

Corporation of the Township of Scugog

Consolidated Financial Statements

For the year ended December 31, 2020

Corporation of the Township of Scugog

Financial Statements

For the year ended December 31, 2020

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Independent Auditor's Report

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

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, 2020, 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020, 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the 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 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 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
June 28, 2021

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

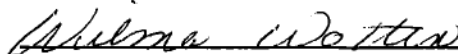
December 31	2020	2019
Financial assets		
Cash and cash equivalents (Note 4)	\$ 23,739,855	\$ 21,007,693
Restricted cash	5,424,096	3,303,070
Taxes receivable	3,920,341	3,724,511
Accounts receivable (Note 5)	1,701,253	2,077,613
Inventory for resale	1,334	1,597
	<u>34,786,879</u>	<u>30,114,484</u>
Liabilities		
Accounts payable and accrued expenses	2,856,255	4,068,246
Deferred revenue (Note 6)	7,372,466	5,735,879
Deposits	2,796,683	2,519,355
Employee future amounts payable (Note 7)	689,933	715,092
Municipal debt (Note 8)	1,404,275	1,503,073
Capital lease obligation (Note 8)	268,908	290,037
	<u>15,388,520</u>	<u>14,831,682</u>
Net financial assets	<u>19,398,359</u>	<u>15,282,802</u>
Contingent Liabilities and Commitments (Note 10)		
Non-financial assets		
Tangible capital assets (Note 15)	75,782,937	74,468,586
Work in progress (Note 15)	6,880,439	9,288,526
Inventories of supplies	255,887	297,954
Prepaid expenses	237,303	282,013
	<u>83,156,566</u>	<u>84,337,079</u>
Accumulated surplus (Note 9)	<u>\$ 102,554,925</u>	<u>\$ 99,619,881</u>

COVID-19 (Note 11)

On behalf of Council



Mayor/Councillor



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 2020 (Note 13)	Actual 2020	Actual 2019
Revenues			
Taxation levied for own purposes (Note 2)	\$ 13,592,000	\$ 13,753,068	\$ 13,057,929
User charges, licences and fines	3,276,500	2,562,269	2,745,626
Grants			
Government of Canada	1,524,300	1,468,039	1,073,007
Province of Ontario	1,760,700	2,544,146	2,515,924
Other Municipalities	1,392,100	31,141	(7,468)
Other			
Casino revenues	-	927,704	1,133,208
Developer contributions earned (Note 6)	1,850,600	135,775	528,910
Investment income	290,000	262,042	428,200
Penalties and interest on taxes	530,300	483,957	554,472
Donations and other	2,604,000	679,248	430,958
Contribution from others			
- tangible capital assets (Note 15)	-	-	11,462
Gain on disposition of tangible capital assets	-	(170,484)	(30,821)
	26,820,500	22,676,905	22,441,407
Expenses			
General government	2,978,200	3,091,371	3,011,899
Protection to persons and property	2,557,400	2,706,249	2,582,805
Transportation services	5,459,800	9,345,459	9,724,216
Environmental services	110,600	93,319	69,088
Recreational and cultural services	3,910,600	3,696,263	4,583,121
Planning and development	728,600	809,200	790,830
	15,745,200	19,741,861	20,761,959
Annual surplus	11,075,300	2,935,044	1,679,448
Accumulated surplus, beginning of year	99,619,881	99,619,881	97,940,433
Accumulated surplus, end of year	\$ 110,695,181	\$ 102,554,925	\$ 99,619,881

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 2020 (Note 13)	Actual 2020	Actual 2019
Annual surplus	\$ 11,075,300	\$ 2,935,044	\$ 1,679,448
Acquisition of tangible capital assets	(11,176,000)	(5,875,650)	(2,907,843)
Amortization of tangible capital assets	-	4,376,385	4,294,445
Gain (loss) on disposition of tangible capital assets	-	170,484	30,821
Proceeds on disposal of tangible capital assets	-	14,430	111,457
	(100,700)	1,620,693	3,208,328
Acquisition of work in progress	-	(924,452)	(3,056,999)
Transfer of work in progress to tangible capital assets	-	3,332,539	748,686
	-	2,408,087	(2,308,313)
Acquisition of inventory of supplies	-	(255,887)	(297,954)
Use/consumption of inventory of supplies	-	297,954	329,692
Acquisition of prepaid expenses	-	(237,303)	(282,013)
Use/consumption of prepaid expenses	-	282,013	272,109
	-	86,777	21,834
Net change in net financial assets	(100,700)	4,115,557	921,849
Net financial assets, beginning of year	15,282,802	15,282,802	14,360,953
Net financial assets, end of year	\$ 15,182,102	\$ 19,398,359	\$ 15,282,802

