

Corporation of the Township of Scugog

Consolidated Financial Statements

For the year ended December 31, 2023

Corporation of the Township of Scugog

Financial Statements

For the year ended December 31, 2023

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Independent Auditor's Report

To the Members of the Council of the Corporation of the Township of Scugog

Qualified Opinion

We have audited the consolidated financial statements of Corporation of the Township of Scugog (the Entity), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, the consolidated statement of change in net financial assets, and the consolidated statement of cash flows for the year then ended, and notes to the consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023, and its consolidated results of operations, its consolidated change in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Effective January 1, 2023, the Township adopted PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Management has completed an assessment of the tangible capital assets for potential retirement obligations and has recognized an asset retirement obligation as of January 1, 2022 in accordance with the modified retrospective method. However, we were unable to audit the accuracy of the obligation due to the lack of precision of cost estimates used in the measurement of the liability. As a result, we were not able to determine whether adjustments might be necessary to expenses and annual surplus for the years ended December 31, 2023 and 2022, tangible capital assets and the asset retirement obligation as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

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 Entity 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 qualified audit opinion.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity 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 financial information of the entities or business activities within the Entity 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.

BDO Canada LLP

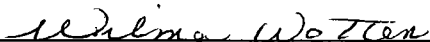
Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario
July 16, 2024

**Corporation of the Township of Scugog
Consolidated Statement of Financial Position**

| December 31 | 2023 | 2022 |
|---|---------------------|----------------|
| | (Restated - Note 1) | |
| Financial Assets | | |
| Cash and cash equivalents | \$ 32,841,006 | \$ 30,795,833 |
| Investments (Note 2) | 7,842,458 | 6,560,386 |
| Taxes receivable | 4,437,493 | 5,050,505 |
| Accounts receivable (Note 5) | 3,284,803 | 1,843,522 |
| Inventory for resale | 2,245 | 766 |
| | 48,408,005 | 44,251,012 |
| Liabilities | | |
| Accounts payable and accrued expenses | 3,168,359 | 3,169,196 |
| Deferred revenue (Note 6) | 16,150,444 | 14,130,940 |
| Deposits | 4,104,195 | 4,574,830 |
| Employee future amounts payable (Note 7) | 669,889 | 685,797 |
| Asset retirement obligations (Note 10) | 2,957,601 | 2,800,768 |
| Municipal debt (Note 8) | 1,094,819 | 1,200,315 |
| Capital lease obligation (Note 8) | 188,829 | 217,269 |
| | 28,334,136 | 26,779,115 |
| Net financial assets | 20,073,869 | 17,471,897 |
| Contingent Liabilities and Commitments (Note 11) | | |
| Non-financial assets | | |
| Tangible capital assets (Note 14) | 88,627,515 | 86,534,257 |
| Inventory of supplies | 274,905 | 296,783 |
| Prepaid expenses | 303,747 | 268,052 |
| | 89,206,167 | 87,099,092 |
| Accumulated surplus (Note 9) | \$ 109,280,036 | \$ 104,570,989 |

On behalf of Council



Mayor/Councillor

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

Corporation of the Township of Scugog Consolidated Statement of Operations

| For the year ended December 31 | Budget 2023 (Note 12) | Actual 2023 | Actual 2022 (Restated - Note 1) |
|--|-----------------------------|----------------|---------------------------------------|
| Revenues | | | |
| Taxation levied for own purposes (Note 4) | \$ 17,591,500 | \$ 17,699,663 | \$ 16,289,523 |
| User charges, licences and fines | 2,687,000 | 3,933,329 | 2,444,683 |
| Grants | | | |
| Government of Canada | 177,700 | 1,275,379 | 707,769 |
| Province of Ontario | 1,304,200 | 1,657,310 | 1,817,504 |
| Other Municipalities | 8,400 | 1,000 | 152,929 |
| Other | | | |
| Casino revenues | 975,000 | 1,040,271 | 974,276 |
| Developer contributions earned (Note 6) | - | 459,383 | 836,469 |
| Investment Income | 325,000 | 1,332,966 | 612,694 |
| Penalties and interest on taxes | 570,000 | 656,280 | 583,301 |
| Donations and other | 24,600 | 1,588,177 | 220,927 |
| Gain on disposition of tangible capital assets | - | 105,287 | 44,287 |
| | 23,663,400 | 29,749,045 | 24,684,362 |
| Expenses | | | |
| General government | 3,993,100 | 4,291,056 | 4,292,122 |
| Protection to persons and property | 3,154,900 | 3,525,391 | 2,953,416 |
| Transportation | 6,104,200 | 10,263,891 | 9,730,127 |
| Environmental services | 135,800 | 97,161 | 355,874 |
| Recreational and cultural services | 4,634,900 | 5,755,660 | 4,943,567 |
| Planning and development | 808,100 | 1,106,839 | 869,252 |
| | 18,831,000 | 25,039,998 | 23,144,358 |
| Annual surplus | 4,832,400 | 4,709,047 | 1,540,004 |
| Accumulated surplus, beginning of year | 104,570,989 | 104,570,989 | 103,030,985 |
| Accumulated surplus, end of year | \$ 109,403,389 | \$ 109,280,036 | \$ 104,570,989 |

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

Corporation of the Township of Scugog
Consolidated Statement of Change in Net Financial Assets

| For the year ended December 31 | Budget 2023 (Note 12) | Actual 2023 | Actual 2022 (Restated - Note 1) |
|---|-----------------------------|----------------|---------------------------------------|
| Annual surplus | \$ 4,832,400 | \$ 4,709,047 | \$ 1,540,004 |
| Acquisition of tangible capital assets | (4,832,400) | (6,789,045) | (3,700,552) |
| Amortization of tangible capital assets | - | 4,837,404 | 4,619,075 |
| Gain (loss) on disposition of tangible capital assets | - | (105,287) | (44,287) |
| Proceeds on disposal of tangible capital assets | - | 129,157 | 85,604 |
| | - | 2,781,276 | 2,499,844 |
| Acquisition of work in progress | - | (801,547) | (4,660,954) |
| Transfer of work in progress to tangible capital assets | - | 636,060 | 744,173 |
| | - | (165,487) | (3,916,781) |
| Acquisition of inventory of supplies | - | (274,905) | (296,783) |
| Use/consumption of inventory of supplies | - | 296,783 | 325,781 |
| Acquisition of prepaid expenses | - | (303,747) | (268,052) |
| Use/consumption of prepaid expenses | - | 268,052 | 249,195 |
| | - | (13,817) | 10,141 |
| Net change in net financial assets | - | 2,601,972 | (1,406,796) |
| Net financial assets, beginning of year | 17,471,897 | 17,471,897 | 18,878,693 |
| Net financial assets, end of year | \$ 17,471,897 | \$ 20,073,869 | \$ 17,471,897 |

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

Corporation of the Township of Scugog
Consolidated Statement of Cash Flows

| For the year ended December 31 | Actual 2023 | Actual 2022 |
|--|----------------------|----------------------|
| | (Restated - Note 1) | |
| Cash flow from operating activities | | |
| Annual surplus (page 6) | \$ 4,709,047 | \$ 1,540,004 |
| Items not involving cash | | |
| Amortization | 4,837,404 | 4,619,075 |
| Gain (loss) on disposal of tangible capital assets | 129,157 | (44,287) |
| | 9,675,608 | 6,114,792 |
| Users | | |
| Increase in taxes receivable | - | (1,533,305) |
| Increase in accounts receivable | (1,441,281) | (372,072) |
| Increase in inventory for resale | (1,479) | - |
| Decrease in accounts payable and accrued expenses | (837) | - |
| Decrease in other liabilities | - | (761,899) |
| Decrease in deposits | (470,635) | - |
| Increase in prepaid expenses | (35,695) | (18,859) |
| Sources | | |
| Decrease in taxes receivable | 613,012 | - |
| Increase in accounts payable and accrued expenses | - | 269,749 |
| Increase in deferred revenue | 2,019,504 | 2,080,601 |
| Decrease in inventory for resale | - | 1,187 |
| Decrease in inventories of supplies | 21,878 | 28,998 |
| | 10,380,075 | 5,809,192 |
| Cash flows from capital transactions | | |
| Acquisition of tangible capital assets | (6,789,045) | (3,700,552) |
| Decrease/(increase) in work in progress | (165,487) | (3,916,781) |
| Proceeds on disposal of tangible capital assets | (105,287) | 85,604 |
| | (7,059,819) | (7,531,729) |
| Cash flows from investing activities | | |
| Purchase of investments | (1,282,072) | (5,081,793) |
| Cash flows from financing activities | | |
| Principal payments on capital lease obligations | (28,440) | (27,057) |
| Principal payments on debt | (105,496) | (103,152) |
| Increase (decrease) in asset retirement obligations | 156,833 | 186,885 |
| Increase (decrease) in employee future amounts payable | (15,908) | (7,264) |
| | 6,989 | 49,412 |
| Net change in cash and cash equivalents | 2,045,173 | (6,754,918) |
| Opening cash and cash equivalents | 30,795,833 | 37,550,751 |
| Closing cash and cash equivalents | \$ 32,841,006 | \$ 30,795,833 |

