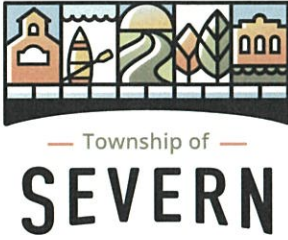


**The Corporation of the
Township of Severn**
Consolidated Financial Statements
For the year ended December 31, 2023

Contents

The Corporation of the Township of Severn Consolidated Financial Statements	
Management's Responsibility	2
Independent Auditor's Report	3 - 4
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Change in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Summary of Significant Accounting Policies	9 - 13
Notes to Consolidated Financial Statements	14 - 24
Coldwater Business Improvement Area	
Compilation Engagement Report	25
Schedule 1 - Coldwater Business Improvement Area	26
Schedule 1 - Notes to Financial Information	27
The Corporation of the Township of Severn Trust Funds	
Independent Auditor's Report	28 - 29
Statement of Financial Position and Statement of Financial Activities	30
Notes to Financial Statements	31
The Corporation of the Township of Severn Library Board	32
Independent Practitioner's Review Engagement Report	33
Statement of Financial Position	34
Statement of Operations and Accumulated Surplus	35
Statement of Change in Net Financial Assets	36
Statement of Cash Flows	37
Summary of Significant Accounting Policies	38 - 40
Notes to Financial Statements	41 - 44



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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Township of Severn ("the Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Corporate Services Committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Baker Tilly KDN LLP, independent external auditor appointed by the Township. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.

Andrew Plunkett
Director of Finance/Treasurer

Mike Burkett
Mayor



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Severn and its local boards (the Township), which comprise the consolidated statement of financial position as at December 31, 2023, 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, 2023, 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.

ASSURANCE • TAX • ADVISORY

Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

Peterborough

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

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
February 6, 2025



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

December 31	2023	2022
Financial assets		
Cash (Note 2)	\$ 44,529,885	\$ 40,204,590
Taxes receivable	2,515,988	2,066,301
Accounts receivable	1,476,595	1,458,926
Inventories for resale	10,020	67,393
Long-term receivables (Note 3)	105,587	57,347
	48,638,075	43,854,557
Liabilities		
Accounts payable and accrued liabilities	2,288,491	3,628,176
Other liabilities	3,026,461	2,381,645
Deferred revenue (Note 6)	12,035,849	9,538,386
Long-term debt (Note 7)	5,792,690	6,042,500
Asset retirement obligation (Note 13)	25,500	-
	23,168,991	21,590,707
Net financial assets	25,469,084	22,263,850
Non-financial assets		
Tangible capital assets (Note 8)	107,561,313	103,733,426
Accumulated surplus (Note 9)	\$ 133,030,397	\$ 125,997,276

Contingencies (Note 12)

**The Corporation of the
Township of Severn**

Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	(Note 17) Budget 2023	Actual 2023	Actual 2022
Revenue			
Taxation (Note 15)	\$ 14,866,810	\$ 14,932,367	\$ 13,882,958
Government grants - Federal	967,385	159,274	626,584
Government grants - Provincial	2,800,812	2,898,031	2,795,255
Government grants - Municipal	105,954	48,699	63,269
User fees and service charges	5,034,667	5,371,475	6,264,545
Investment income	1,303,500	1,791,279	799,958
Contributed assets	-	1,263,335	791,354
Other (Note 10)	902,950	1,438,450	1,751,177
	<u>25,982,078</u>	<u>27,902,910</u>	<u>26,975,100</u>
Expenses			
General government	3,199,340	2,933,084	2,615,456
Fire department	1,760,037	1,637,554	1,489,710
Police services	2,274,500	2,234,865	2,233,127
Protective inspection and control	1,090,251	978,408	806,256
Transportation services	6,214,100	6,465,482	5,674,110
Water and sewer	4,307,950	4,379,942	3,959,783
Parks and recreation	1,550,324	1,275,539	1,235,348
Library and culture	318,490	314,241	245,135
Planning and development	731,733	650,674	633,188
	<u>21,446,725</u>	<u>20,869,789</u>	<u>18,892,113</u>
Annual surplus	4,535,353	7,033,121	8,082,987
Accumulated surplus, beginning of year	<u>125,997,276</u>	<u>125,997,276</u>	<u>117,914,289</u>
Accumulated surplus, end of year	<u>\$130,532,629</u>	<u>\$133,030,397</u>	<u>\$125,997,276</u>

**The Corporation of the
Township of Severn**

Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	(Note 17) Budget 2023	2023	2022
Annual surplus	\$ 4,535,353	\$ 7,033,121	\$ 8,082,987
Acquisition of tangible capital assets	(15,561,850)	(8,467,846)	(7,761,010)
Amortization of tangible capital assets	4,304,800	4,304,739	4,029,172
Net loss(gain) on disposal of tangible capital assets	-	333,970	(518,765)
Proceeds on disposal of tangible capital assets	53,000	26,750	672,202
Net change in net financial assets	(6,668,697)	3,230,734	4,504,586
Net financial assets, beginning of year	22,263,850	22,263,850	17,759,264
Adjustment on adoption of the asset retirement obligation standard (Note 1)	-	(25,500)	-
Net financial assets, beginning of year, as restated	22,263,850	22,238,350	17,759,264
Net financial assets, end of year	\$ 15,595,153	\$ 25,469,084	\$ 22,263,850