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 2020	Actual 2019
Cash flows from operating activities		
Annual surplus (Page 6)	\$ 2,935,044	\$ 1,679,448
Items not involving cash		
Amortization	4,376,385	4,294,445
Gain on disposition of tangible capital assets	170,484	30,821
	7,481,913	6,004,714
Uses		
Increase in taxes receivable	(195,830)	(197,665)
Increase in accounts receivable	-	(472,928)
Increase in inventory for resale	-	(207)
Decrease in accounts payable and accrued expenses	(1,211,991)	-
Increase in prepaid expenses	-	(9,906)
Sources		
Decrease in accounts receivable	376,360	-
Increase in accounts payable and accrued expenses	-	1,554,392
Increase in other liabilities	277,328	298,695
Increase in deferred revenue	1,636,587	1,005,415
Decrease in inventory for resale	263	-
Decrease in inventories of supplies	42,067	31,738
Decrease in prepaid expenses	44,710	-
	8,451,407	8,214,248
Cash flows from capital transactions		
Acquisition of tangible capital assets	(5,875,650)	(2,907,843)
Increase in work in progress	-	(2,308,313)
Decrease in work in process	2,408,087	-
Proceeds on disposal of tangible capital assets	14,430	111,457
	(3,453,133)	(5,104,699)
Cash flows from financing activities		
Principal payments on capital lease obligations	(21,129)	(24,982)
Increase (decrease) in restricted cash	(2,121,026)	(419,039)
Principal payments on debt	(98,798)	(97,124)
Increase (decrease) in employee future amounts payable	(25,159)	(23,422)
	(2,266,112)	(564,567)
Net change in cash and cash equivalents	2,732,162	2,544,982
Opening cash and cash equivalents	21,007,693	18,462,711
Closing cash and cash equivalents (Note 4)	\$ 23,739,855	\$ 21,007,693

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, 2020

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.

Management Responsibility These consolidated financial statements are the responsibility of the Township'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 Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

The focus of these consolidated financial statements is on the financial position of the Township and the changes thereto. The consolidated statement of financial position includes all the financial assets and liabilities of the Township as well as non-financial assets. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Net financial assets form a part of the financial position and is the difference between financial assets and liabilities. This provides information about the Township's overall future revenue requirements and its ability to finance activities and meet its obligations. 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. The accumulated surplus is made up of the combination of net financial assets and non-financial assets.

Corporation of the Township of Scugog Summary of Significant Accounting Policies

December 31, 2020

Basis of Consolidation 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:

Scugog Memorial Library Board
Port Perry Central District Business Improvement Area
Prince Albert Community Hall Committee
Greenbank Community Hall Committee
Nestleton Community Hall Committee
Utica Memory Hall Committee
Seagrave Hall Committee
Caesarea Hall Committee
Scugog Island Hall Committee
Latcham Centre Committee

All interfund and inter-entity assets, liabilities, revenues and expenses have been eliminated.

Trust funds and their related operations administered by the Township are not consolidated, but are disclosed separately in Note 1.

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 2.

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.

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. Composition of the balance and restricted amounts are disclosed in Note 4.

Corporation of the Township of Scugog Summary of Significant Accounting Policies

December 31, 2020

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

Deferred Revenue Under PSAB accounting standards, obligatory reserve funds and any other externally restricted financing amounts must be reported as deferred revenue. Only the amount earned by qualifying expenditures in the current year is reflected as revenue in the Consolidated Statement of Operations.

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.

Corporation of the Township of Scugog Summary of Significant Accounting Policies

December 31, 2020

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 7). 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, 2020

Revenue Recognition

Revenue is reported on the accrual basis of accounting. Revenues are recognized as follows:

- 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, federal gas tax reserve funds, and parkland obligatory reserve funds is added to the reserve fund balance and forms part of the respective deferred revenue balance.

Government Transfers

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.

Corporation of the Township of Scugog Notes to Consolidated Financial Statements

December 31, 2020

1. Trust Funds

Trust funds administered by the Township amounting to \$48,084 (2019 - \$48,495) have not been included in the Consolidated Statement of Financial Position nor have operations been included in the Consolidated Statement of Operations. Separate schedules of the trust funds have been prepared. A summary of the balances is as follows:

	2020	2019
Gregg Cemetery	\$ 24,489	\$ 25,036
Ontario Home Renewal Program	816	816
Cartwright Minor Ball Trust	9,270	9,228
Devitt's Cemetery	13,509	13,415
	\$ 48,084	\$ 48,495

2. Taxation Raised on Behalf of Others

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

	2020	2019
School Boards	\$ 9,220,684	\$ 9,070,694
Region of Durham	25,388,682	24,762,142
	\$ 34,609,366	\$ 33,832,836

3. Restricted Assets

	2020	2019
Cash	\$ 5,424,096	\$ 3,303,070
Accounts receivable (Note 5)	3,269	5,952
Due from own municipality	1,269,788	1,388,793
	\$ 6,697,153	\$ 4,697,815
Consists of:		
Obligatory funds in deferred revenue (Note 6)	\$ 6,697,153	\$ 4,697,815

**Corporation of the Township of Scugog
Notes to Consolidated Financial Statements**

December 31, 2020

4. Cash

	2020	2019
Unrestricted		
Unrestricted net cash	\$ 14,767,377	\$ 19,571,120
Designated		
Redeemable GIC's		
(Market value - \$8,972,478)	8,972,478	1,436,573
	\$ 23,739,855	\$ 21,007,693

The designated redeemable GIC's are invested in Scotiabank guaranteed investments and are measured at cost. The GIC's mature from June 1, 2021 to November 30, 2021 and pay interest of 0.75% to 0.80% per annum.