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

Corporation of the Township of Scugog Summary of Significant Accounting Policies

December 31, 2023

| | |
|---------------------------|---|
| Nature of the Entity | The Corporation of the Township of Scugog is a lower tier municipality in the Province of Ontario. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation. |
| Basis of Accounting | The consolidated financial statements have been prepared using Canadian public sector accounting standards. |
| Basis of Consolidation | <p>These consolidated financial statements reflect the assets, liabilities, revenues and expenses of all committees of Council and the following local boards and municipal enterprises which are under the control of Council:</p> <p style="text-align: center;">Scugog Memorial Library Board Port Perry Central District Business Improvement Area Prince Albert Community Hall Committee Greenbank Community Hall Committee Seagrave Hall Committee Caesarea Hall Committee Scugog Island Hall Committee Latcham Centre Committee</p> <p>All interfund and inter-entity assets, liabilities, revenues and expenses have been eliminated.</p> <p>Trust funds and their related operations administered by the Township are not consolidated, but are disclosed separately in Note 3.</p> <p>The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the region and school boards are not reflected in the balances of these consolidated financial statements, but are disclosed separately in Note 4.</p> |
| Cash and Cash Equivalents | Cash and cash equivalents consist of bank balances and investments in money market instruments with maturities of three months or less and is net of any temporary borrowings for current purposes. |
| Deferred Revenue | Revenue restricted by legislation, regulation, or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose. |

Corporation of the Township of Scugog Summary of Significant Accounting Policies

December 31, 2023

Tangible Capital Assets Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly related 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 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 production or use as follows:

| | |
|---------------------------------|-------------|
| Land improvements | 15-30 years |
| Buildings | 15-45 years |
| Vehicles and rolling equipment | 5-20 years |
| Computer hardware & software | 5-7 years |
| Furniture, fixtures & equipment | 5-15 years |
| Marine | 20-80 years |
| Road network | 20-75 years |
| Storm water network | 30-75 years |

Pension Agreement The Township is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension 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 Township has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles.

Use of Estimates and Measurement Uncertainty Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates, assumptions and approximations. Included in the consolidated financial statements are estimates for post-employment benefits, tangible capital assets and taxation accruals.

Management uses estimates based on assumptions and calculations contained in actuarial reports, modified as necessary for the passage of time. Actual results can differ from the estimates due to uncertainty. The actuarial reports and calculations are reviewed and updated periodically at which time estimates can be adjusted.

Management has made estimates related to tangible capital assets both in determining fair market value of contributed assets and in the amortization policies as set out in these policies.

Management has made estimates related to taxation revenue in determining the balance to accrue relating to supplementary billings and write offs which will be determined in future years.

Corporation of the Township of Scugog Summary of Significant Accounting Policies

December 31, 2023

- Employee Benefit Plans The Township accrues its obligations under employee benefit plans as the employees render the services necessary to earn employee future benefits. The Township has adopted the following valuation methods and assumptions:
- a) Actuarial cost method:
Accrued benefit obligations are computed using the projected benefit method prorated on service, as defined in PSAB 3250 and PSAB 3255. The objective under this method is to expense each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement. Under this method an equal portion of total estimated future benefit is attributed to each year of service.
 - b) Funding policy:
The non-pension post retirement and post employment benefits are funded on a pay-as-you-go basis (except as noted in Note 6). The Township funds on a cash basis as benefits are paid. No assets have been formally segregated and restricted to provide the non-pension retirement and post employment benefits.
 - c) Accounting policies:
Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life ('EARSL') (expected remaining payment period in respect of the retiring allowance) of members expected to receive benefits under the plan, with amortization commencing in the period following the determination of the gain or loss. Obligations are attributed to the period beginning on the member's date of hire and ending on the expected date of termination, death or retirement, depending on the benefit value. The Township's fiscal year-end is December 31 and the measurement date of the Township's obligation is such.
- The municipality is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the municipality insures all claims by its injured workers under the Act.

Corporation of the Township of Scugog Summary of Significant Accounting Policies

December 31, 2023

| | |
|----------------------|--|
| Revenue Recognition | <p>Revenue is reported on the accrual basis of accounting. Revenues are recognized as follows:</p> <ul style="list-style-type: none">a) Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts. Penalties and interest on taxes are recognized monthly as they are charged to taxpayers' accounts.b) User charges, licenses, fines, and donations are recognized when collected.c) Subdivider contributions and fees for services are recognized over the period of service or when required expenditures occur if applicable.d) Casino revenues are recognized as earned when received.e) Except as noted in the government transfers policy below, conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenses are made.f) Investment income is reported as revenue in the fiscal year earned. Investment income earned on development charges, Canada Community Building Fund reserve funds, parkland obligatory reserve funds and building permit reserve funds is added to the reserve fund balance and forms part of the respective deferred revenue balance. |
| Government Transfers | <p>Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.</p> |

Corporation of the Township of Scugog Summary of Significant Accounting Policies

December 31, 2023

Financial Instruments

Cash and portfolio instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable and accrued liabilities, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when there is legal obligation to incur retirement costs in relation to a capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a capital asset at the financial statement date. The liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related capital asset if it is still in productive use. This cost is amortized over the useful life of the capital asset. If the related capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Corporation of the Township of Scugog Notes to Consolidated Financial Statements

December 31, 2023

1. Adoption of new accounting policy - Asset Retirement Obligations

Effective January 1, 2022 the Township adopted Public Sector Accounting Handbook Standard, Section PS 3280, Asset Retirement Obligations.

As a result of the adoption, the presentation of the financial statements changed from the December 31, 2022, financial statements. The standard requires an obligation to be recognized related to legal obligations associated with the retirement of capital assets and when all conditions Significant Accounting Policies - Asset Retirement Obligations are met. The impact of adopting this standard was the recognition of a \$2,613,883 liability as at January 1, 2022.

The net effect of the above on the December 31, 2022, comparative figures was:

| | |
|--|----------------|
| Increase in asset retirement obligations | \$ 2,613,883 |
| Increase in tangible capital assets | \$ 526,308 |
| Increase in amortization expense | \$ 12,849 |
| Increase in accretion expense | \$ 186,885 |
| Decrease in accumulated surplus | \$ (2,261,611) |

The modified retroactive transitional approach requires a full restatement using assumptions and discount rates that are current as of January 1, 2023, to calculate the adjustments. As a result of this application. The Municipality recorded an adjustment to opening accumulated surplus of \$2,261,611 January 1, 2022.

Adoption of new accounting policy - Financial Instruments

On January 1, 2023 the Township adopted PS 3450 Financial Instruments which establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. This standard is required to be adopted prospectively; therefore comparative figures have not been restated. No transitional adjustments were required as a result of the adoption of the new standard.

Corporation of the Township of Scugog
Notes to Consolidated Financial Statements

December 31, 2023

2. Financial Instruments

Classification

The carrying value of each class of the Township's financial instruments is provided in the following table.

| | 2023 | | |
|--|---------------|----------------------------|---------------|
| | Fair Value | Cost/ Amortized Cost | Total |
| Cash and cash equivalents | \$ 32,841,006 | \$ - | \$ 32,841,006 |
| Investments | 7,842,458 | - | 7,842,458 |
| Taxes receivable | - | 4,437,493 | 4,437,493 |
| Accounts receivable | - | 3,284,803 | 3,284,803 |
| Accounts payable and accrued expenses | - | 3,168,359 | 3,168,359 |
| Deposits | - | 4,104,195 | 4,104,195 |
| Municipal debt | - | 1,094,819 | 1,094,819 |
| Capital lease obligation | - | 188,829 | 188,829 |
| | \$ 40,683,464 | \$ 16,278,498 | \$ 56,961,962 |

| | 2022 | | |
|--|---------------|----------------------------|---------------|
| | Fair Value | Cost/ Amortized Cost | Total |
| Cash and cash equivalents | \$ 30,795,833 | \$ - | \$ 30,795,833 |
| Investments | 6,560,386 | - | 6,560,386 |
| Taxes receivable | - | 5,050,505 | 5,050,505 |
| Accounts receivable | - | 1,843,522 | 1,843,522 |
| Accounts payable and accrued expenses | - | 3,169,196 | 3,169,196 |
| Deposits | - | 4,574,830 | 4,574,830 |
| Municipal debt | - | 1,200,315 | 1,200,315 |
| Capital lease obligation | - | 217,269 | 217,269 |
| | \$ 37,356,219 | \$ 16,055,637 | \$ 53,411,856 |

The only financial instruments that are measured subsequent to initial recognition at fair value are cash and cash equivalents and investments. These are fair value measurements that are derived from quoted prices (unadjusted) in the active markets for identical assets or liabilities using the last bid price.

Corporation of the Township of Scugog
Notes to Consolidated Financial Statements

December 31, 2023

2. Financial Instruments (continued)

Financial Instrument Fair Value Measurement

The following table provides an analysis of financial instruments that are measured at fair value, using a fair value hierarchy of levels 1 to 3. The levels reflect the significance of the inputs used in making the fair value measurements, as described below:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

| | | 2023 | | | |
|---------------|----|------------|---------|---------|---------------|
| | | Level 1 | Level 2 | Level 3 | Total |
| Cash and Cash | | | | | |
| Equivalents | \$ | 32,841,006 | \$ - | \$ - | \$ 32,841,006 |
| Investments | | 7,842,458 | - | - | 7,842,458 |
| | \$ | 40,683,464 | \$ - | \$ - | \$ 40,683,464 |
| | | 2022 | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| Cash and Cash | | | | | |
| Equivalents | \$ | 30,795,833 | \$ - | \$ - | \$ 30,795,833 |
| Investments | | 6,560,386 | - | - | 6,560,386 |
| | \$ | 37,356,219 | \$ - | \$ - | \$ 37,356,219 |

There were no transfers between Level 1 and Level 2 for the year ended December 31, 2023. There were also no transfers in or out of Level 3.