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

For the year ended December 31	2023	2022
Operating transactions		
Annual surplus	\$ 7,033,121	\$ 8,082,987
Items not involving cash		
Amortization of tangible capital assets	4,304,739	4,029,172
Net loss (gain) on disposal of tangible capital assets	333,970	(518,765)
Contributed tangible capital assets	(1,263,335)	(791,354)
Changes in non-cash operating balances		
Taxes receivable	(449,687)	(270,788)
Accounts receivable	(17,669)	78,814
Inventories for resale	57,373	(60,139)
Long term receivables	(48,240)	(31,857)
Accounts payable and accrued liabilities	(1,339,685)	858,029
Other current liabilities	644,816	(32,863)
Deferred revenue	2,497,463	1,916,623
	11,752,866	13,259,859
Capital transactions		
Purchase of tangible capital assets	(7,204,511)	(6,969,656)
Proceeds on disposal of tangible capital assets	26,750	672,202
	(7,177,761)	(6,297,454)
Financing transactions		
Proceeds from issuance of long-term debt	94,900	40,600
Repayment of long-term debt	(344,710)	(291,658)
	(249,810)	(251,058)
Net change in cash	4,325,295	6,711,347
Cash, beginning of year	40,204,590	33,493,243
Cash, end of year (Note 2)	\$ 44,529,885	\$ 40,204,590

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

December 31, 2023

Basis of Consolidation

The consolidated statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenditures have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

Township of Severn Public Library Board - 100%

Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

The consolidated statement of financial position reflects all of the financial assets and liabilities of the municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations.

The accumulated surplus represents the financial position of the municipality, and is the difference between its assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

Inventories For Resale

Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.

Long-term Receivables

Long-term receivables are recorded at their face value. Allowances for doubtful receivables are recorded when it is determined that the Township will be unable to collect all amounts due according to the terms of the underlying agreements. Interest revenue is recognized as received.

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations and accumulated surplus in the year in which it is used for the specified purpose.

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

December 31, 2023

Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the consolidated change in net financial assets for the year.

**Tangible Capital
Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Construction in progress (CIP) assets are not amortized until the asset is put into use. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Vehicles	8 to 25 years
Equipment	7 to 25 years
Buildings	20 to 50 years
Site improvements	15 to 50 years
Roads and bridges	15 to 60 years
Water systems	20 to 80 years
Sewer systems	20 to 80 years

Asset Retirement Obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

1. There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
2. The past transaction or event giving rise to the liability has occurred;
3. It is expected that future economic benefits will be given up; and
4. A reasonable estimate of the amount can be made.

The liability for the removal of asbestos in several buildings owned by the Township has been recognized based on estimated future expenses for remediation or disposal.

The liability is discounted using a present value calculation, and adjusted yearly for accretion expense and any amounts paid. The recognition of a liability resulted in an accompanying increase in the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the account policies outlined for tangible capital assets.

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

December 31, 2023

Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

<u>Financial Instrument</u>	<u>Measurement Method</u>
Cash	Amortized Cost
Accounts receivable	Amortized Cost
Taxes receivable	Amortized Cost
Long-term receivables	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Other liabilities	Amortized Cost
Long-term debt	Amortized Cost

Fair value category: The Township manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

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

December 31, 2023

Financial Instruments cont.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 - Unobservable inputs that are supported by little or no market activity and that are not significant to fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

Trust Funds

Trust funds held in trust by the Corporation of the Township of Severn, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately. (Page 30).

Post Retirement Benefits

The Corporation of the Township of Severn is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

The Corporation of the Township of Severn

Summary of Significant Accounting Policies

December 31, 2023

Government Transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made and there is reasonable assurance of collection.

County and School Boards

The municipality collects taxation revenue on behalf of the school boards and the County of Simcoe. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the County of Simcoe are not reflected in these financial statements.

Revenue Recognition

The municipality recognizes taxation revenue on an annual basis using total assessment values for the year and annually established tax rates. Property assessment values are provided by the Municipal Property Assessment Corporation (MPAC) and tax rates are established and approved by members of Council. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal are known.

Charges for sewer and water usage are recognized as user fees when services have been provided. Connection fee revenues are recognized when the connection has been established. Charges for interment and vaults are recognized as user fees when services are purchased. Charges for the use of recreation facilities and programs like arena and hall rentals are recognized when services have been provided.