5. Accounts Receivable

	2020	2019
Unrestricted		
Canada	\$ 471,070	\$ 644,208
Ontario	156,915	220,102
Other municipalities and school boards	552,397	576,753
Developers	54,266	12,636
Other	463,336	617,962
	1,697,984	2,071,661
Restricted		
Accrued interest	3,269	5,952
	\$ 1,701,253	\$ 2,077,613

**Corporation of the Township of Scugog
Notes to Consolidated Financial Statements**

December 31, 2020

6. Deferred Revenue

	2020	2019
Obligatory Reserve Funds		
Parkland (Planning Act)	\$ 865,645	\$ 557,442
Development Charges Act	4,365,349	2,157,800
Federal gas tax	1,289,659	1,982,573
Building permit fees	176,500	-
	6,697,153	4,697,815
Other deferred revenue	675,313	1,038,064
	\$ 7,372,466	\$ 5,735,879

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

	Development Charges	Parkland	Federal Gas Tax	Building Permits	Total
Opening obligatory funds	\$ 2,157,800	\$ 557,442	\$ 1,982,573	\$ -	\$ 4,697,815
Restricted funds received	2,259,414	353,211	655,778	176,500	3,444,903
Capital purchase	(83,833)	(51,942)	-	-	(135,775)
Interest earned	31,968	6,934	20,406	-	59,308
Revenue recognized	-	-	(1,369,098)	-	(1,369,098)
	\$ 4,365,349	\$ 865,645	\$ 1,289,659	\$ 176,500	\$ 6,697,153

Gas tax 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. Gas tax 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, 2020

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, 2020 of \$228,495 (2019 - \$233,054) 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 half a million 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, 2020. The results of this valuation disclosed total actuarial liabilities of \$113,055 million (2019: \$107,687 million) in respect of benefits accrued for service with actuarial assets at that date of \$109,844 million (2019: \$104,290 million) indicating an actuarial deficit of \$3,211 million (2019: \$3,397 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 2020 were \$486,315 (2019 - \$455,341).

**Corporation of the Township of Scugog
Notes to Consolidated Financial Statements**

December 31, 2020

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 \$58,756 (2019 - \$51,313).

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, 2018. The accrued benefit obligation of \$689,933 shown for December 31, 2020 is based on that valuation. Actual experienced cost increases and discount rate adjustments have resulted in a net loss of \$47,879 which will be recognized over the estimated average remaining service life of the employee group.

The post-employment benefit liability at December 31, 2020 includes the following components:

	2020	2019
Actuarially determined accrued benefit obligation	\$ 642,054	\$ 606,778
Unamortized actuarial losses	47,879	108,314
	689,933	715,092
Total estimated liability	689,933	715,092
Less amount already funded from operations	(382,000)	(382,000)
	\$ 307,933	\$ 333,092
Amount to be recovered from future revenue	\$ 307,933	\$ 333,092

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	3.00%
Medical cost increases - first year	6.50%
- 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	11.8 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:

	2020	2019
Current year benefit cost	\$ 25,126	\$ 21,134
Amortization of actuarial (gain) losses	(9,168)	(14,117)
Interest on post-employment benefit liability	17,699	20,874
	\$ 33,657	\$ 27,891
Total expense related to post-employment benefits	\$ 33,657	\$ 27,891

**Corporation of the Township of Scugog
Notes to Consolidated Financial Statements**

December 31, 2020

7. Employee Future Amounts Payable (Cont'd)

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

	2020	2019
Obligation at the start of the year	\$ 606,778	\$ 571,731
Current year benefit cost	25,126	21,134
Benefit payments	(58,756)	(51,313)
Interest on obligation	17,699	20,874
Actuarial (gain) loss recognized	51,267	44,352
	\$ 642,114	\$ 606,778

8. Municipal Debt

	2020	2019
Long-term loan maturing October 13, 2027 repayable in blended monthly instalments with interest at 2.1%	\$ 1,404,275	\$ 1,503,073
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 10a)	268,908	290,037
Net municipal debt	\$ 1,673,183	\$ 1,793,110

a. The interest rate charged on debt is 1.9% to 5%. Future payments requiring taxation and user charge financing are summarized as follows:

	Total principal	Total Interest	Total payments
2021	\$ 126,163	\$ 54,072	\$ 180,235
2022	130,735	50,468	181,203
2023	134,490	46,582	181,072
2024	138,653	42,408	181,061
2025	143,226	37,928	181,154
Thereafter	999,916	126,458	1,126,374
Total	\$1,673,183	\$ 357,916	\$2,031,099

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, 2020

8. Municipal Debt (Cont'd)

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

	2020	2019
Principal payments on external debt and capital lease	\$ 120,299	\$ 117,588
Interest on external debt and capital lease	71,593	75,442
	\$ 191,892	\$ 193,030

9. Accumulated Surplus

	2020	2019
Internal 'current' and 'capital' funds	\$ 8,300,084	\$ 7,038,093
Invested in tangible capital assets (Note 15)	75,782,937	74,468,586
Invested in work in progress (Note 15)	6,880,439	9,288,526
Municipal debt to be recovered in future (Note 8)	(1,673,183)	(1,793,110)
Reserve/reserve fund balances	13,572,581	10,950,878
Employee benefits payable to be recovered in future (Note 7)	(307,933)	(333,092)
	\$ 102,554,925	\$ 99,619,881

Corporation of the Township of Scugog

Notes to Consolidated Financial Statements

December 31, 2020

10. 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 2020 extending the lease until March 2021. As at December 31, 2020 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 .25% per year. Council authorized the temporary borrowing limit for 2020 in By-Law 04-19, and there was a balance owing as at December 31, 2020 of \$NIL (2019 - \$NIL).

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 7 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, 2020.

Corporation of the Township of Scugog Notes to Consolidated Financial Statements

December 31, 2020

10. Contingent Liabilities and Commitments (Cont'd)

d. Litigation

The Township was named as a defendant in two 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.

11. COVID-19

On January 30, 2020, the World Health Organization announced a global health emergency because of a new strain of coronavirus, the "COVID-19 outbreak". In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

As the COVID-19 pandemic continues, there could be further effects on the Township, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Township's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Township is not known.

Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Township's ability to continue delivering non-essential services and employ related staff, will depend on the legislative mandates from the various levels of government. The Township will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

12. Contaminated Sites

The Township has not recognized a liability for remediation of Marsh Hill Road and Scugog Line 12, Scugog Line 6 and Coryell Street landfills. The contamination results from unknown wastes and condition of the landfills which have been inoperative for over 25 years. The liability has not been recorded because it is not expected that economic benefits will be given up to remediate the sites.

