

Corporation of the Township of Scugog

Consolidated Financial Statements

For the year ended December 31, 2019

Corporation of the Township of Scugog

Financial Statements

For the year ended December 31, 2019

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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, 2019, 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, 2019, 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 Group 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 29, 2020

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

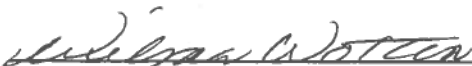
December 31	2019	2018
Financial assets		
Cash and cash equivalents (Note 4)	\$ 21,007,693	\$ 18,462,711
Restricted cash	\$ 3,303,070	\$ 2,884,031
Taxes receivable	3,724,511	3,526,846
Accounts receivable (Note 5)	2,077,613	1,604,685
Inventory for resale	1,597	1,390
	30,114,484	26,479,663
 Liabilities		
Accounts payable and accrued expenses	4,068,246	2,513,856
Deferred revenue (Note 6)	5,735,879	4,730,464
Other liabilities	2,519,355	2,220,660
Employee future amounts payable (Note 7)	715,092	738,514
Municipal debt (Note 8)	1,503,073	1,600,197
Capital lease obligation (Note 8)	290,037	315,019
	14,831,682	12,118,710
Net financial assets	15,282,802	14,360,953
 Contingent Liabilities and Commitments (Note 10)		
 Non-financial assets		
Tangible capital assets (Note 15)	74,468,586	75,997,467
Work in progress (Note 15)	9,288,526	6,980,212
Inventories of supplies	297,954	329,692
Prepaid expenses	282,013	272,109
	84,337,079	83,579,480
Accumulated surplus (Note 9)	\$ 99,619,881	\$ 97,940,433

Subsequent events (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 2019 (Note 13)	Actual 2019	Actual 2018
Revenues			
Taxation levied for own purposes (Note 2)	\$ 12,758,900	\$ 13,057,929	\$ 12,415,229
User charges, licences and fines	2,325,400	2,745,626	2,839,827
Grants			
Government of Canada	1,292,100	1,073,007	492,989
Province of Ontario	1,642,900	2,515,924	2,379,342
Other Municipalities	15,200	(7,468)	48,493
Other			
Casino revenues	-	1,133,208	885,771
Developer contributions earned (Note 6)	585,000	528,910	543,885
Investment income	180,000	428,200	340,141
Penalties and interest on taxes	531,000	554,472	527,855
Donations and other	231,700	430,958	122,698
Contribution from others			
- tangible capital assets (Note 15)	8,000	11,462	-
Gain on disposition of tangible capital assets	-	(30,821)	-
Loss on sale of investment	-	-	(147,833)
	19,570,200	22,441,407	20,448,397
Expenses			
General government	2,960,300	3,011,899	3,145,877
Protection to persons and property	2,618,400	2,582,805	2,620,147
Transportation services	5,939,800	9,724,216	9,356,936
Environmental services	90,400	69,088	76,588
Recreational and cultural services	3,878,200	4,583,121	4,413,617
Planning and development	671,600	790,830	709,287
	16,158,700	20,761,959	20,322,452
Annual surplus	3,411,500	1,679,448	125,945
Accumulated surplus, beginning of year	97,940,433	97,940,433	97,814,488
Accumulated surplus, end of year	\$ 101,351,933	\$ 99,619,881	\$ 97,940,433

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 2019 (Note 13)	Actual 2019	Actual 2018
Annual surplus	\$ 3,411,500	\$ 1,679,448	\$ 125,945
Acquisition of tangible capital assets	(4,315,000)	(2,907,843)	(2,067,603)
Amortization of tangible capital assets	-	4,294,445	4,122,745
Gain (loss) on disposition of tangible capital assets	-	34,668	(300)
Proceeds on disposal of tangible capital assets	-	107,610	20,179
	(903,500)	3,208,328	2,200,966
Acquisition of work in progress	-	(3,056,999)	(2,263,546)
Transfer of work in progress to tangible capital assets	-	748,686	46,583
	-	(2,308,313)	(2,216,963)
Acquisition of inventory of supplies	-	(297,954)	(329,692)
Use/consumption of inventory of supplies	-	329,692	171,827
Acquisition of prepaid expenses	-	(282,013)	(272,109)
Use/consumption of prepaid expenses	-	272,109	280,570
	-	21,834	(149,404)
Net change in net financial assets	(903,500)	921,849	(165,401)
Net financial assets, beginning of year	14,360,953	14,360,953	14,526,354
Net financial assets, end of year	\$ 13,457,453	\$ 15,282,802	\$ 14,360,953