Sales of services and other revenue are recognized when services are provided and collection is reasonably assured.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these consolidated financial statements are the determination of the allowance for doubtful accounts, the estimated useful life of tangible capital assets and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

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

December 31, 2023

1. Change in Accounting Policy

The Township has implemented the following sections which are now effective under PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces 2600 Foreign Currency Translation. The Standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instruments and the Township's accounting policy choices (see Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 - Solid Waste Landfill Closure and Post-Closure Liability.

In accordance with the provisions of the new standard, the Township reflected the following adjustments at January 1, 2023.

Asbestos Obligation

- An increase of \$25,500 to the buildings tangible capital asset account and a corresponding increase to the opening asset retirement obligation liability.

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

December 31, 2023

2. Cash

	2023	2022
Unrestricted	\$ 32,494,036	\$ 30,666,204
Restricted	12,035,849	9,538,386
	\$ 44,529,885	\$ 40,204,590

All cash is held at one chartered bank with interest paid monthly at prime less 1.75%.
The restricted cash represents the balance of the deferred revenue (Note 6).

3. Long-Term Receivables

	2023	2022
Tile drainage loans	\$ 105,587	\$ 57,347

The tile drainage loans have interest rates of 6% and are due from 2024 to 2033.

4. Credit Facility

The Township has arranged an operating loan for \$500,000 at prime less 0.75% to assist with working capital requirements.

The Township has arranged a demand loan for \$4,500,000 at prime less 0.75% to assist with the Coldwater Sewer project.

As at December 31, 2023 no amounts have been drawn relating to either credit facility. (2022 - \$Nil)

5. Financial Instruments

Transactions in financial instruments may result in the Township assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Township is exposed to the following risks in respect of certain of the financial instruments held.

a. Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Township reduces its exposure to credit risk by creating an allowance for bad debts when applicable. The Township monitors and assesses the collectibility of accounts receivable based on past experience to derive a net realizable value.

b. Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Township has exposure to interest rate risk on its long-term debt.

In the opinion of management, the Township is not exposed to any significant liquidity, market or currency risk.

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

December 31, 2023

6. Deferred Revenue - Obligatory Reserve Funds

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Canada	\$ 2,584,033	\$ 446,009	\$ 133,109	\$ (138,231)	\$ 3,024,920
Community- Building Fund					
Development charges	6,078,427	2,282,507	313,113	(394,978)	8,279,069
Recreational land	797,378	32,250	41,074	(138,842)	731,860
Ontario Community Infrastructure Fund	78,548	-	362	(78,910)	-
	\$ 9,538,386	\$ 2,760,766	\$ 487,658	\$ (750,961)	\$ 12,035,849

Canada Community-Building Fund (CCBF)

The Association of Municipalities of Ontario (AMO) requires the Municipality to include unspent gas tax funding in an obligatory reserve fund which is reported as deferred revenue. The funding and interest earned in the obligatory reserve fund must be spent on approved projects.

Development charges

Certain user charges and fees are collected for which the related services have yet to be performed. These revenues will be recognized at the time the related services are performed.

Recreational land

These monies are received through subdivision agreements and are used for such things as acquisition of land for park or public recreation, including erection or repair of buildings and the acquisition of machinery for park or other public recreational uses. Monies received from subdividers is in lieu of land being conveyed to the municipality.

Ontario Community Infrastructure Fund (OCIF)

These monies are received from the Ontario Ministry of Agriculture, Food and Rural Affairs to fund municipal infrastructure projects. Any unspent OCIF funding is reported as deferred revenue. The funding and interest earned in the obligatory reserve fund must be spent on approved projects.

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

December 31, 2023

7. Long-term Debt

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

	2023	2022
Ontario Strategic Infrastructure Financing Authority Debenture, 5.28%, repayable \$305,092 semi-annually, due August 2036	\$ 5,687,103	\$ 5,985,153
Tile drainage loans, interest rate of 6%, annual payments ranging from \$3,084 to \$6,753 per year, due 2024 to 2033	105,587	57,347
	\$ 5,792,690	\$ 6,042,500

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

2024	\$ 323,638
2025	341,014
2026	359,324
2027	378,617
2028	395,863
Thereafter	3,994,234
	\$ 5,792,690

The annual principal and interest payments required to service the long-term liabilities of the municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing. Interest expense paid relating to the long-term debt above is \$313,138 (2022 - \$328,797).