**Corporation of the Township of Scugog
Notes to Consolidated Financial Statements**

December 31, 2020

13. Budget Amounts

The budget figures reflected in these consolidated statements are those approved by Council on March 9, 2020. Budget figures have been translated to reflect Public Section Accounting Board standards.

14. Comparative Figures

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

**Corporation of the Township of Scugog
Notes to Consolidated Financial Statements
December 31, 2020**

December 31, 2020

15. Tangible Capital Assets

	General Assets				Infrastructure Assets											
	Land Improvements	Land	Buildings	Equipment	Vehicles & Rolling Equipment	Furniture, Fixtures & Equipment	Computer Hardware & Software	Marine	Road Network	Storm Water Network						
Cost, beginning of year	\$ 7,884,188	\$ 24,457,060	\$ 4,152,450	\$ 2,610,673	\$ 682,489	\$ 4,008,102	\$ 512,959	\$ 542,592	\$ 4,443,176	\$ 73,917	\$ 37,516	\$ 371,818	\$ 89,685,478	\$ 11,149,267	\$ 156,078,604	
Additions	275,506	-	26,292	76,860	26,061	-	1,347	-	524,932	29,002	-	-	4,508,136	407,514	5,875,650	
Disposals	(43,693)	-	(32,721)	(41,281)	-	-	(2,820)	-	(186,534)	-	-	-	(1,445,523)	-	(1,752,572)	
Cost, end of year	\$ 8,116,001	\$ 24,457,060	\$ 4,145,021	\$ 2,646,252	\$ 688,550	\$ 4,008,102	\$ 511,486	\$ 542,592	\$ 4,781,574	\$ 102,919	\$ 37,516	\$ 371,818	\$ 92,748,091	\$ 11,556,781	\$ 160,201,682	
Accumulated Amortization, beginning of year	\$ -	\$ 4,719,146	\$ 11,149,539	\$ 2,257,695	\$ 1,676,188	\$ 444,730	\$ -	\$ 423,817	\$ 498,845	\$ 2,448,474	\$ 26,750	\$ 35,261	\$ 265,901	\$ 54,998,293	\$ 2,665,379	\$ 81,610,018
Amortization	309,741	741,146	276,124	160,991	67,547	-	10,828	11,839	356,062	6,863	2,255	10,186	2,263,530	159,273	4,376,385	
Disposals	(43,520)	-	(32,721)	(41,281)	-	-	(2,044)	-	(186,534)	-	-	-	(1,261,568)	-	(1,567,658)	
Accumulated Amortization, end of year	\$ -	\$ 4,985,367	\$ 11,890,685	\$ 2,501,098	\$ 1,795,898	\$ 512,277	\$ 432,601	\$ 510,684	\$ 2,618,002	\$ 33,613	\$ 37,516	\$ 276,087	\$ 56,000,265	\$ 2,824,652	\$ 84,418,745	
Net book value, beginning of year	\$ 5,486,929	\$ 3,165,042	\$ 13,307,511	\$ 1,894,755	\$ 934,485	\$ 4,008,102	\$ 89,142	\$ 43,747	\$ 1,994,702	\$ 47,167	\$ 2,255	\$ 105,917	\$ 34,687,185	\$ 8,483,888	\$ 74,468,586	
Net book value, end of year	\$ 5,486,929	\$ 3,130,634	\$ 12,566,365	\$ 1,644,923	\$ 850,354	\$ 4,008,102	\$ 78,885	\$ 31,908	\$ 2,163,572	\$ 69,306	\$ -	\$ 95,731	\$ 36,747,826	\$ 8,732,129	\$ 75,782,937	