Financial Instrument Risk Management

The Township is exposed to credit risk, liquidity risk, interest rate risk and other price risk from its financial instruments. This note describes the Township's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

Corporation of the Township of Scugog Notes to Consolidated Financial Statements

December 31, 2023

2. Financial Instruments (continued)

Credit Risk

Credit risk is the risk of financial loss to the Township if a debtor fails to make payments of interest and principal when due. The Township is exposed to this risk relating to its cash and cash equivalents, investments, and accounts receivable. The Township holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Municipality's cash accounts are insured up to \$100,000.

Accounts receivable are primarily due from the federal and provincial governments, as well as various developers and residents. Credit risk is mitigated by the financial solvency of the Provincial government and the highly diversified nature of the receivables.

The Township measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Township's historical experience regarding collections. Other than the impairment of receivables disclosed in Note 5, it is management's opinion that the Township is not exposed to significant credit risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and equity risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Currency Risk

Current risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Township is not exposed to currency risk.

Equity Risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Township is not exposed to this risk.

Corporation of the Township of Scugog
Notes to Consolidated Financial Statements

December 31, 2023

2. Financial Instruments (continued)

Liquidity Risk

Liquidity risk is the risk that the Township will encounter difficulty in meeting its obligation associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Township will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Township is exposed to this risk mainly in respect of accounts payable and accrued liabilities and long-term debt. The Township's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. There have not been any changes to these risks from the prior year.

Unless otherwise noted, the expected cash outflows are within one year. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

| | 2023 | | | |
|------------------------------------|---------------------|--------------------|-------------------|-------------------|
| | Within 6 months | 6 months to 1 year | 1 to 5 years | over 5 years |
| Accounts payable | | | | |
| accrued liabilities | \$ 3,168,359 | \$ - | \$ - | \$ - |
| Deposits | 4,104,195 | - | - | - |
| Municipal debt | - | 108,175 | 588,436 | 398,208 |
| Capital lease obligation | - | 30,477 | 158,352 | - |
| Total financial liabilities | \$ 7,272,554 | \$ 138,652 | \$ 746,788 | \$ 398,208 |

| | 2022 | | | |
|------------------------------------|---------------------|--------------------|-------------------|-------------------|
| | Within 6 months | 6 months to 1 year | 1 to 5 years | over 5 years |
| Accounts payable | | | | |
| accrued liabilities | \$ 3,169,196 | \$ - | \$ - | \$ - |
| Deposits | 4,574,830 | - | - | - |
| Municipal debt | - | 105,496 | 572,025 | 522,794 |
| Capital lease obligation | - | 28,994 | 188,275 | - |
| Total financial liabilities | \$ 7,744,026 | \$134,490 | \$ 760,300 | \$ 522,794 |

Corporation of the Township of Scugog
Notes to Consolidated Financial Statements

December 31, 2023

2. Financial Instruments (continued)

Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Township is exposed to this risk through its municipal debt and interest bearing investments.

The Township holds investments which consist of guaranteed investment certificates (GICs), fixed income securities and principal protected notes with varying maturities from August 2024 to July 2029 and bearing interest rates between 1.67% and 5.9%. Investments with a maturity of less than 90 days are reported within cash and cash equivalents, due to the highly liquid nature of these investments.

The Township holds municipal debt with variable interest rates which involve risks of default on interest and principal and price changes due to, without limitation, such factors as interest rate changes and general economic conditions.

The Township structures its finances so as to stagger the maturities of debt, thereby minimizing exposure to interest rate fluctuations.

There has been an increase in interest rate risk in the December 31, 2023 year end as the amount invested in the investment portfolio increased in the year.

3. Trust Funds

Trust funds administered by the Township amounting to \$51,047 (2022 - \$49,610) have not been included in the Consolidated Statement of Financial Position nor have operations been included in the Consolidated Statement of Operations.

4. Taxation Raised on Behalf of Others

The following amounts raised on behalf of others are not included in these consolidated financial statements.

| | <u>2023</u> | <u>2022</u> |
|------------------|----------------------|----------------------|
| School Boards | \$ 9,420,879 | \$ 9,269,616 |
| Region of Durham | 30,011,403 | 27,963,637 |
| | <u>\$ 39,432,282</u> | <u>\$ 37,233,253</u> |

Corporation of the Township of Scugog
Notes to Consolidated Financial Statements

December 31, 2023

5. Accounts Receivable

| | 2023 | 2022 |
|--|--------------|--------------|
| Canada | \$ 959,925 | \$ 1,098,746 |
| Ontario | 154,133 | 162,368 |
| Other municipalities and school boards | 25,500 | 58,283 |
| Trade receivables | 1,025,420 | 528,133 |
| Developers | 5,330 | 41,463 |
| Accrued interest | 127,837 | 45,301 |
| Other | 1,388,563 | 311,133 |
| Allowance for doubtful accounts | (401,905) | (401,905) |
| | \$ 3,284,803 | \$ 1,843,522 |

6. Deferred Revenue

| | 2023 | 2022 |
|---------------------------------------|---------------|---------------|
| Obligatory Reserve Funds | | |
| Parkland (Planning Act) | \$ 699,457 | \$ 759,797 |
| Development Charges Act | 9,613,399 | 8,378,937 |
| Canada Community Building Fund (CCBF) | 2,716,429 | 2,567,097 |
| Building permit fees | 856,565 | 553,606 |
| | 13,885,850 | 12,259,437 |
| Other deferred revenue | 2,264,594 | 1,871,503 |
| | \$ 16,150,444 | \$ 14,130,940 |

The net change during the year in the restricted deferred revenue balances is made up as follows:

| | Development Charges | Parkland | CCBF | Building Permits | Total |
|---------------------------|------------------------|------------|--------------|---------------------|---------------|
| Opening obligatory funds | \$ 8,378,937 | \$ 759,797 | \$ 2,567,097 | \$ 553,606 | \$ 12,259,437 |
| Restricted funds received | 1,100,353 | 37,195 | 715,395 | 274,475 | 2,127,418 |
| Capital purchase | (302,645) | (156,738) | (695,302) | - | (1,154,685) |
| Interest earned | 436,754 | 59,203 | 129,239 | 28,484 | 653,680 |
| | \$ 9,613,399 | \$ 699,457 | \$ 2,716,429 | \$ 856,565 | \$ 13,885,850 |

Canada Community Building Fund (CCBF) revenue is provided by the Government of Canada. The use of the funds is established by the funding agreement signed between the Township and the Association of Municipalities of Ontario. CCBF funds may be used towards designated projects as specified in the funding agreements.

Corporation of the Township of Scugog
Notes to Consolidated Financial Statements

December 31, 2023

7. Employee Future Amounts Payable

The Township provides certain employee amounts which will require funding in future periods.

a. Vacation Payable

Vacation pay owing at December 31, 2023 of \$303,809 (2022 - \$274,509) has been fully funded from operations and included in accounts payable in these consolidated financial statements.

b. Pension Agreement

OMERS provides pension services to over 600,000 active and retired members and approximately 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 \$136,185 million (2022: \$130,306 million) in respect of benefits accrued for service with actuarial assets at that date of \$131,983 million (2022: \$123,628 million) indicating an actuarial deficit of \$4,202 million (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 Township does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2023 were \$564,848 (2022 - \$521,787).

Corporation of the Township of Scugog
Notes to Consolidated Financial Statements

December 31, 2023

7. Employee Future Amounts Payable (Cont'd)

c. Post Employment Benefits

Under the provisions of certain employee benefit plans, an employee who, has achieved the 85 factor as determined by Ontario Municipal Employee Retirement System (OMERS), is eligible for a retirement pension from OMERS, and is under the age of 65 will be provided with Extended Health (drug, semi-private hospital and dental plan) coverage. All coverage ceases at age 65. The plan requires no contribution from employees. Total benefit payments to retirees during the year were \$61,529 (2022 - \$62,856).

Actuarial valuations for accounting purposes will be performed triennially using the projected benefit method prorated on services. The last actuarial valuation was completed as at December 31, 2021. The accrued benefit obligation of \$669,889 shown for December 31, 2023 is based on that valuation. Actual experienced cost increases and discount rate adjustments have resulted in a net gain of \$51,613 which will be recognized over the estimated average remaining service life of the employee group.

The post-employment benefit liability at December 31, 2023 includes the following components:

| | 2023 | 2022 |
|---|------------|------------|
| Actuarially determined accrued benefit obligation | \$ 618,276 | \$ 602,271 |
| Unamortized actuarial gain (loss) | 51,613 | 83,526 |
| | 669,889 | 685,797 |
| Total estimated liability | (382,000) | (382,000) |
| Less amount already funded from operations | \$ 287,889 | \$ 303,797 |
| Amount to be recovered from future revenue | | |

The actuarial valuation and extrapolation were based on a number of assumptions about future events, such as wage and salary increases, and employee turnover and mortality. The assumptions used reflect the Township's best estimates. The main actuarial assumptions employed for the extrapolation are as follows:

| | |
|--|----------------|
| Discount rate | 4.60% |
| Medical cost increases - first year | 6.00% |
| - decreasing over 10 years to | 4.50% plus CPI |
| Expected rate of dental cost increase | 4.00% plus CPI |
| Estimated average remaining service life of the employee group | 12 years |

The post-employment benefit expense is reported as a component of current expenditures on the statement of operations. Composition of the amount is as follows:

| | 2023 | 2022 |
|---|-----------|-----------|
| Current year benefit cost | \$ 24,220 | \$ 36,973 |
| Amortization of actuarial (gain) losses | (7,780) | 5,059 |
| Interest on post-employment benefit liability | 29,181 | 20,824 |
| | \$ 45,621 | \$ 62,856 |
| Total expense related to post-employment benefits | | |