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

December 31, 2023

8. Tangible Capital Assets

									2023
	Land and Site Improvements	Buildings	Equipment	Roads and Bridges	Water systems	Sewer systems	Vehicles	Construction in progress	Total
Cost, beginning of year	\$ 12,182,662	\$ 15,683,604	\$ 2,373,196	\$ 62,005,589	\$ 24,233,757	\$ 30,837,384	\$ 8,747,526	\$ 3,802,843	\$ 159,866,561
Additions	1,552,995	669,989	715,500	4,566,043	60,042	13,204	908,913	6,660	8,493,346
Disposals	-	-	(309,730)	(819,793)	-	-	(135,415)	-	(1,264,938)
Cost, end of year	13,735,657	16,353,593	2,778,966	65,751,839	24,293,799	30,850,588	9,521,024	3,809,503	167,094,969
Accumulated amortization, beginning of year	894,233	6,737,296	1,436,682	26,694,091	8,162,424	8,182,213	4,026,196	-	56,133,135
Amortization	146,668	402,505	163,897	1,928,208	504,090	518,538	640,833	-	4,304,739
Disposals	-	-	(297,486)	(509,602)	-	-	(97,130)	-	(904,218)
Accumulated amortization, end of year	1,040,901	7,139,801	1,303,093	28,112,697	8,666,514	8,700,751	4,569,899	-	59,533,656
Net carrying amount, end of year	\$ 12,694,756	\$ 9,213,792	\$ 1,475,873	\$ 37,639,142	\$ 15,627,285	\$ 22,149,837	\$ 4,951,125	\$ 3,809,503	\$ 107,561,313

									2022
	Land and Site Improvements	Buildings	Equipment	Roads and Bridges	Water systems	Sewer systems	Vehicles	Construction in Progress	Total
Cost, beginning of year	\$ 11,050,383	\$ 15,462,094	\$ 2,274,232	\$ 58,947,386	\$ 24,093,818	\$ 30,392,749	\$ 8,502,630	\$ 2,298,729	\$ 153,022,021
Additions	1,145,887	261,310	212,332	3,437,179	183,815	444,635	571,738	1,504,114	7,761,010
Disposals	(13,608)	(39,800)	(113,368)	(378,976)	(43,876)	-	(326,842)	-	(916,470)
Cost, end of year	12,182,662	15,683,604	2,373,196	62,005,589	24,233,757	30,837,384	8,747,526	3,802,843	159,866,561
Accumulated amortization, beginning of year	778,026	6,363,413	1,402,257	25,215,090	7,695,151	7,679,262	3,733,797	-	52,866,996
Amortization	116,207	388,456	141,799	1,804,772	488,436	502,951	586,551	-	4,029,172
Disposals	-	(14,573)	(107,374)	(325,771)	(21,163)	-	(294,152)	-	(763,033)
Accumulated amortization, end of year	894,233	6,737,296	1,436,682	26,694,091	8,162,424	8,182,213	4,026,196	-	56,133,135
Net carrying amount, end of year	\$ 11,288,429	\$ 8,946,308	\$ 936,514	\$ 35,311,498	\$ 16,071,333	\$ 22,655,171	\$ 4,721,330	\$ 3,802,843	\$ 103,733,426

Included in additions are \$1,263,335 (2022-\$791,354) in contributed capital assets that were recognized in the financial statements during the year. The cost of land included in land and site improvement is \$8,692,512 (2022 - \$8,551,212) and is not being amortized.

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

December 31, 2023

9. Accumulated Surplus

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

	2023	2022
Investment in tangible capital assets		
Tangible capital assets - net book value	\$107,561,313	\$103,733,426
Long Term Debt - amounts to be recovered	(5,720,648)	(6,018,528)
Unfunded asset retirement obligation	(25,500)	-
	101,815,165	97,714,898
Current Fund		
General area taxation	2,500	2,500
Police	119,258	101,332
Waterworks and sewer systems	585,411	2,422,569
Coldwater Business Improvement Area (Schedule 1)	6,026	2,462
Severn Library Board	241,071	241,071
	954,266	2,769,934
Reserves set aside for specific purposes by Council:		
Working funds	3,613,822	3,612,052
Election	55,688	25,688
Emergency planning	40,000	40,000
Parkland	324,794	341,353
Capital purposes	17,413,493	15,708,404
Taxation	500,000	500,000
Administration	2,501,418	2,014,668
Fire protection	1,028,424	1,028,424
Water and sewer systems	3,589,529	1,313,642
Building department	626,469	364,358
Gravel pit restoration	194,549	128,368
Westshore	372,780	435,487
	30,260,966	25,512,444
	\$133,030,397	\$125,997,276

The balance available to offset future revenue requirements for the fiscal year ending December 31, 2023 has been decreased by an amount of \$2,291,774, transferred to reserves as authorized by by-law #2023-29 dated April 5, 2023. Had this decrease not been made the current fund balance would have shown a surplus of \$3,246,040.

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

December 31, 2023

10. Other Revenue

	(Note 17) Budget 2023	Actual 2023	Actual 2022
Penalties and interest on taxation	\$ 325,000	\$ 385,090	\$ 326,832
Other fines and penalties	25,000	21,207	35,839
Licences, permits and fines	544,100	994,606	754,961
Donations	8,850	14,405	7,237
Gain on disposal of tangible capital assets	-	159	624,780
Other	-	22,983	1,528
	\$ 902,950	\$ 1,438,450	\$ 1,751,177

Losses on disposal of tangible capital assets amounted to \$334,129 (2022 - \$106,015) and are included in the other expense line in respect to the department they pertain to, resulting in a total net (gain)loss of \$333,970 (2022 - \$(518,765)).