**Corporation of the Township of Scugog
Notes to Consolidated Financial Statements
December 31, 2020**

December 31, 2020

15. Tangible Capital Assets (Cont'd)

	General Assets				Infrastructure Assets											
	Land Improvements	Land	Buildings	Vehicles & Rolling Equipment	Furniture, Fixtures & Equipment	Computer Hardware & Software	Land Improvements	Land	Buildings	Vehicles & Rolling Equipment	Furniture, Fixtures & Equipment	Computer Hardware & Software	Marine	Road Network	Storm Water Network	2019
Cost, beginning of year	\$ 7,839,201	\$ 24,447,219	\$ 4,133,064	\$ 4,133,064	\$ 2,634,195	\$ 627,709	\$ 4,008,102	\$ 475,737	\$ 542,592	\$ 4,143,518	\$ 73,917	\$ 37,516	\$ 371,818	\$ 88,053,127	\$ 11,149,267	\$ 153,889,391
Additions	59,495	42,825	19,386	19,386	70,412	34,780	-	37,222	-	809,809	-	-	-	1,699,394	-	2,907,843
Disposals	(14,508)	(32,994)	-	-	(93,934)	-	-	-	-	(510,151)	-	-	-	(67,043)	-	(718,630)
Cost, end of year	\$ 7,884,188	\$ 24,457,050	\$ 4,152,450	\$ 4,152,450	\$ 2,610,673	\$ 662,489	\$ 4,008,102	\$ 512,959	\$ 542,592	\$ 4,443,176	\$ 73,917	\$ 37,516	\$ 371,818	\$ 89,685,478	\$ 11,149,267	\$ 156,078,604
Accumulated Amortization, beginning of year	\$ -	\$ 4,427,118	\$ 10,439,267	\$ 1,972,308	\$ 1,602,394	\$ 371,315	\$ -	\$ 410,728	\$ 487,006	\$ 2,492,499	\$ 21,337	\$ 30,750	\$ 255,715	\$ 52,869,947	\$ 2,511,540	\$ 77,891,924
Amortization	-	305,946	743,266	285,387	167,728	73,415	-	13,089	11,839	325,846	5,413	4,511	10,186	2,193,980	153,839	4,294,445
Disposals	-	(13,918)	(32,994)	-	(93,934)	-	-	-	-	(389,871)	-	-	-	(65,634)	-	(576,351)
Accumulated Amortization, end of year	\$ -	\$ 4,719,146	\$ 11,149,539	\$ 2,257,695	\$ 1,676,188	\$ 444,730	\$ -	\$ 423,817	\$ 498,845	\$ 2,448,474	\$ 26,750	\$ 35,261	\$ 265,901	\$ 54,998,293	\$ 2,665,379	\$ 81,610,018
Net book value, beginning of year	\$ 3,412,083	\$ 14,007,952	\$ 2,160,756	\$ 2,160,756	\$ 1,031,801	\$ 256,394	\$ 4,008,102	\$ 65,009	\$ 55,586	\$ 1,651,019	\$ 52,580	\$ 6,766	\$ 116,103	\$ 35,183,180	\$ 8,637,727	\$ 75,997,467
Net book value, end of year	\$ 3,165,042	\$ 13,307,511	\$ 1,894,755	\$ 1,894,755	\$ 934,485	\$ 217,759	\$ 4,008,102	\$ 89,142	\$ 43,747	\$ 1,994,702	\$ 47,167	\$ 2,255	\$ 105,917	\$ 34,687,185	\$ 8,483,888	\$ 74,468,586

Corporation of the Township of Scugog Notes to Consolidated Financial Statements

December 31, 2020

15. Tangible Capital Assets (Cont'd)

The net book value of tangible capital assets not being amortized because they are under construction is \$6,880,439 (2019 - \$9,288,526).

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.

16. 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.

Planning and Public Works

Planning and public works department includes construction and maintenance of the Township's roads and bridges, winter control, street lighting and environmental services. In addition, this department also manages commercial, industrial and residential development within the Township.

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.

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, 2020

16. Segmented Information (Cont'd)

For the year ended December 31	General government	Protection to persons and property	Planning and public works	Recreational and cultural services	2020 Total
Revenue					
Taxation	\$ 2,062,215	\$ 2,102,584	\$ 7,111,722	\$ 2,476,547	\$ 13,753,068
User charges, licences and fines	190,909	765,959	976,873	628,528	2,562,269
Government of Canada grants	3,920	-	1,404,170	59,949	1,468,039
Province of Ontario grants	982,212	-	1,482,539	79,395	2,544,146
Other municipality grants	-	27,397	3,744	-	31,141
Casino revenues	927,704	-	-	-	927,704
Developer contributions	84	-	83,748	51,943	135,775
Investment income	262,042	-	-	-	262,042
Penalties and interest on taxes	73,021	74,450	248,794	87,692	483,957
Donations and other	-	-	70,786	608,462	679,248
Gain (loss) on disposition of tangible capital assets			(175,364)	4,880	(170,484)
	4,502,107	2,970,390	11,207,012	3,997,396	22,676,905
Expenses					
Salaries and benefits	2,092,692	1,766,386	2,760,665	2,109,151	8,728,894
Materials, supplies and services	541,473	542,632	3,892,865	1,003,815	5,980,785
Contracted services	84,113	175,365	156,316	21,179	436,973
Interest and financial expenses	34,772	-	43,055	45,264	123,091
Amortization expense	298,821	221,866	3,395,077	452,128	4,367,892
Transfers to other entities	39,500	-	-	64,726	104,226
	3,091,371	2,706,249	10,247,978	3,696,263	19,741,861
Annual surplus (deficit)	\$ 1,410,736	\$ 264,141	\$ 959,034	\$ 301,133	\$ 2,935,044

**Corporation of the Township of Scugog
Notes to Consolidated Financial Statements**

December 31, 2020

16. Segmented Information (Cont'd)

For the year ended December 31	General government	Protection to persons and property	Planning and public works	Recreational and cultural services	2019 Total
Revenue					
Taxation	\$ 2,020,388	\$ 2,150,985	\$ 6,426,168	\$ 2,460,388	\$ 13,057,929
User charges, licences and fines	184,237	458,271	503,320	1,599,798	2,745,626
Government of Canada grants	5,880	-	980,849	86,278	1,073,007
Province of Ontario grants	605,219	-	1,831,418	79,287	2,515,924
Other municipality grants	-	(7,468)	-	-	(7,468)
Casino revenues	1,133,208	-	-	-	1,133,208
Developer contributions	24,986	-	270,468	233,456	528,910
Investment income	428,200	-	-	-	428,200
Penalties and interest on taxes	86,545	92,139	270,395	105,393	554,472
Donations and other	5,020	-	403,894	22,044	430,958
Contribution from others	-	11,462	-	-	11,462
Gain (loss) on disposition of tangible capital assets	-	3,850	(36,691)	2,020	(30,821)
	<u>4,493,683</u>	<u>2,709,239</u>	<u>10,649,821</u>	<u>4,588,664</u>	<u>22,441,407</u>
Expenses					
Salaries and benefits	2,066,248	1,654,838	2,818,029	2,620,640	9,159,755
Materials, supplies and services	501,555	554,973	4,158,462	1,402,803	6,617,793
Contracted services	49,509	151,250	268,627	40,769	510,155
Interest and financial expenses	45,149	-	44,901	17,870	107,920
Amortization expense	305,177	221,744	3,294,115	465,142	4,286,178
Transfers to other entities	44,261	-	-	35,897	80,158
	<u>3,011,899</u>	<u>2,582,805</u>	<u>10,584,134</u>	<u>4,583,121</u>	<u>20,761,959</u>
Annual surplus (deficit)	<u>\$ 1,481,784</u>	<u>\$ 126,434</u>	<u>\$ 65,687</u>	<u>\$ 5,543</u>	<u>\$ 1,679,448</u>