Corporation of the Township of Scugog
Notes to Consolidated Financial Statements

December 31, 2023

7. Employee Future Amounts Payable (Cont'd)

The change in the post-employment obligation is composed of the following amounts:

| | 2023 | 2022 |
|-------------------------------------|------------|------------|
| Obligation at the start of the year | \$ 602,271 | \$ 773,799 |
| Current year benefit cost | 24,220 | 36,973 |
| Benefit payments | (61,529) | (70,120) |
| Interest on obligation | 29,181 | 20,824 |
| Actuarial (gain) loss recognized | 24,133 | (159,205) |
| | \$ 618,276 | \$ 602,271 |

8. Municipal Debt

| | 2023 | 2022 |
|--|--------------|--------------|
| Long-term loan maturing October 13, 2032 repayable in blended monthly instalments with interest between 1.7% and 3.3%. | \$ 1,094,819 | \$ 1,200,315 |
| Capital lease obligation for additional office space in a building with the principal amount of future lease payments discounted at 5%. The building carries a NBV of \$373,570 (see Note 11a) | 188,829 | 217,269 |
| Net municipal debt | \$ 1,283,648 | \$ 1,417,584 |

a. The interest rate charged on debt is 2.4% to 5%. Future payments requiring taxation and user charge financing are summarized as follows:

| | Total principal | Total Interest | Total payments |
|------------|-----------------|----------------|----------------|
| 2024 | \$ 138,071 | \$ 42,309 | \$ 180,380 |
| 2025 | 142,615 | 37,859 | 180,474 |
| 2026 | 149,847 | 33,044 | 182,891 |
| 2027 | 156,357 | 27,857 | 184,214 |
| 2028 | 161,692 | 22,345 | 184,037 |
| Thereafter | 535,066 | 43,284 | 578,350 |
| Total | \$ 1,283,648 | \$ 206,698 | \$ 1,490,346 |

b. The long-term liabilities issued in the Township's name have been approved by by-law as required and the annual principal and interest payments required are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

Corporation of the Township of Scugog
Notes to Consolidated Financial Statements

December 31, 2023

8. Municipal Debt (Cont'd)

c. Total gross payments for the year to service net municipal debt are as follows:

| | 2023 | 2022 |
|---|------------|------------|
| Principal payments on external debt and capital lease | \$ 133,937 | \$ 130,209 |
| Interest on external debt and capital lease | 46,634 | 50,314 |
| | \$ 180,571 | \$ 180,523 |

9. Accumulated Surplus

| | 2023 | 2022 |
|---|----------------|----------------|
| Internal 'current' and 'capital' funds | \$ 5,268,431 | \$ 4,272,202 |
| Invested in tangible capital assets (Note 14) | 88,627,515 | 86,534,257 |
| Municipal debt to be recovered in future (Note 8) | (1,283,648) | (1,417,584) |
| Reserve/reserve fund balances | 16,955,627 | 15,485,911 |
| Employee benefits payable to be recovered in future (Note 7) | (287,889) | (303,797) |
| | \$ 109,280,036 | \$ 104,570,989 |

Corporation of the Township of Scugog
Notes to Consolidated Financial Statements

December 31, 2023

10. Asset Retirement Obligation

The Township's financial statements include an asset retirement obligation for 49 buildings assumed to contain asbestos due to their age, 8 fuel tanks and generators, and 15 stormwater ponds requiring decommissioning. The Township would be required to perform abatement activities upon renovation or demolition of buildings. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. The related asset retirement costs are being amortized on a straight-line basis. The liability has been estimated using a net present value technique with a discount rate of 6.00%.

Significant estimates and assumptions are made in determining the asset retirement costs as there are numerous factors that will affect the amount ultimately payable. Those uncertainties may result in future actual expenditures that are different than the amounts currently recorded.

At each reporting date, as more information and experience is obtained as it relates to these asset retirement obligations, the estimates of the timing, the undiscounted cash flows and the discount rates may change. Adjustments to these factors are accounted for as an adjustment to the asset retirement obligation and the related tangible capital asset in the current period on a prospective basis.

The carrying amount of the liability is as follows:

| | |
|--|---------------------|
| Asset retirement obligations as at December 31, 2022 | \$ 2,800,768 |
| Increase due to accretion expense | <u>156,833</u> |
| Asset retirement obligations as at December 31, 2023 | <u>\$ 2,957,601</u> |

Corporation of the Township of Scugog

Notes to Consolidated Financial Statements

December 31, 2023

11. Contingent Liabilities and Commitments

a. Port Perry Annex Corporation

The Township has leased land adjacent to the municipal building to the Port Perry Annex Corporation (PPAC) for 23 years in exchange for \$230. In 2006 PPAC completed construction of an addition to the municipal building pursuant to the lease and the building is now fully occupied. PPAC is responsible for the costs and risks associated with construction and operation of the addition for the term of the lease. The Township will perform maintenance for the entire building and common areas and recover the PPAC share based on square footage along with a 7% administration fee. Ownership of the building will be transferred to the Township at the end of the lease for a nominal amount.

In April 2006, the Township signed a 23 year lease with extension option for the use of the basement of the PPAC building. A separate 5 year lease with extension option was also signed in April 2006 for use of a portion of the main floor. Lease extensions have been signed annually from April 2011 up to and including 2022 extending the lease until March 2024. As at December 31, 2023 the Township occupied approximately 44% of the building. The present value of minimum lease payments under these two leases calculated using a discount rate of 5% has been recognized as a capital expenditure and a new municipal debt obligation. Future minimum payments are included in Note 8.

b. 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 million via an operating line. Any balance borrowed will bear interest at prime less 0.25% per year.

c. Participation in Durham Municipal Insurance Pool

The Township is a member of the Durham Municipal Insurance Pool ("DMIP"), which was created in July 2000. DMIP provides general liability insurance to 8 member municipalities.

Insurance premiums charged to each member municipality consists of a levy based on respective size and population. Future levies depend on the experience of the pool. Beyond the \$5,000 deductible, DMIP covers eligible Township insurance claims. DMIP has outside coverage in place for claims over \$500,000.

Because DMIP is a multi-municipality insurance pool, surpluses or deficits are a joint responsibility of the member municipalities through future levies. The Township does not recognize any share of the DMIP surplus or deficit, and has made no provision for a reserve for self-insurance as at December 31, 2023.

Corporation of the Township of Scugog
Notes to Consolidated Financial Statements

December 31, 2023

11. Contingent Liabilities and Commitments (Cont'd)

d. Litigation

The Township was named as a defendant in a number of lawsuits. Management has advised that it is premature to make any evaluation of these claims. Consequently, no provision for these claims have been made in the consolidated financial statements. These lawsuits are not covered under insurance.

e. Other Contingencies

In the normal course of its operations, the Township is subject to various litigations and claims. The ultimate outcome of these claims cannot be determined at this time. However, the Township's management believes that the ultimate disposition of these matters will not have a material adverse effect on its financial position.

12. Budget Amounts

The budget figures reflected in these consolidated statements are those approved by Council on February 27, 2023. Budget figures have been translated to reflect Public Section Accounting Board standards.

13. Comparative Figures

The comparative figures have been reclassified to conform with the current year presentation.

Corporation of the Township of Scugog
Notes to Consolidated Financial Statements
December 31, 2023

December 31, 2023

14. Tangible Capital Assets

| | Land | Land Improvements | Buildings | Vehicles & Rolling Equipment | Furniture, Fixtures & Equipment | Computer Hardware & Software | Marine | Road Network | Storm Water Network | Asset Retirement Obligations | Work in Process | 2023 |
|---|-----------|-------------------|------------|------------------------------|---------------------------------|------------------------------|---------|--------------|---------------------|------------------------------|-----------------|-------------|
| Cost, beginning of year | 9,477,200 | 8,700,069 | 26,137,690 | 10,487,847 | 2,896,218 | 757,409 | 417,011 | 96,792,598 | 11,681,164 | 5,430,660 | 11,359,850 | 184,137,716 |
| Additions | - | 1,122,904 | 867,057 | 943,940 | 270,173 | 600,880 | - | 2,984,091 | - | - | 801,547 | 7,590,592 |
| Disposals | - | (65,086) | - | (584,881) | (40,397) | (33,799) | - | - | - | - | (636,060) | (1,360,223) |
| Cost, end of year | 9,477,200 | 9,757,887 | 27,004,747 | 10,846,906 | 3,125,994 | 1,324,490 | 417,011 | 99,776,689 | 11,681,164 | 5,430,660 | 11,525,337 | 190,368,085 |
| Accumulated Amortization, beginning of year | - | 5,947,104 | 13,818,731 | 5,958,617 | 2,055,049 | 664,197 | 297,024 | 60,801,637 | 3,143,899 | 4,917,201 | - | 97,603,459 |
| Amortization | - | 330,132 | 798,497 | 759,218 | 180,508 | 87,263 | 11,317 | 2,489,962 | 167,175 | 13,332 | - | 4,837,404 |
| Disposals | - | (65,086) | - | (561,012) | (40,397) | (33,798) | - | - | - | - | - | (700,293) |
| Accumulated Amortization, end of year | - | 6,212,150 | 14,617,228 | 6,156,823 | 2,195,160 | 717,662 | 308,341 | 63,291,599 | 3,311,074 | 4,930,533 | - | 101,740,570 |
| Net book value, beginning of year | 9,477,200 | 2,752,965 | 12,318,959 | 4,529,230 | 841,169 | 93,212 | 119,987 | 35,990,961 | 8,537,265 | 513,459 | 11,359,850 | 86,534,257 |
| Net book value, end of year | 9,477,200 | 3,545,737 | 12,387,519 | 4,690,083 | 930,834 | 606,828 | 108,670 | 36,485,090 | 8,370,090 | 500,127 | 11,525,337 | 88,627,515 |