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 2019	Actual 2018
Cash flows from operating activities		
Annual surplus (Page 6)	\$ 1,679,448	\$ 125,945
Items not involving cash		
Amortization	4,294,445	4,122,745
Gain on disposition of tangible capital assets	34,668	(300)
	6,008,561	4,248,390
Uses		
Increase in taxes receivable	(197,665)	(157,008)
Increase in accounts receivable	(472,928)	-
Increase in inventory for resale	(207)	-
Decrease in accounts payable and accrued expenses	-	(292,157)
Decrease in other liabilities	-	(227,598)
Increase in inventories of supplies	-	(157,865)
Increase in prepaid expenses	(9,906)	-
Sources		
Decrease in accounts receivable	-	1,357,000
Increase in accounts payable and accrued expenses	1,554,392	-
Increase in other liabilities	298,695	-
Increase in deferred revenue	1,005,415	995,875
Decrease in inventories of supplies	31,738	181
Decrease in prepaid expenses	-	8,461
	8,218,095	5,775,279
Cash flows from capital transactions		
Acquisition of tangible capital assets	(2,907,843)	(2,067,603)
Increase in work in progress	(2,308,313)	(2,216,963)
Proceeds on disposal of tangible capital assets	107,610	20,179
	(5,108,546)	(4,264,387)
Cash flows from financing activities		
Principal payments on capital lease obligations	(24,982)	(19,487)
Increase (decrease) in restricted cash	(419,039)	(267,180)
Principal payments on debt	(97,124)	(99,803)
Increase (decrease) in employee future amounts payable	(23,422)	1,241
	(564,567)	(385,229)
Net change in cash and cash equivalents	2,544,982	1,125,663
Opening cash and cash equivalents	18,462,711	17,337,048
Closing cash and cash equivalents (Note 4)	\$ 21,007,693	\$ 18,462,711

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, 2019

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	<p>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.</p> <p>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.</p>

Corporation of the Township of Scugog

Summary of Significant Accounting Policies

December 31, 2019

Basis of Consolidation	<p>These consolidated financial statements reflect the assets, liabilities, revenues and expenses of all committees of Council and the following local boards and municipal enterprises which are under the control of Council:</p> <p style="text-align: center;">Scugog Memorial Library Board Port Perry Central District Business Improvement Area Prince Albert Community Hall Committee Greenbank Community Hall Committee Nestleton Community Hall Committee Utica Memory Hall Committee Seagrave Hall Committee Caesarea Hall Committee Scugog Island Hall Committee Latcham Centre Committee</p> <p>All interfund and inter-entity assets, liabilities, revenues and expenses have been eliminated.</p> <p>Trust funds and their related operations administered by the Township are not consolidated, but are disclosed separately in Note 1.</p> <p>The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the region and school boards are not reflected in the balances of these consolidated financial statements, but are disclosed separately in Note 2.</p>
Use of Estimates and Measurement Uncertainty	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
Cash and Cash Equivalents	<p>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.</p>

Corporation of the Township of Scugog Summary of Significant Accounting Policies

December 31, 2019

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, 2019

- 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, 2019

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 in accordance with the agreement made between the Casino and the Municipality.
- 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, 2019

1. Trust Funds

Trust funds administered by the Township amounting to \$48,495 (2018 - \$47,597) 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:

	2019	2018
Gregg Cemetery	\$ 25,036	\$ 24,517
Ontario Home Renewal Program	816	816
Cartwright Minor Ball Trust	9,228	9,105
Devitt's Cemetery	13,415	13,159
	\$ 48,495	\$ 47,597

2. Taxation Raised on Behalf of Others

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

	2019	2018
School Boards	\$ 9,070,694	\$ 9,081,584
Region of Durham	24,762,142	24,455,338
	\$ 33,832,836	\$ 33,536,922

3. Restricted Assets

	2019	2018
Cash	\$ 3,303,070	\$ 2,884,031
Accounts receivable (Note 5)	5,952	5,279
Due from own municipality	1,388,793	980,778
	\$ 4,697,815	\$ 3,870,088
Consists of:		
Obligatory funds in deferred revenue (Note 6)	\$ 4,697,815	\$ 3,870,088

