

Corporation of the Township of Scugog

Consolidated Financial Statements

For the year ended December 31, 2022

Corporation of the Township of Scugog

Financial Statements

For the year ended December 31, 2022

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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, 2022, 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, 2022, and its consolidated results of operations, its consolidated change in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario
June 20, 2023

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

December 31	2022	2021
Financial assets		
Cash and cash equivalents	\$ 30,795,833	\$ 37,550,751
Investments (Note 3)	6,560,386	1,478,593
Taxes receivable	5,050,505	3,517,201
Accounts receivable (Note 4)	1,843,522	1,471,450
Inventory for resale	766	1,952
	44,251,012	44,019,947
Liabilities		
Accounts payable and accrued expenses	3,169,196	2,899,449
Deferred revenue (Note 5)	14,130,940	12,050,339
Deposits	4,574,830	5,336,729
Employee future amounts payable (Note 6)	685,797	693,061
Municipal debt (Note 7)	1,200,315	1,303,467
Capital lease obligation (Note 7)	217,269	244,326
	23,978,347	22,527,371
Net financial assets	20,272,665	21,492,576
Contingent Liabilities and Commitments (Note 9)		
Non-financial assets		
Tangible capital assets (Note 13)	86,020,798	83,051,008
Inventories of supplies	296,783	325,781
Prepaid expenses	268,052	249,195
	86,585,633	83,625,984
Accumulated surplus (Note 8)	\$ 106,858,298	\$ 105,118,560

On behalf of Council



Mayor/Councillor

Corporation of the Township of Scugog Consolidated Statement of Operations

For the year ended December 31	Budget 2022 (Note 11)	Actual 2022	Actual 2021
Revenues			
Taxation levied for own purposes (Note 2)	\$ 15,765,600	\$ 16,289,523	\$ 15,008,519
User charges, licences and fines	2,403,700	2,444,683	2,618,419
Grants			
Government of Canada	178,300	707,769	755,760
Province of Ontario	1,288,100	1,817,504	2,443,794
Other Municipalities	15,200	152,929	28,641
Other			
Casino revenues	960,000	974,276	941,619
Developer contributions earned (Note 5)	-	836,469	345,982
Investment income	185,000	612,694	196,821
Penalties and interest on taxes	540,300	583,301	544,150
Donations and other	35,600	220,927	135,671
Gain on disposition of tangible capital assets	-	44,287	673,733
	21,371,800	24,684,362	23,693,109
Expenses			
General government	3,732,500	4,292,122	3,858,550
Protection to persons and property	2,939,900	2,953,416	2,891,075
Transportation	5,520,900	9,530,393	9,123,183
Environmental services	139,200	355,874	163,095
Recreational and cultural services	4,297,000	4,943,567	4,206,080
Planning and development	711,200	869,252	887,491
	17,340,700	22,944,624	21,129,474
Annual surplus	4,031,100	1,739,738	2,563,635
Accumulated surplus, beginning of year	105,118,560	105,118,560	102,554,925
Accumulated surplus, end of year	\$ 109,149,660	\$ 106,858,298	\$ 105,118,560

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 2022 (Note 11)	Actual 2022	Actual 2021
Annual surplus	\$ 4,031,100	\$ 1,739,738	\$ 2,563,635
Acquisition of tangible capital assets	(4,031,100)	(3,700,552)	(4,405,358)
Amortization of tangible capital assets	-	4,606,226	4,517,018
Gain (loss) on disposition of tangible capital assets	-	(44,287)	(673,733)
Proceeds on disposal of tangible capital assets	-	85,604	737,070
	-	<u>2,686,729</u>	<u>2,738,632</u>
Acquisition of work in progress	-	(4,660,954)	(953,397)
Transfer of work in progress to tangible capital assets	-	744,173	390,768
	-	<u>(3,916,781)</u>	<u>(562,629)</u>
Acquisition of inventory of supplies	-	(296,783)	(325,781)
Use/consumption of inventory of supplies	-	325,781	255,887
Acquisition of prepaid expenses	-	(268,052)	(249,195)
Use/consumption of prepaid expenses	-	249,195	237,303
	-	<u>10,141</u>	<u>(81,786)</u>
Net change in net financial assets	-	(1,219,911)	2,094,217
Net financial assets, beginning of year	<u>21,492,576</u>	<u>21,492,576</u>	<u>19,398,359</u>
Net financial assets, end of year	<u>\$ 21,492,576</u>	<u>\$ 20,272,665</u>	<u>\$ 21,492,576</u>