Corporation of the Township of Scugog
Notes to Consolidated Financial Statements
December 31, 2023

December 31, 2023

14. Tangible Capital Assets (Cont'd)

| | Land | Land Improvements | Buildings | Vehicles & Rolling Equipment | Furniture, Fixtures & Equipment | Computer Hardware & Software | Marine | Road Network | Storm Water Network | Asset Retirement Obligations | Work in Process | 2022 |
|---|-----------|-------------------|------------|------------------------------|---------------------------------|------------------------------|---------|--------------|---------------------|------------------------------|-----------------|-------------|
| Cost, beginning of year | 9,491,202 | 8,648,024 | 25,006,140 | 10,311,515 | 2,814,041 | 757,409 | 371,818 | 95,434,418 | 11,556,781 | 5,430,660 | 7,443,069 | 177,265,077 |
| Additions | - | 151,512 | 1,192,850 | 664,114 | 164,320 | - | 45,193 | 1,358,180 | 124,383 | - | 4,660,954 | 8,361,506 |
| Disposals | (14,002) | (99,467) | (61,300) | (487,782) | (82,143) | - | - | - | - | - | (744,173) | (1,488,867) |
| Cost, end of year | 9,477,200 | 8,700,069 | 26,137,690 | 10,487,847 | 2,896,218 | 757,409 | 417,011 | 96,792,598 | 11,681,164 | 5,430,660 | 11,359,850 | 184,137,716 |
| Accumulated Amortization, beginning of year | | 5,734,503 | 13,124,965 | 5,729,101 | 1,965,178 | 610,822 | 286,273 | 58,348,642 | 2,983,925 | 4,904,352 | - | 93,687,761 |
| Amortization | - | 304,701 | 755,065 | 697,351 | 172,014 | 53,375 | 10,751 | 2,452,995 | 159,974 | 12,849 | - | 4,619,075 |
| Disposals | - | (92,100) | (61,299) | (467,835) | (82,143) | - | - | - | - | - | - | (703,377) |
| Accumulated Amortization, end of year | - | 5,947,104 | 13,818,731 | 5,958,617 | 2,055,049 | 664,197 | 297,024 | 60,801,637 | 3,143,899 | 4,917,201 | - | 97,603,459 |
| Net book value, beginning of year | 9,491,202 | 2,913,521 | 11,881,175 | 4,582,414 | 848,863 | 146,587 | 85,545 | 37,085,776 | 8,572,856 | 526,308 | 7,443,069 | 83,577,316 |
| Net book value, end of year | 9,477,200 | 2,752,965 | 12,318,959 | 4,529,230 | 841,169 | 93,212 | 119,987 | 35,990,961 | 8,537,265 | 513,459 | 11,359,850 | 86,534,257 |

Corporation of the Township of Scugog Notes to Consolidated Financial Statements

December 31, 2023

14. Tangible Capital Assets (Cont'd)

The net book value of tangible capital assets not being amortized because they are under construction is \$11,525,336 (2022 - \$11,359,850).

The Township holds various works of art and historical treasures pertaining to the heritage and history of the Township of Scugog. These items are not recognized as tangible capital assets in the consolidated financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

15. Segmented Information

The Corporation of the Township of Scugog is a municipal government institution that provides a wide range of services to its citizens. 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 unconditional government transfers are apportioned based on each segment's net budget requirements.

The nature of the segments and the activities they encompass are as follows:

General Government

General government consists of the activities of Council and general financial and administrative management of the Township and its programs and services. Health services is grouped with general government and consists of grants made to health service providers.

Protection to Persons and Property

Protection includes fire, emergency control and protective inspection.

Transportation

Transportation services include the inspection, planning and maintenance of the roads, bridges, sidewalks, streetlights, roadsides, winter snow clearing, subdivision planning, traffic engineering, development, and municipal servicing reviews.

Environmental

Environmental services includes storm-water management, erosion control and resale of waste diversion goods.

Recreational and Cultural Services

The parks, recreation and culture function provides indoor and outdoor recreational facilities and programs, as well as maintaining our heritage and library services.

Corporation of the Township of Scugog
Notes to Consolidated Financial Statements

December 31, 2023

15. Segmented Information (Cont'd)

Planning

Planning includes the managing of commercial, industrial and residential development within the Township.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

Corporation of the Township of Scugog
Notes to Consolidated Financial Statements

December 31, 2023

15. Segmented Information (Cont'd)

| For the year ended December 31 | General government | Protection to persons and property | Transportation and Environmental | Recreation and cultural services | Planning and Development | 2023 Total |
|--------------------------------------|-----------------------|--|-------------------------------------|-------------------------------------|-----------------------------|---------------------|
| Revenue | | | | | | |
| Taxation | \$ 2,617,999 | \$ 2,041,777 | \$ 8,968,004 | \$ 3,025,589 | \$ 1,046,294 | \$ 17,699,663 |
| User charges, licenses and fines | 288,413 | 1,104,128 | 276,078 | 1,999,419 | 265,291 | 3,933,329 |
| Grants - Federal | 52,170 | 1,966 | 695,301 | 525,942 | - | 1,275,379 |
| Grants - Provincial | 488,997 | 800 | 974,430 | 179,396 | 13,687 | 1,657,310 |
| Grants - Other municipalities | - | - | - | - | 1,000 | 1,000 |
| Casino revenues | 1,040,271 | - | - | - | - | 1,040,271 |
| Development charges | 53,985 | - | - | 252,072 | 153,326 | 459,383 |
| Investment income | 1,332,966 | - | - | - | - | 1,332,966 |
| Penalties and interest on taxes | 97,072 | 75,706 | 332,522 | 112,185 | 38,795 | 656,280 |
| Donations and other | - | - | 1,452,491 | 114,386 | 21,300 | 1,588,177 |
| Gain (loss) on disposition of assets | - | - | 104,462 | 825 | - | 105,287 |
| | <u>5,971,873</u> | <u>3,224,377</u> | <u>12,803,288</u> | <u>6,209,814</u> | <u>1,539,693</u> | <u>29,749,045</u> |
| Expenses | | | | | | |
| Salaries and benefits | 2,666,539 | 2,087,393 | 2,607,588 | 3,211,892 | 658,342 | 11,231,754 |
| Materials, supplies and services | 992,202 | 758,288 | 3,530,853 | 1,841,289 | 149,753 | 7,272,385 |
| Contracted services | 183,287 | 418,695 | 317,921 | 124,158 | 290,163 | 1,334,224 |
| Interest and financial expenses | 67,654 | 2,086 | 36,237 | 28,838 | (50) | 134,765 |
| Amortization expense | 312,741 | 258,929 | 3,711,620 | 545,483 | 8,631 | 4,837,404 |
| Accretion expense | - | - | 156,833 | - | - | 156,833 |
| Transfers to other entities | 68,633 | - | - | 4,000 | - | 72,633 |
| | <u>4,291,056</u> | <u>3,525,391</u> | <u>10,361,052</u> | <u>5,755,660</u> | <u>1,106,839</u> | <u>25,039,998</u> |
| Annual Surplus (deficit) | \$ 1,680,817 | \$ (301,014) | \$ 2,442,236 | \$ 454,154 | \$ 432,854 | \$ 4,709,047 |

Corporation of the Township of Scugog
Notes to Consolidated Financial Statements

December 31, 2023

15. Segmented Information (Cont'd)

| For the year ended December 31 | General government | Protection to persons and property | Transportation and Environmental | Recreation and cultural services | Planning and Development | 2022 Total |
|--------------------------------------|-----------------------|--|-------------------------------------|-------------------------------------|-----------------------------|---------------------|
| Revenue | | | | | | |
| Taxation | \$ 2,491,667 | \$ 2,379,877 | \$ 7,823,579 | \$ 2,862,722 | \$ 731,678 | \$ 16,289,523 |
| User charges, licenses and fines | 246,480 | 689,107 | 121,710 | 1,152,845 | 234,541 | 2,444,683 |
| Grants - Federal | 13,388 | - | 187,241 | 451,862 | 55,278 | 707,769 |
| Grants - Provincial | 767,895 | - | 913,103 | 82,832 | 53,674 | 1,817,504 |
| Grants - Other municipalities | - | - | 127,929 | - | 25,000 | 152,929 |
| Casino revenues | 974,276 | - | - | - | - | 974,276 |
| Development charges | - | - | 73,183 | 758,265 | 5,021 | 836,469 |
| Investment income | 612,694 | - | - | - | - | 612,694 |
| Penalties and interest on taxes | 89,053 | 85,058 | 285,200 | 102,315 | 21,675 | 583,301 |
| Donations and other | 91,889 | 10,456 | 38,275 | 80,307 | - | 220,927 |
| Gain (loss) on disposition of assets | 15,677 | 10,053 | - | 3,217 | 15,340 | 44,287 |
| | <u>5,303,019</u> | <u>3,174,551</u> | <u>9,570,220</u> | <u>5,494,365</u> | <u>1,142,207</u> | <u>24,684,362</u> |
| Expenses | | | | | | |
| Salaries and benefits | 2,409,429 | 1,992,261 | 2,536,323 | 2,832,877 | 657,575 | 10,428,465 |
| Materials, supplies and services | 1,113,589 | 415,595 | 3,467,546 | 1,563,697 | 178,688 | 6,739,115 |
| Contracted services | 254,109 | 273,260 | 77,584 | 101,306 | 23,025 | 729,284 |
| Interest and financial expenses | 40,564 | 1,905 | - | - | - | 42,469 |
| Amortization expense | 284,721 | 235,458 | 3,643,245 | 445,687 | 9,964 | 4,619,075 |
| Accretion expense | - | - | 186,885 | - | - | 186,885 |
| Transfers to other entities | 189,710 | 34,937 | 174,418 | - | - | 399,065 |
| | <u>4,292,122</u> | <u>2,953,416</u> | <u>10,086,001</u> | <u>4,943,567</u> | <u>869,252</u> | <u>23,144,358</u> |
| Annual Surplus (deficit) | \$ 1,010,897 | \$ 221,135 | \$ (515,781) | \$ 550,798 | \$ 272,955 | \$ 1,540,004 |