Corporation of the Township of Scugog
Notes to Consolidated Financial Statements

December 31, 2019

4. Cash

	2019	2018
Unrestricted		
Unrestricted net cash	\$ 19,571,120	\$ 18,462,711
Designated		
Redeemable GIC's (Market value - \$1,436,573)	1,436,573	2,562,826
	\$ 21,007,693	\$ 18,462,711

The designated redeemable GIC's are invested in Scotiabank guaranteed investments and are measured at cost. The GIC's mature on November 30, 2020 and pay interest of 2.31% per annum.

5. Accounts Receivable

	2019	2018
Unrestricted		
Canada	\$ 644,208	\$ 550,247
Ontario	220,102	180,220
Other municipalities and school boards	576,753	559,601
Developers	12,636	26,448
Other	617,962	282,890
	2,071,661	1,599,406
Restricted		
Accrued interest	5,952	5,279
	\$ 2,077,613	\$ 1,604,685

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

December 31, 2019

6. Deferred Revenue

	2019	2018
Obligatory Reserve Funds		
Parkland (Planning Act)	\$ 557,442	\$ 605,658
Development Charges Act	2,157,800	1,796,545
Federal gas tax	1,982,573	1,467,885
	4,697,815	3,870,088
Other deferred revenue	1,038,064	860,376
	\$ 5,735,879	\$ 4,730,464

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

	Development Charges	Parkland	Federal Gas Tax	Total
Opening obligatory funds	\$ 1,796,545	\$ 605,658	\$ 1,467,885	\$ 3,870,088
Restricted funds received	738,320	40,823	1,355,566	2,134,709
Interest earned	48,724	14,084	41,381	104,189
Revenue recognized	(425,789)	(103,123)	(882,259)	(1,411,171)
Closing obligatory funds	\$ 2,157,800	\$ 557,442	\$ 1,982,573	\$ 4,697,815

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, 2019

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, 2019 of \$233,054 (2018 - \$216,221) 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, deferred 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, 2019. The results of this valuation disclosed total actuarial liabilities of \$107,687 million (2018:\$100,081 million) in respect of benefits accrued for service with actuarial assets at that date of \$104,290 million (2018: \$95,890 million) indicating an actuarial deficit of \$3,397 million (2018: \$4,191 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 2019 were \$455,341 (2018 - \$450,551).

Corporation of the Township of Scugog Notes to Consolidated Financial Statements

December 31, 2019

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 \$51,313 (2018 - \$57,317).

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 \$715,092 shown for December 31, 2019 is based on that valuation. Actual experienced cost increases and discount rate adjustments have resulted in a net loss of \$108,314 which will be recognized over the estimated average remaining service life of the employee group.

The post-employment benefit liability at December 31, 2019 includes the following components:

	2019	2018
Actuarially determined accrued benefit obligation	\$ 606,778	\$ 571,731
Unamortized actuarial losses	108,314	166,783
Total estimated liability	715,092	738,514
Less amount already funded from operations	(382,000)	(382,000)
Amount to be recovered from future revenue	\$ 333,092	\$ 356,514

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	3.75%
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:

	2019	2018
Current year benefit cost	\$ 21,134	\$ 29,932
Amortization of actuarial (gain) losses	(14,117)	3,692
Interest on post-employment benefit liability	20,874	24,934
Total expense related to post-employment benefits	\$ 27,891	\$ 58,558

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

December 31, 2019

7. Employee Future Amounts Payable (Cont'd)

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

	2019	2018
Obligation at the start of the year	\$ 571,731	\$ 780,897
Current year benefit cost	21,134	29,932
Benefit payments	(51,313)	(57,317)
Interest on obligation	20,874	24,934
Actuarial (gain) loss recognized	44,352	(206,715)
	\$ 606,778	\$ 571,731

8. Municipal Debt

	2019	2018
Long-term loan maturing October 13, 2027 repayable in blended monthly instalments with interest at 1.9%	\$ 1,503,073	\$ 1,600,197
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)	290,037	315,019
Amount to be recovered from future revenues	1,793,110	1,915,216
Net municipal debt	\$ 1,793,110	\$ 1,915,216