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 2022	Actual 2021
Cash flows from operating activities		
Annual surplus (Page 6)	\$ 1,739,738	\$ 2,563,635
Items not involving cash		
Amortization	4,606,226	4,517,018
Gain on disposition of tangible capital assets	(44,287)	(673,733)
	<u>6,301,677</u>	<u>6,406,920</u>
Uses		
Increase in taxes receivable	(1,533,305)	-
Increase in accounts receivable	(372,072)	-
Increase in inventory for resale	-	(618)
Decrease in other liabilities	(761,899)	-
Increase in inventories of supplies	-	(69,894)
Increase in prepaid expenses	(18,859)	(11,894)
Sources		
Decrease in accounts receivable	-	229,803
Decrease in taxes receivable	-	403,141
Increase in accounts payable and accrued expenses	269,749	43,195
Increase in other liabilities	-	2,540,046
Increase in deferred revenue	2,080,601	4,677,873
Decrease in inventory for resale	1,187	-
Decrease in inventories of supplies	28,998	-
	<u>5,996,077</u>	<u>14,218,572</u>
Cash flows from capital transactions		
Acquisition of tangible capital assets	(3,700,552)	(4,405,358)
Decrease/(increase) in work in process	(3,916,781)	(562,629)
Proceeds on disposal of tangible capital assets	85,604	737,070
	<u>(7,531,729)</u>	<u>(4,230,917)</u>
Cash flows from investing activities		
Purchase of investments	(5,081,793)	-
Cash flows from financing activities		
Principal payments on capital lease obligations	(27,057)	(24,582)
Increase (decrease) in restricted cash	-	3,945,503
Principal payments on debt	(103,152)	(100,808)
Increase (decrease) in employee future amounts payable	(7,264)	3,128
	<u>(137,473)</u>	<u>3,823,241</u>
Net change in cash and cash equivalents	(6,754,918)	13,810,896
Opening cash and cash equivalents	37,550,751	23,739,855
Closing cash and cash equivalents	\$ 30,795,833	\$ 37,550,751

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, 2022

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

Management Responsibility These consolidated financial statements are the responsibility of the Township's management prepared in accordance with accounting policies and standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

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

The focus of these consolidated financial statements is on the financial position of the Township and the changes thereto. The consolidated statement of financial position includes all the financial assets and liabilities of the Township as well as non-financial assets. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Net financial assets form a part of the financial position and is the difference between financial assets and liabilities. This provides information about the Township's overall future revenue requirements and its ability to finance activities and meet its obligations. Non-financial assets are normally used to deliver services. Their value lies with their service potential rather than their ability to generate future cash inflows. They form part of the financial position as they provide resources that the government can employ in the future to meet its objectives. The accumulated surplus is made up of the combination of net financial assets and non-financial assets.

Corporation of the Township of Scugog Summary of Significant Accounting Policies

December 31, 2022

Basis of Consolidation These consolidated financial statements reflect the assets, liabilities, revenues and expenses of all committees of Council and the following local boards and municipal enterprises which are under the control of Council:

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

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

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

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the region and school boards are not reflected in the balances of these consolidated financial statements, but are disclosed separately in Note 2.

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

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

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

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

Cash and Cash Equivalents Cash and cash equivalents consist of bank balances and investments in money market instruments with maturities of three months or less, and is net of any temporary borrowings for current purposes.