Corporation of the Township of Scugog

Trust Funds

Financial Statements

For the year ended December 31, 2023

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BDO Canada LLP
165 Kent Street West
PO Box 358
Lindsay ON K9V 4S3 Canada

Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of the Corporation of the Township of Scugog Trust Funds (the Entity), which comprise the statement of financial position as at December 31, 2023 and the statement of continuity for the year then ended and notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and the results of its operations for 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 Entity 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 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario
July 16, 2024

**Corporation of the Township of Scugog
Trust Funds
Statement of Financial Position**

| December 31 | Gregg Cemetery | Devitt's Cemetery | Ontario Home Renewal Program | Cartwright Minor Ball Trust | Total Trusts 2023 | Total Trusts 2022 |
|---|-------------------|----------------------|------------------------------------|-----------------------------------|-------------------------|-------------------------|
| Financial Assets | | | | | | |
| Cash | \$ 1,217 | \$ 476 | \$ 21 | \$ - | \$ 1,714 | \$ 1,652 |
| Investments - at cost | 24,365 | 13,325 | - | 9,832 | 47,522 | 46,630 |
| Interest receivable | 715 | 298 | - | - | 1,013 | 528 |
| Mortgages receivable | - | - | 15,962 | - | 15,962 | 15,962 |
| | 26,297 | 14,099 | 15,983 | 9,832 | 66,211 | 64,772 |
| Liabilities | | | | | | |
| Due to Ministry of Municipal Affairs and Housing | - | - | 15,164 | - | 15,164 | 15,164 |
| Accumulated Surplus | \$ 26,297 | \$ 14,099 | \$ 819 | \$ 9,832 | \$ 51,047 | \$ 49,608 |

On behalf of the Board

 _____

Director

Corporation of the Township of Scugog
Trust Funds
Statement of Continuity

| December 31 | Gregg Cemetery | Devitt's Cemetery | Ontario Home Renewal Program | Cartwright Minor Ball Trust | Total Trusts 2023 | Total Trusts 2022 |
|---|-------------------|----------------------|------------------------------------|-----------------------------------|-------------------------|-------------------------|
| Accumulated Surplus, beginning of year | \$ 25,380 | \$ 13,996 | \$ 817 | \$ 9,415 | \$ 49,608 | \$ 48,598 |
| Revenues | | | | | | |
| Transfer from Township | - | - | - | - | - | - |
| Interest earned | 917 | 341 | 2 | 417 | 1,677 | 1,010 |
| | 917 | 341 | 2 | 417 | 1,677 | 1,010 |
| Expenses | | | | | | |
| Maintenance | - | 238 | - | - | 238 | - |
| | - | 238 | - | - | 238 | - |
| Accumulated Surplus, end of year | \$ 26,297 | \$ 14,099 | \$ 819 | \$ 9,832 | \$ 51,047 | \$ 49,608 |

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

Corporation of the Township of Scugog
Trust Funds
Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies

| | |
|----------------------------------|---|
| Nature and Purpose of the Entity | The Corporation of the Township of Scugog Trust Fund is a fund responsible for holding the funds generated by perpetual care services and plot and monument sales made by the Township. |
| Management Responsibility | These financial statements are the responsibility of the entity's management prepared in accordance with accounting policies and standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. |
| Basis of Accounting | Revenue and expenditures 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 goods or services and the creation of a legal obligation to pay. |
| Revenue Recognition | Revenue from the sale of products and services is recorded when the product is delivered or the service is provided. Interest revenue is recorded when received. |

2. Gregg Cemetery

The fund represents cash retained for the maintenance of a private family cemetery.

3. Devitt's Cemetery

The fund represents cash retained for the maintenance of a private family cemetery.

4. Ontario Home Renewal Program

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to assist owner-occupants to repair, rehabilitate and improve their homes to local property standards. The program was discontinued in 1993, therefore no new loans will be advanced. The Municipality will continue to administer the collection of remaining outstanding loans and remit the proceeds, net of a 5% administration fee to the Province on an annual basis.

5. Cartwright Minor Ball Trust

The Cartwright Minor Ball Trust represents fundraising amounts held on behalf of a community group. The activity in the funds is controlled by the respective group.

Corporation of the Township of Scugog
Trust Funds
Notes to Financial Statements

December 31, 2023

6. Investments

The investments include money market funds from a chartered bank. The investments are reported at cost and have a market value of \$47,156 as at December 31, 2023.

Corporation of the Township of Scugog
Scugog Memorial Public Library
Financial Statements
December 31, 2023

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Scugog and members of the Scugog Memorial Public Library Board

Qualified Opinion

We have audited the accompanying financial statements of the Corporation of the Township of Scugog, Scugog Memorial Public Library (the Library), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and notes to financial statements.

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 Library as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Library derives revenue from fundraising activities 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 Library. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donations revenue, fines and fees revenue, annual surplus, and cash flows from operations for the years ended December 31, 2023 and 2022, net financial assets as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 Library 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 audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Library'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 Library or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Library'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 Library'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 Library'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 Library 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.

BDO Canada LLP

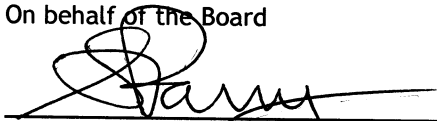
Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario
March 26, 2024

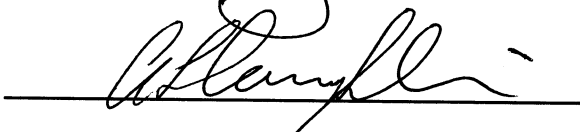
**Corporation of the Township of Scugog
Scugog Memorial Public Library
Statement of Financial Position**

| December 31 | 2023 | 2022 |
|---|-------------------|-------------------|
| Financial assets | | |
| Cash (Note 1) | \$ 396,599 | \$ 541,152 |
| Accounts receivable | 85,493 | 16,458 |
| | 482,092 | 557,610 |
| Liabilities | | |
| Accounts payable and accrued liabilities (Note 2) | 71,699 | 59,438 |
| | 410,393 | 498,172 |
| Net financial assets (debt) (Note 6) | | |
| | 410,393 | 498,172 |
| Non-financial assets | | |
| Tangible capital assets (Note 5) | 204,323 | 156,481 |
| Prepaid expenses | 4,461 | 1,500 |
| | 208,784 | 157,981 |
| Accumulated Surplus | \$ 619,177 | \$ 656,153 |

On behalf of the Board



Chair



Treasurer

Corporation of the Township of Scugog
Scugog Memorial Public Library
Statement of Operations

| December 31 | Budget | 2023 | 2022 |
|--|------------|------------|------------|
| | (Note 3) | | |
| Revenues | | | |
| Contributions from Township of Scugog | | | |
| - operating | \$ 738,487 | \$ 738,500 | \$ 709,800 |
| Fines and fees | 17,100 | 15,798 | 10,631 |
| Province of Ontario Grants | | | |
| - operating | 59,757 | 59,757 | 59,757 |
| - capital | - | - | 500 |
| Federal Employment Development Grant | 2,759 | 4,159 | 2,937 |
| Fundraising and donations | 4,000 | 17,620 | 7,860 |
| Investment Income | 700 | 29,554 | 12,888 |
| Other | 16,950 | 7,961 | 6,213 |
| Solar panel revenue | 8,000 | 8,294 | 8,508 |
| | 847,753 | 881,643 | 819,094 |
| Expenses | | | |
| Acquisitions | 9,200 | 9,000 | 8,265 |
| Administration | 31,099 | 37,280 | 32,483 |
| Amortization | - | 48,645 | 43,940 |
| Building | 44,292 | 71,479 | 58,567 |
| Information technology | 20,830 | 22,042 | 19,529 |
| Salaries and benefits | 664,045 | 687,304 | 653,716 |
| Utilities | 29,650 | 35,550 | 32,238 |
| Other | 6,337 | 7,319 | 2,285 |
| | 805,453 | 918,619 | 851,023 |
| Annual surplus (deficit) | 42,300 | (36,976) | (31,929) |
| Accumulated surplus, beginning of year | 656,153 | 656,153 | 688,082 |
| Accumulated surplus, end of year | \$ 698,453 | \$ 619,177 | \$ 656,153 |

Scugog Memorial Public Library
Public Library Board
Statement of Change in Net Financial Assets

| For the year ended December 31 | Budget | 2023 | 2022 |
|--|-------------------|-------------------|-------------------|
| | (Note 3) | | |
| Annual surplus (deficit) | \$ 42,300 | \$ (36,976) | \$ (31,929) |
| Acquisition of tangible capital assets | - | (96,487) | (58,369) |
| Amortization of tangible capital assets | - | 48,645 | 43,940 |
| | <u>42,300</u> | <u>(84,818)</u> | <u>(46,358)</u> |
| Acquisition of prepaid expenses | - | (4,461) | (1,500) |
| Use of prepaid expenses | - | 1,500 | 665 |
| | <u>-</u> | <u>(2,961)</u> | <u>(835)</u> |
| Net change in net financial assets (debt) | 42,300 | (87,779) | (47,193) |
| Net financial assets, beginning of year | <u>498,172</u> | <u>498,172</u> | <u>545,365</u> |
| Net financial assets, end of year | <u>\$ 540,472</u> | <u>\$ 410,393</u> | <u>\$ 498,172</u> |