11. Expenses by Object

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

	(Note 17) Budget 2023	Actual 2023	Actual 2022
Expenses			
Salaries and wages	\$ 8,027,088	\$ 7,455,764	\$ 6,841,786
Materials and supplies	5,389,788	5,157,611	4,496,285
Contracted services	3,387,637	3,280,826	3,045,995
Rents and financial	21,050	26,878	22,962
Interest	316,362	308,842	323,197
Other	-	335,129	132,716
Amortization	4,304,800	4,304,739	4,029,172
	\$ 21,446,725	\$ 20,869,789	\$ 18,892,113

12. Contingencies

Claims have been filed against the Township requesting damages. The ultimate outcome of these claims is not determinable at the time of issue of these financial statements. No provision for these claims has been recorded in these financial statements. Settlements in excess of insurance, if any, will be reflected in the periods in which settlement occurs.

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

December 31, 2023

13. Asset Retirement Obligation

The Township's asset retirement obligation consists of the following:

(a) Asbestos obligation

The Township owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS3280 - Asset Retirement Obligations, the Township recognized an obligation relating to the removal of the asbestos in these buildings as estimated at January 1, 2023. The buildings had an estimated useful life of 40 years when they were purchased, but are currently fully amortized and still in use by the Township with an estimated 20 years of useful life remaining. Post-closure care is estimated to extend for up to a year post the closure of the building, while demolition and construction continues.

Changes in the asset retirement obligation in the year are as follows:

	<u>Asbestos Removal</u>
Opening balance - January 1, 2023	\$ -
Adjustment on adoption of the asset retirement obligation standard	<u>\$ 25,500</u>
Closing balance	<u>\$ 25,500</u>

14. Post Retirement Benefits

OMERS provides pension services to more than 600,000 active and retired members and 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2023. The results of this valuation disclosed total actuarial liabilities of \$134,574 (2022 - \$128,789) million in respect of benefits accrued for service with actuarial assets at that date of \$130,372 (2022 - \$122,111) million indicating an actuarial deficit of \$4,202 (2022 - \$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 municipality does not recognize any share of the OMERS pension surplus or deficit.

Contributions made by the municipality to OMERS for 2023 were \$482,057 (2022 - \$439,555).

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

December 31, 2023

15. Taxation

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

	2023	2022
Total taxes levied	\$ 30,438,890	\$ 28,982,833
Amount levied and remitted to School Boards	(6,248,701)	(6,132,291)
Amount levied and remitted to the County of Simcoe	(9,236,028)	(8,799,710)
Available for general municipal purposes	14,954,161	14,050,832
Amounts written off during the year	(21,794)	(167,874)
Taxation revenue	\$ 14,932,367	\$ 13,882,958

16. Trust Funds

The trust funds administered by the municipality amounting to \$131,001 (2022 - \$128,890) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations. At December 31, 2023, the trusts fund balances are as follows:

	2023	2022
Cemetery Care and Maintenance funds	\$ 120,494	\$ 118,894
Cemetery pre-need	6,096	5,800
Other	4,411	4,196
	\$ 131,001	\$ 128,890

17. Budget Figures

The budget, approved by the Township, for 2023 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit.