Corporation of the Township of Scugog Summary of Significant Accounting Policies

December 31, 2022

Investments	Portfolio investments are carried at cost, net of accumulated amortization on premiums and discounts. Premiums and discounts are amortized on a straight line basis over the term to maturity. Interest income is recorded as it accrues. When the value of any portfolio investment is impaired, the carrying amount is adjusted to the estimated realizable amount and any adjustments are included in investment income in the period the impairment is recognized.																
Tangible Capital Assets	<p>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:</p> <table><tr><td>Land improvements</td><td>15-30 years</td></tr><tr><td>Buildings</td><td>15-45 years</td></tr><tr><td>Vehicles and rolling equipment</td><td>5-20 years</td></tr><tr><td>Computer hardware & software</td><td>5-7 years</td></tr><tr><td>Furniture, fixtures & equipment</td><td>5-15 years</td></tr><tr><td>Marine</td><td>20-80 years</td></tr><tr><td>Road network</td><td>20-75 years</td></tr><tr><td>Storm water network</td><td>30-75 years</td></tr></table>	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
Land improvements	15-30 years																
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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, 2022

Employee Benefit Plans

The Township accrues its obligations under employee benefit plans as the employees render the services necessary to earn employee future benefits. The Township has adopted the following valuation methods and assumptions:

a) Actuarial cost method:

Accrued benefit obligations are computed using the projected benefit method prorated on service, as defined in PSAB 3250 and PSAB 3255. The objective under this method is to expense each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement. Under this method an equal portion of total estimated future benefit is attributed to each year of service.

b) Funding policy:

The non-pension post retirement and post employment benefits are funded on a pay-as-you-go basis (except as noted in Note 6). The Township funds on a cash basis as benefits are paid. No assets have been formally segregated and restricted to provide the non-pension retirement and post employment benefits.

c) Accounting policies:

Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life ('EARSL') (expected remaining payment period in respect of the retiring allowance) of members expected to receive benefits under the plan, with amortization commencing in the period following the determination of the gain or loss. Obligations are attributed to the period beginning on the member's date of hire and ending on the expected date of termination, death or retirement, depending on the benefit value. The Township's fiscal year-end is December 31 and the measurement date of the Township's obligation is such.

The municipality is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the municipality insures all claims by its injured workers under the Act.

Corporation of the Township of Scugog Summary of Significant Accounting Policies

December 31, 2022

Revenue Recognition

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

- a) Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts. Penalties and interest on taxes are recognized monthly as they are charged to taxpayers' accounts.
- b) User charges, licenses, fines, and donations are recognized when collected.
- c) Subdivider contributions and fees for services are recognized over the period of service or when required expenditures occur if applicable.
- d) Casino revenues are recognized as earned when received.
- e) Except as noted in the government transfers policy below, conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenses are made.
- f) Investment income is reported as revenue in the fiscal year earned. Investment income earned on development charges, Canada Community Building Fund reserve funds, parkland obligatory reserve funds and building permit reserve funds is added to the reserve fund balance and forms part of the respective deferred revenue balance.

Government Transfers

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, 2022

1. Trust Funds

Trust funds administered by the Township amounting to \$49,610 (2021 - \$48,599) have not been included in the Consolidated Statement of Financial Position nor have operations been included in the Consolidated Statement of Operations.

2. Taxation Raised on Behalf of Others

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

	2022	2021
School Boards	\$ 9,269,616	\$ 9,087,075
Region of Durham	27,963,637	26,508,543
	\$ 37,233,253	\$ 35,595,618

3. Investments

The Township holds investments which consist of guaranteed investment certificates (GICs), fixed income securities and principal protected notes with varying maturities from March 2023 to July 2029 and bearing interest rates between 1.68% and 4.86%. Investments with a maturity of less than 90 days are reported within cash and cash equivalents, due to the highly liquid nature of these investments.

Total investments, with a maturity of less than 90 days, have a value of \$1,500,219. Fixed investments over 90 days have a cost of \$5,018,924 and a market value of \$4,979,013.