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
2019	\$ 120,330	57,293	\$ 177,623
2020	\$ 126,163	54,072	\$ 180,235
2021	\$ 130,734	50,468	\$ 181,202
2022	\$ 134,490	46,581	\$ 181,071
2023	\$ 138,653	42,408	\$ 181,061
Thereafter	\$1,142,740	164,386	\$1,307,126
Total	\$1,793,110	415,208	\$2,208,318

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, 2019

8. Municipal Debt (Cont'd)

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

	2019	2018
Principal payments on external debt and capital lease	\$ 117,588	\$ 119,289
Interest on external debt and capital lease	75,442	79,159
 Gross payments	 \$ 193,030	 \$ 198,448

9. Accumulated Surplus

	2019	2018
Internal 'current' and 'capital' funds	\$ 7,038,093	\$ 7,630,606
Invested in tangible capital assets (Note 15)	74,468,586	75,997,467
Invested in work in progress (Note 15)	9,288,526	6,980,212
Municipal debt to be recovered in future (Note 8)	(1,793,110)	(1,915,216)
Reserve/reserve fund balances	10,950,878	9,603,878
Employee benefits payable to be recovered in future (Note 7)	(333,092)	(356,514)
	\$ 99,619,881	\$ 97,940,433

Corporation of the Township of Scugog

Notes to Consolidated Financial Statements

December 31, 2019

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 2019 extending the lease until March 2020. As at December 31, 2019 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 2019 in By-Law 04-19, and there was a balance owing as at December 31, 2019 of \$NIL (2018 - \$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, 2019.

Corporation of the Township of Scugog Notes to Consolidated Financial Statements

December 31, 2019

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. Subsequent Events

Subsequent to year-end, Council approved the spending \$634,090 on two Tandem Axle Dump Trucks.

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact 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, 2019

13. Budget Amounts

The budget figures reflected in these consolidated statements are those approved by Council on February 11, 2019. 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, 2019**

December 31, 2019

15. Tangible Capital Assets

	General Assets				Infrastructure Assets				2019							
	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
Cost, beginning of year	\$ 5,352,409	\$ 7,839,201	\$ 24,447,219	\$ 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	134,520	59,495	42,825	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	\$ 5,486,929	\$ 7,884,188	\$ 24,457,050	\$ 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)	-	-	-	-	(369,871)	-	-	-	(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	\$ 5,352,409	\$ 3,412,083	\$ 14,007,952	\$ 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	\$ 5,486,929	\$ 3,165,042	\$ 13,307,511	\$ 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, 2019

December 31, 2019

15. Tangible Capital Assets (Cont'd)

	General Assets				Infrastructure Assets				2018						
	Land Improvements	Buildings	Vehicles & Rolling Equipment	Furniture, Fixtures & Equipment	Computer Hardware & Software	Land	Land Improvements	Buildings		Vehicles & Rolling Equipment	Furniture, Fixtures & Equipment	Computer Hardware & Software	Marine	Road Network	Storm Water Network
Cost, beginning of year	\$ 5,352,409	\$ 7,692,787	\$ 4,413,633	\$ 2,336,051	\$ 892,108	\$ 4,008,102	\$ 453,590	\$ 547,272	\$ 4,204,690	\$ 26,368	\$ 37,516	\$ 371,818	\$ 87,501,262	\$ 11,085,701	\$ 153,090,594
Additions	-	165,189	300,918	447,239	103,575	-	22,147	-	-	47,549	-	-	685,720	63,566	2,067,603
Disposals	-	(18,775)	(20,986)	(149,095)	(367,974)	-	-	(4,680)	(61,172)	-	-	-	(133,855)	-	(1,268,806)
Cost, end of year	\$ 5,352,409	\$ 7,839,201	\$ 4,413,064	\$ 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
Accumulated Amortization, beginning of year	\$ -	\$ 4,144,633	\$ 9,718,792	\$ 1,574,522	\$ 676,007	\$ -	\$ 398,826	\$ 479,847	\$ 2,223,755	\$ 17,985	\$ 26,239	\$ 245,529	\$ 50,940,361	\$ 2,358,124	\$ 75,018,106
Amortization	-	309,333	741,461	159,922	63,282	-	11,902	11,839	329,916	3,352	4,511	10,186	2,057,534	153,416	4,122,745
Disposals	-	(26,848)	(20,986)	(132,050)	(367,974)	-	-	(4,680)	(61,172)	-	-	-	(122,948)	-	(1,248,927)
Accumulated Amortization, end of year	\$ -	\$ 4,427,118	\$ 10,439,267	\$ 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
Net book value, beginning of year	\$ 5,352,409	\$ 3,548,154	\$ 14,448,495	\$ 2,200,147	\$ 216,101	\$ 4,008,102	\$ 54,764	\$ 67,425	\$ 1,980,935	\$ 8,383	\$ 11,277	\$ 126,289	\$ 36,560,901	\$ 8,727,577	\$ 78,072,488
Net book value, end of year	\$ 5,352,409	\$ 3,412,083	\$ 14,007,952	\$ 2,160,756	\$ 1,031,801	\$ 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