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

December 31, 2023

18. Segmented Information

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

General Government

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

Fire Department

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

Police Services

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

Protective Inspection and Control

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

Transportation Services

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

Water and Sewer

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

Parks and Recreation

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

Library and Cultural

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

Planning and Development

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

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

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

December 31, 2023

18. Segmented Information (continued)

For the year ended December 31, 2023	General government	Fire department	Police services	Protective inspection and control	Transportation services	Water and sewer	Parks and recreation	Library and cultural	Planning and development	Unallocated	2023 Total
Revenue											
Taxation (Note 15)	\$ -	\$ -	\$ 2,252,791	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,679,576	\$ 14,932,367
Grants	-	-	-	-	1,813,306	-	131,557	44,041	-	1,117,100	3,106,004
User fees and service charges	26,232	333,042	-	62,400	106,668	4,244,101	394,683	43,095	161,254	-	5,371,475
Investment income	1,716,020	16,624	-	2,375	2,075	30,125	-	24,060	-	-	1,791,279
Contributed assets	-	-	-	-	1,263,335	-	-	-	-	-	1,263,335
Other (Note 10)	418,718	-	-	1,012,965	158	1,525	2,459	2,625	-	-	1,438,450
	<u>2,160,970</u>	<u>349,666</u>	<u>2,252,791</u>	<u>1,077,740</u>	<u>3,185,542</u>	<u>4,275,751</u>	<u>528,699</u>	<u>113,821</u>	<u>161,254</u>	<u>13,796,676</u>	<u>27,902,910</u>
Expenses											
Salaries and wages	1,633,734	851,234	-	843,686	1,716,390	1,186,325	515,090	167,192	542,113	-	7,455,764
Materials and supplies	722,141	373,162	20,237	95,332	1,632,443	1,767,240	469,708	63,925	13,423	-	5,157,611
Contracted services	453,768	41,396	2,214,628	28,571	392,147	-	6,456	51,341	92,519	-	3,280,826
Rents and financial	26,878	-	-	-	-	-	-	-	-	-	26,878
Interest	-	-	-	-	-	306,223	-	-	2,619	-	308,842
Other	6,152	-	-	-	328,977	-	-	-	-	-	335,129
Amortization	90,411	371,762	-	10,819	2,395,525	1,120,154	284,285	31,783	-	-	4,304,739
	<u>2,933,084</u>	<u>1,637,554</u>	<u>2,234,865</u>	<u>978,408</u>	<u>6,465,482</u>	<u>4,379,942</u>	<u>1,275,539</u>	<u>314,241</u>	<u>650,674</u>	<u>-</u>	<u>20,869,789</u>
Net surplus (deficit)	\$ (772,114)	\$ (1,287,888)	\$ 17,926	\$ 99,332	\$ (3,279,940)	\$ (104,191)	\$ (746,840)	\$ (200,420)	\$ (489,420)	\$ 13,796,676	\$ 7,033,121
For the year ended December 31, 2022	General government	Fire department	Police services	Protective inspection and control	Transportation services	Water and sewer	Parks and recreation	Library and cultural	Planning and development	Unallocated	2022 Total
Revenue											
Taxation (Note 15)	\$ -	\$ -	\$ 2,254,641	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,628,317	\$ 13,882,958
Grants	20,870	-	-	-	2,082,383	-	195,614	44,041	-	1,142,200	3,485,108
User fees and service charges	34,117	76,482	-	57,300	388,706	3,954,842	1,461,601	34,357	257,140	-	6,264,545
Investment income	739,180	16,624	-	2,375	2,075	30,125	-	9,579	-	-	799,958
Contributed assets	-	-	-	-	791,354	-	-	-	-	-	791,354
Other (Note 10)	921,886	32,349	-	788,174	5,557	1,934	677	600	-	-	1,751,177
	<u>1,716,053</u>	<u>125,455</u>	<u>2,254,641</u>	<u>847,849</u>	<u>3,270,075</u>	<u>3,986,901</u>	<u>1,657,892</u>	<u>88,577</u>	<u>257,140</u>	<u>12,770,517</u>	<u>26,975,100</u>
Expenses											
Salaries and benefits	1,516,857	797,617	-	712,099	1,616,662	1,066,766	483,896	133,883	514,006	-	6,841,786
Materials and supplies	622,831	312,384	30,261	64,365	1,476,763	1,471,418	459,340	42,348	16,575	-	4,496,285
Contracted services	345,136	26,561	2,202,866	18,324	309,018	-	5,165	37,847	101,078	-	3,045,995
Rents and financial	22,962	-	-	-	-	-	-	-	-	-	22,962
Interest	-	-	-	-	-	321,668	-	-	1,529	-	323,197
Other	28,430	1,892	-	-	53,206	23,960	25,228	-	-	-	132,716
Amortization	79,240	351,256	-	11,468	2,218,461	1,075,971	261,719	31,057	-	-	4,029,172
	<u>2,615,456</u>	<u>1,489,710</u>	<u>2,233,127</u>	<u>806,256</u>	<u>5,674,110</u>	<u>3,959,783</u>	<u>1,235,348</u>	<u>245,135</u>	<u>633,188</u>	<u>-</u>	<u>18,892,113</u>
Net surplus (deficit)	\$ (899,403)	\$ (1,364,255)	\$ 21,514	\$ 41,593	\$ (2,404,035)	\$ 27,118	\$ 422,544	\$ (156,558)	\$ (376,048)	\$ 12,770,517	\$ 8,082,987



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COMPILATION ENGAGEMENT REPORT

To the Members of the Coldwater Business Improvement Area, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Severn

On the basis of information provided by management, we have compiled the statement of financial position as at December 31, 2023 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and note 1, which describes the basis of accounting applied in the preparation of the compiled financial information and other explanatory information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that these statements may not be appropriate for their purposes.

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
February 6, 2025

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

For the year ended December 31	Budget 2023	2023	2022
Revenue			
BIA Coldwater taxation	\$ 30,000	\$ 30,000	30,000
Other revenue	8,350	11,780	5,976
	38,350	41,780	35,976
Expenses			
Advertising	13,650	12,597	7,656
Beautification	7,500	7,098	14,217
Administrative Fees	400	429	-
Insurance	1,000	969	1,369
Professional fees	1,000	1,000	1,000
Promotion and public relations	14,800	15,898	11,563
Taxes written off	-	225	220
	38,350	38,216	36,025
Annual surplus (deficit)	-	3,564	(49)
Accumulated surplus , beginning of year	2,462	2,462	2,511
Accumulated surplus (deficit) , end of the year	\$ 2,462	\$ 6,026	\$ 2,462

**The Corporation of the
Township of Severn**
Schedule 1 - Coldwater Business Improvement Area
Notes to the Financial Information

December 31, 2023

1. Significant Accounting Policies

This financial information has 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.