Corporation of the Township of Scugog

Trust Funds

Financial Statements

For the year ended December 31, 2020

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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, 2020 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, 2020, 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
June 28, 2021

**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 2020	Total Trusts 2019
Financial Assets						
Cash	\$ 178	\$ 325	\$ 19	\$ -	\$ 522	\$ 616
Investments - at cost	24,032	13,100	-	9,270	46,402	46,472
Interest receivable	279	84	-	-	363	610
Mortgages receivable	-	-	15,961	-	15,961	15,961
	24,489	13,509	15,980	9,270	63,248	63,659
Liabilities						
Due to Ministry of Municipal Affairs and Housing	-	-	15,164	-	15,164	15,164
Accumulated Surplus	\$ 24,489	\$ 13,509	\$ 816	\$ 9,270	\$ 48,084	\$ 48,495

Impact of COVID-19 (Note 7)

On behalf of the Board

 Director


 Director

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

**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 2020	Total Trusts 2019
Accumulated Surplus, beginning of year	\$ 25,036	\$ 13,415	\$ 816	\$ 9,228	\$ 48,495	\$ 47,597
Revenues						
Transfer from Township	-	127	-	-	127	623
Interest earned	431	191	-	42	664	735
	431	318	-	42	791	1,358
Expenses						
Maintenance	978	-	-	-	978	460
Transfer to Township	-	224	-	-	224	-
	978	224	-	-	1,202	460
Accumulated Surplus, end of year	\$ 24,489	\$ 13,509	\$ 816	\$ 9,270	\$ 48,084	\$ 48,495

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, 2020

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, 2020

6. Investments

The investments include money market funds from a chartered bank. The investments are reported at cost and have a market value of \$46,402 as at December 31, 2020.

7. Impact of COVID-19

During the year, COVID-19 had a significant impact on the Canadian and global economy. As the impacts of COVID-19 continue, there could be further impact on the organization. Management is actively monitoring the affect on its financial condition, liquidity and operations. Given the daily evolution of the COVID-19 out break and the global responses to curb its spread, the Organization is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

Corporation of the Township of Scugog
Scugog Memorial Public Library
Financial Statements
December 31, 2020

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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 Entity), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, change in net financial assets (debt) 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 Entity as at December 31, 2020, 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 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 Entity. 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, 2020 and 2019, net financial assets as at December 31, 2020 and 2019, and accumulated surplus as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019 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

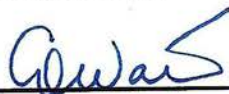
Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario
May 20, 2021

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

December 31	2020	2019
Financial assets		
Cash (Note 1)	\$ 574,735	\$ 81,111
Accounts receivable	9,432	12,659
	584,167	93,770
Liabilities		
Accounts payable and accrued liabilities (Note 2)	59,510	57,143
Net financial assets (debt) (Page 6)	524,657	36,627
Non-financial assets		
Tangible capital assets (Note 6)	141,859	162,006
Prepaid expenses	1,631	2,389
	143,490	164,395
Accumulated Surplus	\$ 668,147	\$ 201,022
COVID-19 (Note 5)		

On behalf of the Board


 _____ Chair


 _____ Treasurer

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

December 31	Budget	2020	2019
	(Note 3)		
Revenues			
Contributions from Township of Scugog			
- operating	\$ 684,226	\$ 684,200	\$ 677,426
Fines and fees	25,100	6,799	27,465
Province of Ontario Grants			
- operating	59,757	59,757	59,757
Federal Employment Development Grant	2,759	5,682	2,759
Fundraising and donations	12,000	5,235	18,495
Bequests	-	435,787	-
Other	9,650	4,388	12,543
Solar panel revenue	8,000	8,571	7,956
	801,492	1,210,419	806,401
Expenses			
Acquisitions	9,766	7,202	8,056
Administration	31,099	35,318	32,025
Amortization	-	53,430	56,242
Building	41,292	41,183	31,821
Information technology	20,130	19,636	30,820
Salaries and benefits	615,074	553,731	588,494
Utilities	37,205	25,468	29,692
Other	7,818	7,326	7,203
	762,384	743,294	784,353
Annual surplus (deficit)	39,108	467,125	22,048
Accumulated surplus, beginning of year	201,022	201,022	178,974
Accumulated surplus, end of year	\$ 240,130	\$ 668,147	\$ 201,022

**Scugog Memorial Public Library
Public Library Board
Statement of Change in Net Financial Assets (Debt)**

For the year ended December 31	Budget	2020	2019
	(Note 3)		
Annual surplus	\$ 39,108	\$ 467,125	\$ 22,048
Acquisition of tangible capital assets	-	(33,283)	(40,699)
Amortization of tangible capital assets	-	53,430	56,242
	39,108	487,272	37,591
Acquisition of prepaid expenses	-	(1,631)	(2,389)
Use of prepaid expenses	-	2,389	3,960
	-	758	1,571
Net change in net financial assets (debt)	39,108	488,030	39,162
Net financial assets (debt), beginning of year	36,627	36,627	(2,535)
Net financial assets, end of year	\$ 75,735	\$ 524,657	\$ 36,627

