,143,714	-	-	-	-	-	-	1,143,714
Developer contributions earned	35,137	304,232	776,172	467,255	-	349,513	-	1,932,309
Canada Community-Building Fund earned	-	-	840,470	-	-	-	-	840,470
Ontario Community Infrastructure Fund	-	-	1,404,636	-	-	-	-	1,404,636
Gain/(loss) on disposal of tangible capital assets	-	-	86,697	-	-	1,457	-	88,154
Total revenues	6,767,903	4,476,046	9,799,365	8,507,473	44,214	3,115,425	832,969	33,543,395
Expenses								
Salaries and benefits	2,585,863	1,906,477	2,196,600	114,969	-	1,510,575	549,287	8,863,771
Interest charges	72,861	-	24,404	-	-	-	-	97,265
Materials	912,961	540,264	551,868	1,485,599	40,393	775,315	163,386	4,469,786
Contracted services	321,779	2,687,501	721,188	1,478,317	5,373	14,379	59,216	5,287,753
Rents and financial	9,728	27,095	542,572	39	-	10,074	-	589,508
External transfers	-	296,716	-	-	-	-	-	296,716
Amortization	316,610	356,668	3,696,015	688,082	-	523,857	-	5,581,232
Internal transfers	(365,076)	128,882	(17,909)	244,821	-	9,047	235	-
Total expenses	3,854,726	5,943,603	7,714,738	4,011,827	45,766	2,843,247	772,124	25,186,031
Net surplus/(deficit)	2,913,177	(1,467,557)	2,084,627	4,495,646	(1,552)	272,178	60,845	8,357,364

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the Trust Fund of the Corporation of the Township of Springwater (the Trust Fund), which comprise the statement of financial position as at December 31, 2022, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Fund as at December 31, 2022, and the continuity of the Trust Fund for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
December 14, 2023

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2022

	Subdivision Trust Funds \$	H D Russell Recreation and Cemetery Trust Funds \$	Cemetery Care and Maintenance Trust Funds \$	2022 Total \$	2021 Total \$
FINANCIAL ASSETS					
Cash	21,473	-	-	21,473	21,068
Investments (note 2)	-	13,412	179,322	192,734	195,208
	21,473	13,412	179,322	214,207	216,276
FUND BALANCES	21,473	13,412	179,322	214,207	216,276

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2022

	Subdivision Trust Funds \$	H D Russell Recreation and Cemetery Trust Funds \$	Cemetery Care and Maintenance Trust Funds \$	2022 Total \$	2021 Total \$
BALANCES - beginning of year	21,068	13,203	182,005	216,276	208,691
RECEIPTS					
Investment income	405	209	5,298	5,912	3,582
Perpetual care receipts	-	-	18,361	18,361	7,170
	405	209	23,659	24,273	10,752
EXPENSES					
Transfer to Township	-	-	-	-	48
Investment fees	-	-	3,912	3,912	3,119
Investment loss	-	-	22,430	22,430	-
	-	-	26,342	26,342	3,167
BALANCES - end of year	21,473	13,412	179,322	214,207	216,276

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, 2022

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, 2022. Interest rates range on the GIC's from 2.1% to 4.15% and maturity dates from 2023 to 2024.

3. CARE AND MAINTENANCE FUNDS

The Cemetery Care and Maintenance Fund administered by the Cemetery Board is funded by the sale of cemetery plots. These funds are invested and earnings derived there from are used to perform perpetual care maintenance to the Board's cemeteries. The operations and investments of the Fund are undertaken by the Board in accordance with the regulations of the Funeral, Burial, and Cremation Services Act, 2002. 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, 2022

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

We have audited the financial statements of the Springwater Township Public Library Board of the Corporation of the Township of Springwater (the Board), which comprise the statement of financial position as at December 31, 2022, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
December 14, 2023

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

SPRINGWATER TOWNSHIP PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Due from Township (note 5)	83,132	78,881
NET FINANCIAL ASSETS	83,132	78,881
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	232,730	215,524
ACCUMULATED SURPLUS (note 3)	315,862	294,405

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Contributions from Township (note 5)	895,542	861,964	752,601
Fines and user fees	7,500	9,607	4,817
Government of Canada	-	4,251	-
Other municipalities	13,500	13,043	16,452
Other grants	31,500	39,768	65,734
Interest	-	84	17
Donations	7,000	15,031	7,430
TOTAL REVENUES	955,042	943,748	847,051
EXPENSES			
Salaries and benefits	752,960	737,813	659,780
Materials and supplies	66,750	68,264	69,788
Utilities, services and rent (note 5)	82,832	72,980	68,920
Amortization	41,500	43,234	41,500
TOTAL EXPENSES	944,042	922,291	839,988
ANNUAL SURPLUS	<u>11,000</u>	21,457	7,063
ACCUMULATED SURPLUS - beginning of year		294,405	287,342
ACCUMULATED SURPLUS - end of year		315,862	294,405