Corporation of the Township of Scugog
Scugog Memorial Public Library
Statement of Cash Flows

| December 31 | 2023 | 2022 |
|--|-------------------|-------------------|
| Cash flows from operating activities | | |
| Annual deficit | \$ (36,976) | \$ (31,929) |
| Items not involving cash | | |
| Amortization | 48,645 | 43,940 |
| | <u>11,669</u> | <u>12,011</u> |
| Uses | | |
| Increase in accounts receivable | (69,035) | (4,793) |
| Increase in prepaid expenses | (2,961) | (835) |
| Decrease in accounts payable | 12,261 | (1,018) |
| | <u>(59,735)</u> | <u>(6,646)</u> |
| Capital transactions | | |
| Acquisition of tangible capital assets | <u>(96,487)</u> | <u>(58,369)</u> |
| Net change in cash | (144,553) | (53,004) |
| Cash, beginning of year | <u>541,152</u> | <u>594,156</u> |
| Cash, end of year | <u>\$ 396,599</u> | <u>\$ 541,152</u> |

Corporation of the Township of Scugog
Scugog Memorial Public Library
Summary of Significant Accounting Policies

December 31, 2023

| | |
|----------------------------|---|
| Nature of the Organization | The Scugog Memorial Public Library is a Board of the Corporation of the Township of Scugog which is incorporated under the Ontario Public Library Act. The Board makes available a wide variety of reading, electronic and audio-visual materials to the citizens of Port Perry and its surrounding area. |
| Management Responsibility | The financial statements of the library are the responsibility of management and have been prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing and standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. |
| Basis of Accounting | Sources of financing 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. |
| Financial Instruments | <p>Financial instruments are recorded at fair value at initial recognition.</p> <p>In subsequent periods, financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.</p> <p>Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.</p> |
| Use of Estimates | Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. Actual results could differ from these estimates. Significant estimates included in these financial statements are the tangible capital asset policies noted below. |

Corporation of the Township of Scugog
Scugog Memorial Public Library
Summary of Significant Accounting Policies

December 31, 2023

| | | | | | | | |
|-------------------------|--|-----------------|---------|-------------------|---------|------------------------|----------|
| Government Transfers | Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled. | | | | | | |
| Revenue Recognition | <p>The Library receives revenue from a variety of sources and applies the following recognition policies:</p> <ul style="list-style-type: none">a) Grants and contributions received for operating expenses and tangible capital assets are recognized as revenue in the year in which the related expenses are incurred.b) Fines and fees, solar panel and other revenue are recognized when the cash is collected.c) Revenue from donations, bequests and fundraising events are recognized when the cash is collected.d) Investment income is recognized when earned and the amount is deposited into the account. | | | | | | |
| Deferred Revenue | Deferred revenue represents grants or donations 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. | | | | | | |
| 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>Book collection</td><td style="text-align: right;">7 years</td></tr><tr><td>Computer hardware</td><td style="text-align: right;">5 years</td></tr><tr><td>Furniture and fixtures</td><td style="text-align: right;">10 years</td></tr></table> | Book collection | 7 years | Computer hardware | 5 years | Furniture and fixtures | 10 years |
| Book collection | 7 years | | | | | | |
| Computer hardware | 5 years | | | | | | |
| Furniture and fixtures | 10 years | | | | | | |

Corporation of the Township of Scugog
Scugog Memorial Public Library
Summary of Significant Accounting Policies

December 31, 2023

Pension Agreement

The Library is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension 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 Library has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Library 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.

Non-financial assets

Non-financial assets are normally used to deliver services. Their value lies with their service potential rather than their ability to generate future cash inflows. They form part of the financial position as they provide resources that the government can employ in the future to meet its objectives.

Corporation of the Township of Scugog
Scugog Memorial Public Library
Notes to Financial Statements

December 31, 2023

1. Cash and Bank

The Library bank account is held at a chartered bank and earns a nominal amount of interest.

2. Employee Benefits Payable

a. Vacation payable

Vacation pay owing at December 31, 2023 of \$25,765 (2022 - \$21,570) has been funded from operations and included in liabilities on the statement of financial position.

b. Pension agreement

OMERS provides pension services to over 600,000 active and retired members and approximately 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 \$136,185 million in respect of benefits accrued for service with actuarial assets at that date of \$131,983 million indicating an actuarial deficit of 4,202 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 \$53,438 (2022 - \$52,997).

3. Budget Figures

The budget adopted by the Library Board for fiscal 2023 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the budget adopted by the Library Board for fiscal 2023 with adjustments as follows:

| | <u>2023</u> |
|--|------------------|
| Budget surplus (deficit) for the year | \$ - |
| Add: | |
| Capital expenditures | <u>43,300</u> |
| Budget surplus per statement of operations | <u>\$ 43,300</u> |

Corporation of the Township of Scugog
Scugog Memorial Public Library
Notes to Financial Statements

December 31, 2023

4. Development Charges Balance Held by Township

The Township holds deferred revenue from development charges to be used to fund Library projects. These funds can only be used with approval of Council for growth-related expenditures for the Library and are reported in the Township's financial statements only. During the expansion of the Library, completed in 2012, the development charges were overdrawn. The deficiency is to be reimbursed through future development charges earned by the Library. At the end of 2023, the amount owed to (from) the Township was \$63,367 (2022 - \$63,367).

5. Tangible Capital Assets

| | Book Collection | Computer Hardware | Furniture & Fixtures | 2023 |
|---|--------------------|----------------------|-------------------------|-------------------|
| Cost beginning of year | \$ 319,538 | \$ 48,165 | \$ 175,080 | \$ 542,783 |
| Additions during the year | 43,781 | 46,520 | 6,186 | 96,487 |
| Disposals during the year | (40,397) | (33,799) | - | (74,196) |
| Cost end of the year | <u>\$ 322,922</u> | <u>\$ 60,886</u> | <u>\$ 181,266</u> | <u>\$ 565,074</u> |
| Accumulated amortization beginning of year | \$ 179,749 | \$ 36,374 | \$ 170,179 | \$ 386,302 |
| Amortization expense | 40,294 | 7,526 | 825 | 48,645 |
| Accumulated amortization of disposals | (40,397) | (33,799) | - | (74,196) |
| Accumulated amortization end of year | <u>\$ 179,646</u> | <u>\$ 10,101</u> | <u>\$ 171,004</u> | <u>\$ 360,751</u> |
| Net book value beginning of year | <u>\$ 139,789</u> | <u>\$ 11,791</u> | <u>\$ 4,901</u> | <u>\$ 156,481</u> |
| Net book value end of year | <u>\$ 143,276</u> | <u>\$ 50,785</u> | <u>\$ 10,262</u> | <u>\$ 204,323</u> |

Corporation of the Township of Scugog
Scugog Memorial Public Library
Notes to Financial Statements

December 31, 2023

5. Tangible Capital Assets (Cont'd)

| | Book Collection | Computer Hardware | Furniture & Fixtures | 2022 |
|---|--------------------|----------------------|-------------------------|-------------------|
| Cost beginning of year | \$ 308,402 | \$ 39,494 | \$ 169,921 | \$ 517,817 |
| Additions during the year | 44,539 | 8,671 | 5,159 | 58,369 |
| Disposals during the year | (33,403) | - | - | (33,403) |
| Cost end of the year | <u>\$ 319,538</u> | <u>\$ 48,165</u> | <u>\$ 175,080</u> | <u>\$ 542,783</u> |
| Accumulated amortization beginning of year | \$ 170,389 | \$ 36,077 | \$ 169,299 | \$ 375,765 |
| Amortization expense | 42,763 | 297 | 880 | 43,940 |
| Accumulated amortization of disposals | (33,403) | - | - | (33,403) |
| Accumulated amortization end of year | <u>\$ 179,749</u> | <u>\$ 36,374</u> | <u>\$ 170,179</u> | <u>\$ 386,302</u> |
| Net book value beginning of year | <u>\$ 138,013</u> | <u>\$ 3,417</u> | <u>\$ 622</u> | <u>\$ 142,052</u> |
| Net book value end of year | <u>\$ 139,789</u> | <u>\$ 11,791</u> | <u>\$ 4,901</u> | <u>\$ 156,481</u> |

Land and Buildings are owned by the Corporation of the Township of Scugog, therefore the Library Board has no assets to report in these categories.

6. Trust Fund

| | 2023 | 2022 |
|-----------------------|-----------------|-----------------|
| Kent Farndale bursary | <u>\$ 8,945</u> | <u>\$ 8,823</u> |

The trust fund is held and administered by Scugog Memorial Public Library but held by the Township of Scugog. Therefore the amount has not been included in the financial statements.

Scugog Memorial Public Library
Trust Funds
Financial Statements
For the year ended December 31, 2023

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Scugog and members of the Scugog Memorial Public Library Board

Opinion

We have audited the accompanying financial statements of the Corporation of the Township of Scugog, Scugog Memorial Public Library Board Trust Funds, which comprise the statement of financial position as at December 31, 2023 and the statement of continuity for the year then ended and notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity 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 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity 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.