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

December 31	2020	2019
Cash flows from operating activities		
Annual deficit	\$ 467,125	\$ 22,048
Items not involving cash		
Amortization	53,430	56,242
	<u>520,555</u>	<u>78,290</u>
Uses		
Increase in accounts receivable	-	(6,398)
Decrease in accounts payable	-	(17,010)
	<u>-</u>	<u>(23,408)</u>
Sources		
Decrease in accounts receivable	3,227	-
Decrease in prepaid expenses	758	1,571
Increase in accounts payable	2,367	-
	<u>6,352</u>	<u>1,571</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(33,283)</u>	<u>(40,699)</u>
Net change in cash	493,624	15,754
Cash, beginning of year	<u>81,111</u>	<u>65,357</u>
Cash, end of year	<u>\$ 574,735</u>	<u>\$ 81,111</u>

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

December 31, 2020

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.
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.
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 and fundraising events is recognized when the cash is collected.

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

December 31, 2020

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						
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, 2020

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, 2020 of \$18,203 (2019 - \$21,589) has been funded from operations and included in liabilities on the statement of financial position.

b. Pension agreement

OMERS provides pension services to over half a million 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, 2020. The results of this valuation disclosed total actuarial liabilities of \$113,055 million in respect of benefits accrued for service with actuarial assets at that date of \$109,844 million indicating an actuarial deficit of \$3,211 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 2020 were \$47,686 (2019 - \$44,222).

3. Budget Figures

The budget adopted by the Library Board on October 17, 2019 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 on October 17, 2019 with adjustments as follows:

	<u>2020</u>
Budget surplus (deficit) for the year	\$ -
Add:	
Capital expenditures	<u>39,108</u>
Budget surplus per statement of operations	<u>\$ 39,108</u>

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

December 31, 2020

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 2020, the amount owed to the Township was \$17,620 (2019 - \$57,692).

5. COVID-19

On January 30, 2020, the World Health Organization announced a global health emergency because of a new strain of coronavirus, the "COVID-19 outbreak". In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve throughout the world including Canada. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the impact on the Library will not be known with certainty for months to come.

The Library was closed and operations were halted from March 2020 through June 2020, after which it had re-opened. In December of 2020, the Library once again closed its doors as a response to increased cases of COVID-19 in the community. The Library has continued to receive an annual contribution from the Municipality, however the initial and subsequent closure have impacted the Library's fines and fees, fundraising and other revenue.

Although the Library cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Library's results of future operations, financial position, and liquidity in fiscal year 2021.

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

December 31, 2020

6. Tangible Capital Assets

	Book Collection	Computer Hardware	Furniture & Fixtures	2020
Cost beginning of year	\$ 303,875	\$ 33,799	\$ 169,921	\$ 507,595
Additions during the year	33,283	-	-	33,283
Disposals during the year	(41,281)	-	-	(41,281)
Cost end of the year	<u>\$ 295,877</u>	<u>\$ 33,799</u>	<u>\$ 169,921</u>	<u>\$ 499,597</u>
Accumulated amortization beginning of year	\$ 166,776	\$ 33,799	\$ 145,014	\$ 345,589
Amortization expense	37,654	-	15,776	53,430
Accumulated amortization of disposals	(41,281)	-	-	(41,281)
Accumulated amortization end of year	<u>\$ 163,149</u>	<u>\$ 33,799</u>	<u>\$ 160,790</u>	<u>\$ 357,738</u>
Net book value beginning of year	<u>\$ 137,099</u>	<u>\$ -</u>	<u>\$ 24,907</u>	<u>\$ 162,006</u>
Net book value end of year	<u>\$ 132,728</u>	<u>\$ -</u>	<u>\$ 9,131</u>	<u>\$ 141,859</u>

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

December 31, 2020

6. Tangible Capital Assets (Cont'd)

	Book Collection	Computer Hardware	Furniture & Fixtures	2019
Cost beginning of year	\$ 357,110	\$ 33,799	\$ 169,921	\$ 560,830
Additions during the year	40,699	-	-	40,699
Disposals during the year	(93,934)	-	-	(93,934)
Cost end of the year	<u>\$ 303,875</u>	<u>\$ 33,799</u>	<u>\$ 169,921</u>	<u>\$ 507,595</u>
Accumulated amortization beginning of year	\$ 220,243	\$ 33,799	\$ 129,239	\$ 383,281
Amortization expense	40,467	-	15,775	56,242
Accumulated amortization of disposals	(93,934)	-	-	(93,934)
Accumulated amortization end of year	<u>\$ 166,776</u>	<u>\$ 33,799</u>	<u>\$ 145,014</u>	<u>\$ 345,589</u>
Net book value beginning of year	<u>\$ 136,867</u>	<u>\$ -</u>	<u>\$ 40,682</u>	<u>\$ 177,549</u>
Net book value end of year	<u>\$ 137,099</u>	<u>\$ -</u>	<u>\$ 24,907</u>	<u>\$ 162,006</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.

7. Trust Fund

	<u>2020</u>	2019
Kent Farndale bursary	<u>\$ 10,037</u>	\$ 10,035

The trust fund is 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, 2020

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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, 2020 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, 2020, 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
May 20, 2021

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

December 31	2020	2019
Assets		
Cash	\$ 2,084	\$ 2,124
Investments - at cost	<u>7,953</u>	<u>7,911</u>
Fund balance	\$ 10,037	\$ 10,035

COVID 19 (Note 4)

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	2020	2019
Fund Balance , beginning of year	\$ 10,035	\$ 10,139
Revenues		
Donations	-	500
Interest earned	42	107
	42	607
Expenditures		
Bank fees	40	40
Bursaries	-	500
Reception expenses	-	171
	40	711
Fund Balance , end of year	\$ 10,037	\$ 10,035

**Scugog Memorial Public Library
Trust Funds
Notes to Financial Statements**

December 31, 2020

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 common trust funds from a Chartered Bank. The investments are reported at cost and have a market value of \$7,953 as at December 31, 2020.