Corporation of the Township of Scugog

Notes to Consolidated Financial Statements

December 31, 2019

15. Tangible Capital Assets (Cont'd)

The net book value of tangible capital assets not being amortized because they are under construction is \$9,288,526 (2018 - \$6,980,212).

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, 2019

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
Notes to Consolidated Financial Statements**

December 31, 2019

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	2018 Total
Revenue					
Taxation	\$ 1,807,505	\$ 2,097,495	\$ 6,109,612	\$ 2,400,617	\$ 12,415,229
User charges, licences and fines	123,691	483,489	730,359	1,502,288	2,839,827
Government of Canada grants	3,360	-	438,125	51,504	492,989
Province of Ontario grants	446,400	-	1,853,547	79,395	2,379,342
Other municipality grants	-	7,797	40,696	-	48,493
Casino revenues	221,442	88,577	354,309	221,443	885,771
Developer contributions	10,929	-	359,112	173,844	543,885
Investment income	340,141	-	-	-	340,141
Penalties and interest on taxes	77,560	90,004	257,280	103,011	527,855
Donations and other	2,000	-	92,406	28,292	122,698
Gain (loss) on disposition of tangible capital assets	-	-	-	-	-
Unrealized loss on investment	(148,133)	8,945	(2,371)	(6,274)	(147,833)
	<u>2,884,895</u>	<u>2,776,307</u>	<u>10,233,075</u>	<u>4,554,120</u>	<u>20,448,397</u>
Expenses					
Salaries and benefits	1,976,035	1,692,265	2,626,124	2,478,913	8,773,337
Materials, supplies and services	673,824	585,410	4,041,079	1,391,051	6,691,364
Contracted services	96,221	142,764	277,122	22,772	538,879
Interest and financial expenses	53,427	-	46,597	12,209	112,233
Amortization expense	300,870	199,708	3,151,889	462,204	4,114,671
Transfers to other entities	45,500	-	-	46,468	91,968
	<u>3,145,877</u>	<u>2,620,147</u>	<u>10,142,811</u>	<u>4,413,617</u>	<u>20,322,452</u>
Annual surplus (deficit)	<u>\$ (260,982)</u>	<u>\$ 156,160</u>	<u>\$ 90,264</u>	<u>\$ 140,503</u>	<u>\$ 125,945</u>

Corporation of the Township of Scugog
Trust Funds
Financial Statements

For the year ended December 31, 2019

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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, 2019 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 (the Entity) as at December 31, 2019, 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 29, 2020

**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 2019	Total Trusts 2018
Financial Assets						
Cash	\$ 175	\$ 422	\$ 19	-	\$ 616	\$ 391
Investments - at cost	24,466	12,900	-	9,106	46,472	46,315
Due from Township of Scugog	-	-	-	-	-	-
Interest receivable	395	93	-	122	610	93
Mortgages receivable	-	-	15,961	-	15,961	15,962
	25,036	13,415	15,980	9,228	63,659	62,761
Liabilities						
Due to Ministry of Municipal Affairs and Housing	-	-	15,164	-	15,164	15,164
Accumulated Surplus	\$ 25,036	\$ 13,415	\$ 816	\$ 9,228	\$ 48,495	\$ 47,597

Subsequent Event (Note 7)