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Township of Severn (the Trust Funds), which comprise the statement of financial position as at December 31, 2023, 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 financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2023, and the continuity of the Trust Funds 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 Funds 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 Funds 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.

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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 Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
February 6, 2025

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

December 31	2023	2022
Assets		
Cash	\$ 129,355	\$ 126,388
Due from Township	1,646	2,502
	\$ 131,001	\$ 128,890
Fund Balance	\$ 131,001	\$ 128,890

Statement of Financial Activities

For the year ended December 31	2023	2022
Fund balance, beginning of the year	\$ 128,890	\$ 126,210
Revenue		
Care and maintenance - plots	900	1,200
Care and maintenance - niches	-	465
Monuments placed	700	800
Bank interest	511	215
	2,111	2,680
Fund balance, end of the year	\$ 131,001	\$ 128,890

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

December 31, 2023

1. Cemetery Perpetual Care

The cemetery perpetual care trust funds represent a portion of the sale of cemetery plots and monument foundations at the Coldwater Cemetery. The capital amounts are to be kept intact in perpetuity, with investment income earned on these funds used to maintain the cemetery.

2. Summary of Significant Accounting Policies

Management Responsibility The financial statements of The Corporation of the Township of Severn Trust Funds are the responsibility of management.

Accrual Basis of Accounting Sources of revenue and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

**The Corporation of the
Township of Severn
Library Board
Financial Statements
For the year ended December 31, 2023**

Contents

Independent Practitioner's Review Engagement Report	33
Financial Statements	
Statement of Financial Position	34
Statement of Operations and Accumulated Surplus	35
Statement of Change in Net Financial Assets	36
Statement of Cash Flows	37
Summary of Significant Accounting Policies	38 - 40
Notes to Financial Statements	41 - 44



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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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

We have reviewed the accompanying financial statements of the Library Board of the Corporation of the Township of Severn (the Board), that comprise the statement of financial position as at December 31, 2023 and 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 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of the Board as at December 31, 2023 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
February 6, 2025

ASSURANCE • TAX • ADVISORY

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

December 31	2023	2022
Financial assets		
Cash	\$ 521,800	\$ 474,702
Liabilities		
Due to the Corporation of the Township of Severn (Note 8)	280,729	233,631
Net financial assets	241,071	241,071
Non-financial assets		
Tangible capital assets (Note 4)	267,204	271,530
Accumulated surplus (Note 5)	\$ 508,275	\$ 512,601

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

The Corporation of the Township of Severn Library Board
Statement of Operations and Accumulated Surplus

For the year ended December 31	(Note 6) Budget 2023	Actual 2023	Actual 2022
Revenue			
Township of Severn contribution (Note 8)	\$ 257,399	\$ 238,756	\$ 181,049
Province of Ontario grant	25,342	25,342	25,342
Township of Oro-Medonte contribution	18,999	18,699	18,699
Miscellaneous	950	432	225
Interest	3,500	24,060	9,579
Donations	500	2,625	600
	306,690	309,914	235,494
Expenses			
Amortization of tangible capital assets	31,800	31,783	31,057
Equipment	3,000	2,237	1,978
General and office	13,520	10,875	5,407
Insurance	3,500	3,392	3,422
Library contract	51,000	50,670	36,450
Professional fees	1,000	1,000	1,000
Repairs and maintenance	13,850	19,684	6,982
Supplies	27,520	20,449	18,664
Telephone	2,000	1,872	1,854
Training	2,000	51	30
Utilities	5,500	5,035	4,408
Wages and benefits	163,800	167,192	134,841
	318,490	314,240	246,093
Annual Deficit	(11,800)	(4,326)	(10,599)
Accumulated Annual surplus, beginning of year	512,601	512,601	523,200
Accumulated surplus, end of year	\$ 500,801	\$ 508,275	\$ 512,601

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

The Corporation of the Township of Severn Library Board
Statement of Change in Net Financial Assets

For the year ended December 31	(Note 6) Budget 2023	2023	2022
Annual Deficit	\$ (11,800)	\$ (4,326)	\$ (10,599)
Acquisition of tangible capital assets	(20,000)	(27,457)	(20,458)
Amortization of tangible capital assets	31,800	31,783	31,057
Net change in net financial assets	-	-	-
Net financial assets , beginning of year	241,071	241,071	241,071
Net financial assets , end of year	\$ 241,071	\$ 241,071	\$ 241,071

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

The Corporation of the Township of Severn Library Board
Statement of Cash Flows

For the year ended December 31	2023	2022
Operating transactions		
Annual deficit	\$ (4,326)	\$ (10,599)
Items not involving cash		
Amortization of tangible capital assets	31,783	31,057
Changes in non-cash operating balances		
Grants receivable	-	9,349
	<u>27,457</u>	<u>29,807</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(27,457)</u>	<u>(20,458)</u>
Financing transactions		
Due to (from) the Corporation of the Township of Severn	<u>47,098</u>	<u>44,867</u>
Net change in cash	47,098	54,216
Cash, beginning of year	<u>474,702</u>	420,486
Cash, end of year	\$ 521,800	\$ 474,702