4. COVID 19

During the year, the COVID-19 pandemic has created significant uncertainty in the global economy. As the impacts of COVID-19 continue, there could be further impact on the organization. Management is actively monitoring the affect on its financial condition, liquidity and operations. Given the daily evolution of the COVID-19 out break and the global responses to curb its spread, the Organization is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

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

Financial Statements

For the year ended December 31, 2020

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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, 2020, and the statements of operations, 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, 2020, 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 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 Entity. Therefore, we were not able to determine whether any adjustments might be necessary to event and donation revenue, annual surplus, and cash flows from operations for the years ended December 31, 2020 and 2019, net financial assets as at December 31, 2020 and 2019, and accumulated surplus as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019 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
May 31, 2021,

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

December 31	2020	2019
Financial assets		
Cash (Note 2)	\$ 59,960	\$ 97,821
Investments	2,000	2,000
Accounts receivable	14,662	6,331
	<u>76,622</u>	<u>106,152</u>
Liabilities		
Accounts payable and accrued expenses	53,281	44,791
Net financial assets	<u>23,341</u>	<u>61,361</u>
Non-financial assets		
Tangible capital assets (Note 3)	36,417	38,517
Prepaid expense	1,430	1,370
	<u>37,847</u>	<u>39,887</u>
Accumulated surplus	<u>\$ 61,188</u>	<u>\$ 101,248</u>
COVID-19 (Note 4)		
Commitment (Note 5)		

On behalf of the Board:

 Chair

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	2020	2020	2019
	Budget (Note 1)	Actual	Actual
Revenues			
Township of Scugog - taxation	\$ 85,375	\$ 85,375	\$ 113,833
Event and donation revenue	11,875	37,109	10,950
	97,250	122,484	124,783
Expenses			
Amortization	-	8,493	8,267
Area development	12,000	13,525	12,845
Part time staff and bookkeeping	21,500	20,402	4,521
Event sponsorship	-	20	2,937
Marketing and rebranding	29,700	8,494	20,784
Office expenses	16,676	16,000	12,274
Special events	62,000	95,610	58,762
Weekend staffing	-	-	5,991
	141,876	162,544	126,381
Annual deficit	(44,626)	(40,060)	(1,598)
Accumulated surplus, beginning of year	101,248	101,248	102,846
Accumulated surplus, end of year	\$ 56,622	\$ 61,188	\$ 101,248

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	2020	2019
Annual deficit	\$ (40,060)	\$ (1,598)
Acquisition of tangible capital assets	(6,393)	(6,730)
Amortization of tangible capital assets	8,493	8,267
	(37,960)	(61)
Acquisition of prepaid expenses	(60)	(400)
Net change in net financial assets	(38,020)	(461)
Net financial assets, beginning of year	61,361	61,822
Net financial assets, end of year	\$ 23,341	\$ 61,361

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	2020	2019
Cash flows from operating activities		
Annual deficit	\$ (40,060)	\$ (1,598)
Items not involving cash		
Amortization	8,493	8,267
	<u>(31,567)</u>	<u>6,669</u>
Uses		
Increase in accounts receivable	(8,331)	-
Increase in prepaid expense	(60)	(400)
	<u>(8,391)</u>	<u>(400)</u>
Sources		
Increase in accounts payable	8,490	28,128
Decrease in accounts receivable	-	4,316
	<u>8,490</u>	<u>32,444</u>
	<u>(31,468)</u>	<u>38,713</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(6,393)</u>	<u>(6,730)</u>
Net change in cash	(37,861)	31,983
Opening cash	97,821	65,838
Closing cash	\$ 59,960	\$ 97,821

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

December 31, 2020

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.		

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

December 31, 2020

1. Budget Amounts

The budget adopted by the Entity on January 14, 2020 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 now 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 Entity on January 14, 2020 with adjustments as follows:

	2020
Budget deficit for the year	\$ (51,376)
Add:	
Capital expenditures	6,750
Budget deficit per statement of operations	\$ (44,626)

2. Cash and Bank

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

3. Tangible Capital Assets

	2020	2019
Cost beginning of year	\$ 135,852	\$ 129,122
Additions during the year	6,393	6,730
Cost end of the year	\$ 142,245	\$ 135,852
Accumulated amortization beginning of year	\$ 97,335	\$ 89,068
Amortization expense	8,493	8,267
Accumulated amortization end of year	\$ 105,828	\$ 97,335
Net book value beginning of year	\$ 38,517	\$ 40,054
Net book value end of year	\$ 36,417	\$ 38,517

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

December 31, 2020

4. COVID-19

On January 30, 2020, the World Health Organization announced a global health emergency because of a new strain of coronavirus, the “COVID-19 outbreak”. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve throughout the world including Canada. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the impact on the Organization will not be known with certainty for months to come.

A number of community events have been cancelled which has resulted in less fundraising opportunities, however the Organization continues to operate and promote the downtown Port Perry business area. The Organization has continued to receive an annual taxation levy from the Municipality, however the levy was decreased due to the pandemic.

Although the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Organization’s results of future operations, financial position, and liquidity in fiscal year 2021.

5 Commitment

The Organization is in its second 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.