On behalf of the Board

 Director

 Director

**Corporation of the Township of Scugog
Trust Funds
Statement of Continuity**

December 31	Gregg Cemetery	Devitt's Cemetery	Ontario Home Renewal Program	Cartwright Minor Ball Trust	Total Trusts 2019	Total Trusts 2018
Accumulated Surplus, beginning of year	\$ 24,517	\$ 13,158	\$ 816	\$ 9,106	\$ 47,597	\$ 47,640
Revenues						
Transfer from Township	-	623	-	-	623	-
Interest earned	519	94	-	122	735	660
	519	717	-	122	1,358	660
Expenses						
Maintenance	-	460	-	-	460	702
Bank fees	-	-	-	-	-	1
	-	460	-	-	460	703
Accumulate Surplus, end of year	\$ 25,036	\$ 13,415	\$ 816	\$ 9,228	\$ 48,495	\$ 47,597

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, 2019

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, 2019

6. Investments

The investments include money market funds from a chartered bank. The investments are reported at cost and have a market value of \$46,472 as at December 31, 2019.

7. Subsequent Event

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. 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, 2019

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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, 2019, 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, 2019, 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, 2019 and 2018, net financial assets as at December 31, 2019 and 2018, and accumulated surplus as at January 1 and December 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended December 31, 2018 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

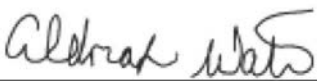
Lindsay, Ontario
June 26, 2020

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

December 31	2019	2018
Financial assets		
Cash (Note 1)	\$ 81,111	\$ 65,357
Accounts receivable	12,659	6,261
	93,770	71,618
Liabilities		
Accounts payable and accrued liabilities (Note 2)	57,143	74,153
	36,627	(2,535)
Net financial assets (debt) (Page 6)		
Non-financial assets		
Tangible capital assets (Note 6)	162,006	177,549
Prepaid expenses	2,389	3,960
	164,395	181,509
Accumulated Surplus	\$ 201,022	\$ 178,974

Subsequent Events (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	2019	2018
	(Note 3)		
Revenues			
Contributions from Township of Scugog			
- operating	\$ 677,426	\$ 677,426	\$ 648,000
Fines and fees	25,100	27,465	27,569
Province of Ontario Grants			
- operating	59,757	59,757	59,757
Federal Employment Development Grant	2,069	2,759	2,759
Fundraising and donations	12,000	18,495	15,484
Other	9,650	12,543	9,720
Solar panel revenue	8,000	7,956	9,074
	<u>794,002</u>	<u>806,401</u>	<u>772,363</u>
Expenses			
Acquisitions	9,766	8,056	8,965
Administration	29,829	32,025	31,602
Amortization	-	56,242	54,258
Building	38,700	31,821	34,872
Information technology	39,925	30,820	40,569
Salaries and benefits	587,858	588,494	580,718
Utilities	40,998	29,692	29,299
Other	7,818	7,203	8,914
	<u>754,894</u>	<u>784,353</u>	<u>789,197</u>
Annual surplus (deficit)	39,108	22,048	(16,834)
Accumulated surplus, beginning of year	178,974	178,974	195,808
Accumulated surplus, end of year	\$ 218,082	\$ 201,022	\$ 178,974

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

<u>For the year ended December 31</u>	<u>Budget</u>	<u>2019</u>	<u>2018</u>
	(Note 3)		
Annual surplus (deficit)	\$ 39,108	\$ 22,048	\$ (16,834)
Acquisition of tangible capital assets	-	(40,699)	(40,757)
Amortization of tangible capital assets	-	56,242	54,258
	<u>39,108</u>	<u>37,591</u>	<u>(3,333)</u>
Acquisition of prepaid expenses	-	(2,389)	(3,960)
Use of prepaid expenses	-	3,960	4,999
	<u>-</u>	<u>1,571</u>	<u>1,039</u>
Net change in net financial assets (debt)	39,108	39,162	(2,294)
Net debt, beginning of year	(2,535)	(2,535)	(241)
Net financial assets (debt), end of year	\$ 36,573	\$ 36,627	\$ (2,535)

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

December 31	2019	2018
Cash flows from operating activities		
Annual deficit	\$ 22,048	\$ (16,834)
Items not involving cash		
Amortization	56,242	54,258
	<u>78,290</u>	<u>37,424</u>
Uses		
Increase in accounts receivable	(6,398)	(1,074)
Decrease in accounts payable	(17,010)	(9,976)
	<u>(23,408)</u>	<u>(11,050)</u>
Sources		
Decrease in prepaid expenses	1,571	1,039
Decrease in receivable from Township of Scugog	-	2,380
	<u>1,571</u>	<u>3,419</u>
Capital transactions		
Acquisition of tangible capital assets	(40,699)	(40,757)
Net change in cash	15,754	(10,964)
Cash, beginning of year	<u>65,357</u>	<u>76,321</u>
Cash, end of year	\$ 81,111	\$ 65,357