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

The Corporation of the Township of Severn Library Board

Summary of Significant Accounting Policies

December 31, 2023

Nature of Business	The board provides library services to the general public.								
Basis of Accounting	<p>Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.</p> <p>The statement of financial position reflects all of the financial assets and liabilities of the board. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations.</p> <p>The accumulated surplus represents the financial position of the board, and is the difference between its assets and liabilities. This provides information about the board's overall future revenue requirements and its ability to finance activities and meet its obligations.</p>								
Non-financial Assets	Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the change in net financial assets for the year.								
Tangible Capital Assets	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:</p> <table><tr><td>Buildings</td><td>15 - 40 years</td></tr><tr><td>Books</td><td>7 years</td></tr><tr><td>Computer equipment</td><td>7 years</td></tr><tr><td>Furniture and equipment</td><td>10 years</td></tr></table>	Buildings	15 - 40 years	Books	7 years	Computer equipment	7 years	Furniture and equipment	10 years
Buildings	15 - 40 years								
Books	7 years								
Computer equipment	7 years								
Furniture and equipment	10 years								
Government Transfers	Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.								

The Corporation of the Township of Severn Library Board

Summary of Significant Accounting Policies

December 31, 2023

Revenue Recognition

User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection. Interest revenue is recognized as it is earned.

Contributed Materials and Services

Contributed materials and services which are used in the normal course of the board's operations and would otherwise have been purchased are recorded at their fair value at the date of the contribution, if fair value can be reasonably estimated.

Post Retirement Benefits

The Corporation of the Township of Severn Library Board is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The board has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The board records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

Inter-Entity Transactions

The Library Board is a Board of the Township of Severn 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 parties.

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

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the determination of allowance for doubtful accounts, if any, and the estimated useful life of tangible capital assets. Actual results could differ from the management's best estimates as additional information becomes available in the future.

The Corporation of the Township of Severn Library Board

Summary of Significant Accounting Policies

December 31, 2023

Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

<u>Financial Instrument</u>	<u>Measurement Method</u>
Cash	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost

Fair value category: The Board manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 - Unobservable inputs that are supported by little or no market activity and that are not significant to fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

The Corporation of the Township of Severn Library Board

Notes to Financial Statements

December 31, 2023

1. Changes in Accounting Policies

The Board has implemented the following sections which are now effective under PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces 2600 Foreign Currency Translation. The Standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instruments and the Township's accounting policy choices (see Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 - Solid Waste Landfill Closure and Post-Closure Liability. The adoption of this standard did not have an impact on the Board's financial statements.

The Corporation of the Township of Severn Library Board

Notes to Financial Statements

December 31, 2023

2. Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the Corporation of the Township of Severn Library Board's ("Board") management and have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. A summary of significant accounting policies is provided in these financial statements. The preparation of the financial statements involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Board's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

3. Financial Instruments

Transactions in financial instruments may result in the Board assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

In the opinion of management, the Board is not exposed to any significant credit, liquidity, interest rate, market or currency risk.

The Corporation of the Township of Severn Library Board
Notes to Financial Statements

December 31, 2023

4. Tangible Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 5,067	\$ -	\$ 5,067	\$ -
Buildings	424,361	248,104	424,361	234,999
Books	153,121	68,970	138,711	64,065
Computer equipment	9,304	8,161	9,304	7,770
Furniture and equipment	5,001	4,415	5,001	4,080
	\$ 596,854	\$ 329,650	\$ 582,444	\$ 310,914
Net book value		\$ 267,204		\$ 271,530

5. Accumulated Surplus

The Board segregates its accumulated surplus in the following categories:

	2023	2022
Investment in tangible capital assets	\$ 267,204	\$ 271,530
Operating Surplus	241,071	241,071
	\$ 508,275	\$ 512,601

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

6. Budget

The budget, approved by the Board, for 2023 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and therefore, many not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit or review.

The Corporation of the Township of Severn Library Board

Notes to Financial Statements

December 31, 2023

7. Post Retirement Benefits

OMERS provides pension services to more than 559,000 active and retired members and 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2023. The results of this valuation disclosed total actuarial liabilities of \$134,574 (2022 - \$128,789) million in respect of benefits accrued for service with actuarial assets at that date of \$130,372 (2022 - \$122,111) million indicating an actuarial deficit of \$4,202 (2022 - \$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 Board does not recognize any share of the OMERS pension surplus or deficit.

Contributions made by the Board to OMERS for 2023 were \$9,746 (2022 - \$8,830).

8. Inter-entity Transactions

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

Details of the inter-entity transactions are as follows:

	<u>2023</u>	<u>2022</u>
Allocated costs:		
Professional Fees	\$ 1,000	\$ 1,000
Insurance	3,392	3,422
	<u>\$ 4,392</u>	<u>\$ 4,422</u>

In addition, the Township provides accounting and administrative services to the Board at no cost.

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