BDO Canada LLP

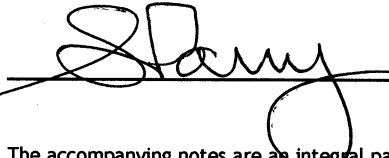
Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario
March 26, 2024

**Scugog Memorial Public Library
Trust Funds
Statement of Financial Position**

| <u>December 31</u> | <u>2023</u> | <u>2022</u> |
|-----------------------|-----------------|-----------------|
| Assets | | |
| Cash | \$ 500 | \$ 736 |
| Investments - at cost | <u>8,444</u> | <u>8,087</u> |
| Fund balance | <u>\$ 8,944</u> | <u>\$ 8,823</u> |

On behalf of the Board



Chair

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

Scugog Memorial Public Library
Trust Funds
Statement of Continuity

| For the year ended December 31 | 2023 | 2022 |
|---------------------------------|----------|----------|
| Fund Balance, beginning of year | \$ 8,823 | \$ 9,005 |
| Revenues | | |
| Donations | 500 | 500 |
| Interest earned | 357 | 126 |
| Expenditures | | |
| Bank fees | 40 | 60 |
| Bursaries | 500 | 500 |
| Reception expenses | 196 | 248 |
| | 736 | 808 |
| Fund Balance, end of year | \$ 8,944 | \$ 8,823 |

Scugog Memorial Public Library
Trust Funds
Notes to Financial Statements

December 31, 2023

1. Basis of Accounting

Capital receipts and interest are reported on the accrual basis of accounting.

Expenditures and capital disbursements are reported on the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

2. Kent Farndale Art Bursary

The Kent Farndale Art Bursary Fund was established on June 7, 1993 for the purpose of assisting any resident of the Township of Scugog in the pursuit of a specific field of art.

3. Investments

The investments include money market funds from a Chartered Bank. The investments are reported at cost and have a market value of \$8,444 as at December 31, 2023.

Corporation of the Township of Scugog
Port Perry Central District
Business Improvement Area Board

Financial Statements

For the year ended December 31, 2023

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BDO Canada LLP
165 Kent Street West
PO Box 358
Lindsay ON K9V 4S3 Canada

Independent Auditor's Report

To the Members of the Corporation of the Township of Scugog Port Perry Central District Business Improvement Area Board, Members of Council, Inhabitants and Ratepayers of the Township of Scugog

Qualified Opinion

We have audited the accompanying financial statements of the Port Perry Central District Business Improvement Area of the Corporation of the Township of Scugog (the Entity), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and accumulated surplus, changes 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 Entity as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Entity derives revenue from event and donation revenue 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 Entity. Therefore, we were not able to determine whether any adjustments might be necessary to event and donation revenue, annual surplus (deficit), and cash flows from operations for the years ended December 31, 2023 and 2022, net financial assets as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 Entity 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 audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Lindsay, Ontario

July 12, 2024

Corporation of the Township of Scugog
Port Perry Central District
Business Improvement Area Board
Statement of Financial Position

| December 31 | 2023 | 2022 |
|---------------------------------------|------------|-----------|
| Financial assets | | |
| Cash (Note 1) | \$ 74,965 | \$ - |
| Investments | 2,000 | 2,000 |
| Accounts receivable | 4,718 | 58,461 |
| | 81,683 | 60,461 |
| Liabilities | | |
| Bank indebtedness (Note 1) | \$ - | \$ 30,530 |
| Accounts payable and accrued expenses | 3,599 | 9,135 |
| | 3,599 | 39,665 |
| Net financial assets | 78,084 | 20,796 |
| Non-financial assets | | |
| Tangible capital assets (Note 2) | 38,991 | 41,764 |
| Prepaid expense | 1,129 | 1,124 |
| | 40,120 | 42,888 |
| Accumulated surplus | \$ 118,204 | \$ 63,684 |
| Commitment (Note 3) | | |

On behalf of the Board:

Signed by:

Marina Brock Chair

1C850FB7A2C74BE...

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

Corporation of the Township of Scugog
Port Perry Central District
Business Improvement Area Board
Statement of Operations and Accumulated Surplus

| For the year ended December 31 | 2023 | 2023 | 2022 |
|---|------------------|-------------------|------------------|
| | Budget | Actual | Actual |
| Revenues | | | |
| Township of Scugog - taxation | \$ 140,000 | \$ 140,000 | \$ 125,216 |
| Government grants | - | 8,888 | 53,125 |
| Film and other revenue | - | 10,351 | 4,568 |
| Event and donation revenue | - | - | 750 |
| | 140,000 | 159,239 | 183,659 |
| Expenses | | | |
| Amortization | - | 8,420 | 9,964 |
| Area development | 17,682 | 9,774 | 13,172 |
| Event sponsorship | - | - | 300 |
| Marketing and rebranding | 12,200 | 29,500 | 15,397 |
| Office expenses | 15,026 | 14,523 | 15,138 |
| Salaries | 36,155 | 24,385 | 47,077 |
| Special events | 58,937 | 18,117 | 72,350 |
| | 140,000 | 104,719 | 173,398 |
| Annual surplus (deficit) | - | 54,520 | 10,261 |
| Accumulated surplus, beginning of year | 63,684 | 63,684 | 53,423 |
| Accumulated surplus, end of year | \$ 63,684 | \$ 118,204 | \$ 63,684 |

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

Corporation of the Township of Scugog
 Port Perry Central District
 Business Improvement Area Board
 Statement of Change in Net Financial Assets

| For the year ended December 31 | 2023 | 2022 |
|---|------------------|------------------|
| Annual surplus (deficit) | \$ 54,520 | \$ 10,261 |
| Acquisition of tangible capital assets | (5,647) | (24,071) |
| Amortization of tangible capital assets | 8,420 | 9,964 |
| | <u>57,293</u> | <u>(3,846)</u> |
| Use (addition) of prepaid expenses | (5) | 1,123 |
| Net change in net financial assets | 57,288 | (2,723) |
| Net financial assets, beginning of year | <u>20,796</u> | <u>23,519</u> |
| Net financial assets, end of year | <u>\$ 78,084</u> | <u>\$ 20,796</u> |

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

Corporation of the Township of Scugog
Port Perry Central District
Business Improvement Area Board
Statement of Cash Flows

| For the year ended December 31 | 2023 | 2022 |
|--|------------------|--------------------|
| Cash flows from operating activities | | |
| Annual surplus (deficit) | \$ 54,520 | \$ 10,261 |
| Items not involving cash | | |
| Amortization | 8,420 | 9,964 |
| | <u>62,940</u> | <u>20,225</u> |
| Uses | | |
| Increase in accounts receivable | - | (13,024) |
| Increase in prepaid expense | (5) | - |
| Decrease in accounts payable | (5,536) | (51,580) |
| | <u>(5,541)</u> | <u>(64,604)</u> |
| Sources | | |
| Decrease in prepaid expense | - | 1,123 |
| Decrease in accounts receivable | 53,743 | - |
| | <u>111,142</u> | <u>(43,256)</u> |
| Capital transactions | | |
| Acquisition of tangible capital assets | (5,647) | (24,071) |
| | <u>105,495</u> | <u>(67,327)</u> |
| Net change in cash | 105,495 | (67,327) |
| Opening cash | (30,530) | 36,797 |
| | <u>\$ 74,965</u> | <u>\$ (30,530)</u> |
| Closing cash | \$ 74,965 | \$ (30,530) |

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

Corporation of the Township of Scugog
Port Perry Central District
Business Improvement Area Board
Summary of Significant Accounting Policies

December 31, 2023

| | | | |
|---------------------------------|---|---------------------------------|---------------|
| Nature of Business | The Entity is overseen by Council representing the Corporation of the Township of Scugog, with the goal of promoting the Port Perry downtown business area. | | |
| Management Responsibility | The financial statements of the Entity are the responsibility of management and have been prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing and standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. | | |
| Basis of Accounting | Sources of financing 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. | | |
| 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>Furniture, Fixtures & Equipment</td><td>5 to 10 years</td></tr></table> | Furniture, Fixtures & Equipment | 5 to 10 years |
| Furniture, Fixtures & Equipment | 5 to 10 years | | |
| Use of Estimates | Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment. Actual results could differ from these estimates. Significant estimates included in these financial statements are the tangible capital asset policies noted above. | | |
| Revenue Recognition | <p>The Business Improvement Area receives revenue from a variety of sources and applies the following revenue recognition policies:</p> <ol style="list-style-type: none">Taxation revenue is recognized in the calendar year it is raised from ratepayers by the Township.Contributions from the Township are recognized in the calendar year they are approved by the Township.Revenue from donations and events is recognized when the cash is collected.Revenue from government grants is recognized in revenue in the year in which the related expenses are incurred. | | |

Corporation of the Township of Scugog
Port Perry Central District
Business Improvement Area Board
Notes to Financial Statements

December 31, 2023

1. Cash and Bank

The BIA bank account is held at a chartered bank and earns a nominal amount of interest.

2. Tangible Capital Assets

| | 2023 | 2022 |
|--|------------|------------|
| Cost beginning of year | \$ 166,316 | \$ 142,245 |
| Additions during the year | 5,647 | 24,071 |
| Cost end of the year | \$ 171,963 | \$ 166,316 |
| Accumulated amortization beginning of year | \$ 124,552 | \$ 114,588 |
| Amortization expense | 8,420 | 9,964 |
| Accumulated amortization end of year | \$ 132,972 | \$ 124,552 |
| Net book value beginning of year | \$ 41,764 | \$ 27,657 |
| Net book value end of year | \$ 38,991 | \$ 41,764 |

3. Commitment

The Organization is in its fourth year of a five year rental agreement with 2687350 Ontario Limited to rent the premises of 250 Queen Street, Port Perry. The annual portion of rent attributed to the Organization is \$10,000. In addition, the Organization is required to pay a pro rata share of property taxes when provided by the landlord.