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

December 31, 2019

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, 2019

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, 2019

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, 2019 of \$21,589 (2018 - \$22,369) has been funded from operations and included in liabilities on the statement of financial position.

b. Pension agreement

OMERS provides pension services to almost 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, 2019. The results of this valuation disclosed total actuarial liabilities of \$107,687 million in respect of benefits accrued for service with actuarial assets at that date of \$104,290 million indicating an actuarial deficit of \$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 municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the municipality to OMERS for 2019 were \$44,222 (2018 - \$44,223).

3. Budget Figures

The budget adopted by the Library Board on March 21, 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 March 21, 2019 with adjustments as follows:

	<u>2019</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, 2019

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 2019, the amount owed to the Township was \$57,692 (2018 - \$68,991).

5. Subsequent Events

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. Effective March 30, 2020 the library was closed to the public. The Library has received a partial annual contribution from the Township, however this closure may impact fines, fees 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 2020.

6. Tangible Capital Assets

	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>

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

December 31, 2019

6. Tangible Capital Assets (Cont'd)

	Book Collection	Computer Hardware	Furniture & Fixtures	2018
Cost beginning of year	\$ 366,733	\$ 33,799	\$ 169,921	\$ 570,453
Additions during the year	40,757	-	-	40,757
Disposals during the year	(50,380)	-	-	(50,380)
Cost end of the year	<u>\$ 357,110</u>	<u>\$ 33,799</u>	<u>\$ 169,921</u>	<u>\$ 560,830</u>
Accumulated amortization beginning of year	\$ 232,140	\$ 33,799	\$ 113,464	\$ 379,403
Amortization expense	38,483	-	15,775	54,258
Accumulated amortization of disposals	(50,380)	-	-	(50,380)
Accumulated amortization end of year	<u>\$ 220,243</u>	<u>\$ 33,799</u>	<u>\$ 129,239</u>	<u>\$ 383,281</u>
Net book value beginning of year	<u>\$ 134,593</u>	<u>\$ -</u>	<u>\$ 56,457</u>	<u>\$ 191,050</u>
Net book value end of year	<u>\$ 136,867</u>	<u>\$ -</u>	<u>\$ 40,682</u>	<u>\$ 177,549</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

	2019	2018
Kent Farndale bursary	<u>\$ 10,035</u>	<u>\$ 10,139</u>

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, 2019

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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, 2019 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, 2019, 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

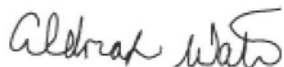
Lindsay, Ontario
June 26, 2020

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

December 31	2019	2018
Assets		
Cash	\$ 2,124	\$ 2,335
Investments - at cost	7,911	7,804
Fund balance	\$ 10,035	\$ 10,139

Subsequent Events (Note 4)

On behalf of the Board



Chair

**Scugog Memorial Public Library
Trust Funds
Statement of Continuity**

For the year ended December 31	2019	2018
Fund Balance, beginning of year	\$ 10,139	\$ 9,035
Revenues		
Donations	500	1,695
Interest earned	107	83
	607	1,778
Expenditures		
Bank fees	40	-
Bursaries	500	500
Reception expenses	171	174
	711	674
Fund Balance, end of year	\$ 10,035	\$ 10,139

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

December 31, 2019

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 \$7,911 as at December 31, 2019.