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL SURPLUS	11,000	21,457	7,063
Amortization of tangible capital assets	41,500	43,234	41,500
Acquisition of tangible capital assets	(52,500)	(60,440)	(48,563)
INCREASE IN NET FINANCIAL ASSETS	-	4,251	-
NET FINANCIAL ASSETS - beginning of year	78,881	78,881	78,881
NET FINANCIAL ASSETS - end of year	78,881	83,132	78,881

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, 2022

	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	21,457	7,063
Items not involving cash		
Amortization of tangible capital assets	43,234	41,500
Change in non-cash assets and liabilities		
Change in due from Township	(4,251)	-
Net change in cash from operating activities	60,440	48,563
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(60,440)	(48,563)
NET CHANGE 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, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Recognition of Revenue and Expenses

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

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

Fines and donations are recognized when the amounts are received.

(b) Use of Estimates

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

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

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Books	7 years
Equipment	5 to 20 years

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

(d) Non-Financial Assets

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

(e) Government Funding

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

SPRINGWATER TOWNSHIP PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Reserve Funds

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

(g) Inter-Entity Transactions

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

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

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

2. TANGIBLE CAPITAL ASSETS

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

	Equipment \$	Books \$	2022 Totals \$	2021 Totals \$
COST				
Balance, beginning of year	30,629	422,093	452,722	404,159
Add: additions during the year	-	60,440	60,440	48,563
Balance, end of year	30,629	482,533	513,162	452,722
ACCUMULATED AMORTIZATION				
Balance, beginning of year	30,629	206,569	237,198	195,698
Add: additions during the year	-	43,234	43,234	41,500
Balance, end of year	30,629	249,803	280,432	237,198
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	-	232,730	232,730	215,524

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

SPRINGWATER TOWNSHIP PUBLIC LIBRARY BOARD
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2022

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022	2021
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	232,730	215,524
Surplus	232,730	215,524
Reserve Fund		
Capital asset acquisitions	83,132	78,881
	315,862	294,405

4. BUDGET FIGURES

The operating budget, approved by the Board, for 2022 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

SPRINGWATER TOWNSHIP PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

5. INTER-ENTITY TRANSACTIONS

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

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

Details of the inter-entity expense transactions are as follows:

	2022	2021
	\$	\$
Allocated costs:		
Insurance	15,394	14,122
Audit fees	1,550	1,550
Facility rent	7,500	7,500
	<hr/>	<hr/>
	24,444	23,172

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

- Accounting and administrative services
- Professional services

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

**CORPORATION OF THE TOWNSHIP OF
SPRINGWATER**

ELMVALE BUSINESS IMPROVEMENT AREA

FINANCIAL STATEMENTS

DECEMBER 31, 2022

INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the financial statements of the Elmvale Business Improvement Area of the Corporation of the Township of Springwater (the Board), which comprise the statement of financial position as at December 31, 2022, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
December 14, 2023

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

**ELMVALE BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
At December 31, 2022**

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Due from Township (note 4)	24,338	31,907
NET FINANCIAL ASSETS	24,338	31,907
ACCUMULATED SURPLUS (note 2)	24,338	31,907

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Members' tax levy (note 4)	21,060	21,060	21,060
Donations	-	1,105	1,190
TOTAL REVENUES	21,060	22,165	22,250
EXPENSES			
Networking and communication	15,000	16,113	18,507
Promotion	7,725	5,341	2,876
Administration (note 4)	1,050	1,050	1,050
Tourism and events	7,500	7,230	8,420
TOTAL EXPENSES	31,275	29,734	30,853
ANNUAL DEFICIT	<u>(10,215)</u>	(7,569)	(8,603)
ACCUMULATED SURPLUS - beginning of year		31,907	40,510
ACCUMULATED SURPLUS - end of year		24,338	31,907

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, 2022**

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL DEFICIT	(10,215)	(7,569)	(8,603)
NET FINANCIAL ASSETS - beginning of year	31,907	31,907	40,510
NET FINANCIAL ASSETS - end of year	21,692	24,338	31,907

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, 2022

	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(7,569)	(8,603)
Change in non-cash assets and liabilities		
Due from Township	7,569	8,603
NET CHANGE 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

ELMVALE BUSINESS IMPROVEMENT AREA NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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. The members' tax levy is recognized in the year it is levied for.

(b) Use of Estimates

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

(c) Tangible Capital Assets

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

(d) Reserves

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

(e) Inter-Entity Transactions

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

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

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

CORPORATION OF THE TOWNSHIP OF SPRINGWATER

**ELMVALE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2022**

2. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022	2021
	\$	\$
Reserve		
General operations	24,338	31,907
	24,338	31,907

3. BUDGET FIGURES

The operating budget, approved by the Board, for 2022 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year’s actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

4. INTER-ENTITY TRANSACTIONS

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

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

Details of the inter-entity expense transactions are as follows:

	2022	2021
	\$	\$
Allocated costs:		
Audit fees	1,050	1,050
	1,050	1,050

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

- Accounting and administrative services
- Professional services

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