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

Financial Statements

For the year ended December 31, 2019

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Lindsay ON K9V 4S3 Canada

Independent Auditor's Report

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

Qualified Opinion

We have audited the accompanying financial statements of the Port Perry Central District Business Improvement Area of the Corporation of the Township of Scugog (the Entity), which comprise the statement of financial position as at December 31, 2019, 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, 2019, 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, 2019 and 2018, net financial assets as at December 31, 2019 and 2018, and accumulated surplus as at January 1 and December 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

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



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Lindsay, Ontario
July 14, 2020,

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

December 31	2019	2018
Financial assets		
Cash (Note 2)	\$ 97,821	\$ 65,838
Investments	2,000	2,000
Accounts receivable	6,331	10,647
	<u>106,152</u>	<u>78,485</u>
Liabilities		
Accounts payable and accrued expenses	<u>44,791</u>	16,663
Net financial assets	<u>61,361</u>	61,822
Non-financial assets		
Tangible capital assets (Note 3)	38,517	40,054
Prepaid expense	1,370	970
	<u>39,887</u>	41,024
Accumulated surplus	<u>\$ 101,248</u>	<u>\$ 102,846</u>

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	2019	2019	2018
	Budget (Note 1)	Actual	Actual
Revenues			
Township of Scugog - taxation	\$ 113,833	\$ 113,833	\$ 113,833
Event and donation revenue	10,600	10,950	15,771
	<u>124,433</u>	<u>124,783</u>	<u>129,604</u>
Expenses			
Amortization	-	8,267	8,662
Area development	10,140	12,845	35,516
Bookkeeping	4,631	4,521	4,967
Event sponsorship	800	2,937	800
Marketing and rebranding	24,533	20,784	26,572
Office expenses	7,030	12,274	7,605
Special events	53,825	58,762	23,234
Weekend staffing	16,724	5,991	-
	<u>117,683</u>	<u>126,381</u>	<u>107,356</u>
Annual surplus(deficit)	6,750	(1,598)	22,248
Accumulated surplus, beginning of year	102,846	102,846	80,598
Accumulated surplus, end of year	\$ 109,596	\$ 101,248	\$ 102,846

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	2019	2018
Annual surplus(deficit)	\$ (1,598)	\$ 22,248
Acquisition of tangible capital assets	(6,730)	(6,792)
Amortization of tangible capital assets	8,267	8,662
	(61)	24,118
Acquisition of prepaid expenses	(400)	(582)
Net change in net financial assets	(461)	23,536
Net financial assets, beginning of year	61,822	38,286
Net financial assets, end of year	\$ 61,361	\$ 61,822

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

For the year ended December 31	2019	2018
Cash flows from operating activities		
Annual surplus(deficit)	\$ (1,598)	\$ 22,248
Items not involving cash		
Amortization	8,267	8,662
	<u>6,669</u>	<u>30,910</u>
Uses		
Increase in accounts receivable	-	(3,474)
Increase in prepaid expense	(400)	(582)
	<u>(400)</u>	<u>(4,056)</u>
Sources		
Increase in accounts payable	28,128	877
Decrease in accounts receivable	4,316	-
	<u>38,713</u>	<u>27,731</u>
Capital transactions		
Acquisition of tangible capital assets	(6,730)	(6,792)
Net change in cash	<u>31,983</u>	<u>20,939</u>
Opening cash	<u>65,838</u>	<u>44,899</u>
Closing cash	<u>\$ 97,821</u>	<u>\$ 65,838</u>

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

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

December 31, 2019

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">a) Taxation revenue is recognized in the calendar year it is raised from ratepayers by the Township.b) Contributions from the Township are recognized in the calendar year they are approved by the Township.c) 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, 2019

1. Budget Amounts

The budget adopted by the Entity on February 26, 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 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 February 26, 2019 with adjustments as follows:

	2019
Budget surplus for the year	\$ -
Add:	
Capital expenditures	6,750
Budget surplus per statement of operations	\$ 6,750

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

	2019	2018
Cost beginning of year	\$ 129,122	\$ 122,330
Additions during the year	6,730	6,792
Cost end of the year	\$ 135,852	\$ 129,122
Accumulated amortization beginning of year	\$ 89,068	\$ 80,406
Amortization expense	8,267	8,662
Accumulated amortization end of year	\$ 97,335	\$ 89,068
Net book value beginning of year	\$ 40,054	\$ 41,924
Net book value end of year	\$ 38,517	\$ 40,054

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

December 31, 2019

4. Subsequent Events

Subsequent to year-end, the impact of COVID-19 in Canada and on the global economy increased significantly. This has resulted in worldwide emergency measures to combat the spread of the virus. As part of these measures the Organization has temporarily closed its operations which may impact event and donation revenues. In addition, as the impacts of COVID-19 continue there could be further impact on the Organization as events are postponed and cancelled. Given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time.

5 Leases

During the year the Organization entered into 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.