4. Accounts Receivable

	2022	2021
Canada	\$ 1,098,746	\$ 572,643
Ontario	162,368	153,169
Other municipalities and school boards	58,283	35,601
Trade receivables	528,133	591,091
Developers	41,463	33,507
Accrued interest	45,301	47,804
Other	311,133	419,930
Allowance for doubtful accounts	(401,905)	(382,295)
	\$ 1,843,522	\$ 1,471,450

Corporation of the Township of Scugog Notes to Consolidated Financial Statements

December 31, 2022

5. Deferred Revenue

	2022	2021
Obligatory Reserve Funds		
Parkland (Planning Act)	\$ 759,797	\$ 942,298
Development Charges Act	8,378,937	7,679,278
Canada Community Building Fund (CCBF)	2,567,097	2,053,079
Building permit fees	553,606	518,628
	12,259,437	11,193,283
Other deferred revenue	1,871,503	857,056
	\$ 14,130,940	\$ 12,050,339

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

	Development Charges	Parkland	CCBF	Building Permits	Total
Opening obligatory funds	\$ 7,679,278	\$ 942,298	\$ 2,053,079	\$ 518,628	\$11,193,283
Restricted funds received	901,430	201,155	685,586	34,978	1,823,149
Capital purchase	(424,469)	(412,000)	(224,617)	-	(1,061,086)
Interest earned	222,698	28,344	53,049	-	304,091
Closing obligatory funds	\$ 8,378,937	\$ 759,797	\$ 2,567,097	\$ 553,606	\$12,259,437

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

Corporation of the Township of Scugog Notes to Consolidated Financial Statements

December 31, 2022

6. 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, 2022 of \$274,509 (2021 - \$254,270) has been fully funded from operations and included in accounts payable in these consolidated financial statements.

b. Pension Agreement

OMERS provides pension services to over half a million active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2022. The results of this valuation disclosed total actuarial liabilities of \$130,306 million (2021: \$120,796 million) in respect of benefits accrued for service with actuarial assets at that date of \$123,628 million (2021: \$117,665 million) indicating an actuarial deficit of \$6,678 million (2021: \$3,131 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 2022 were \$521,787 (2021 - \$501,472).

Corporation of the Township of Scugog Notes to Consolidated Financial Statements

December 31, 2022

6. 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 \$62,856 (2021 - \$70,126).

Actuarial valuations for accounting purposes will be performed triennially using the projected benefit method prorated on services. The last actuarial valuation was completed as at December 31, 2021. The accrued benefit obligation of \$685,797 shown for December 31, 2022 is based on that valuation. Actual experienced cost increases and discount rate adjustments have resulted in a net loss of \$49,452 which will be recognized over the estimated average remaining service life of the employee group.

The post-employment benefit liability at December 31, 2022 includes the following components:

	2022	2021
Actuarially determined accrued benefit obligation	\$ 570,985	\$ 742,513
Unamortized actuarial gain (loss)	114,812	(49,452)
Total estimated liability	685,797	693,061
Less amount already funded from operations	(382,000)	(382,000)
Amount to be recovered from future revenue	\$ 303,797	\$ 311,061

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	5.00%
Medical cost increases - first year	6.00%
- decreasing over 10 years to	4.50% plus CPI
Expected rate of dental cost increase	4.00% plus CPI
Estimated average remaining service life of the employee group	12 years

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

	2022	2021
Current year benefit cost	\$ 36,973	\$ 29,583
Amortization of plan improvements	-	31,346
Amortization of actuarial (gain) losses	5,059	(4,829)
Interest on post-employment benefit liability	20,824	14,026
Total expense related to post-employment benefits	\$ 62,856	\$ 70,126

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

December 31, 2022

6. Employee Future Amounts Payable (Cont'd)

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

	2022	2021
Obligation at the start of the year	\$ 742,513	\$ 642,114
Current year benefit cost	36,973	29,583
Benefit payments	(62,856)	(70,126)
Interest on obligation	20,824	14,026
Actuarial (gain) loss recognized	(159,205)	123,848
	\$ 578,249	\$ 739,445

7. Municipal Debt

	2022	2021
Long-term loan maturing October 13, 2032 repayable in blended monthly instalments with interest between 2.4% and 3.3%.	\$ 1,200,315	\$ 1,303,467
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 9a)	217,269	244,326
Net municipal debt	\$ 1,417,584	\$ 1,547,793

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

	Total principal	Total Interest	Total payments
2023	\$ 134,490	\$ 46,582	\$ 181,072
2024	138,653	42,408	181,061
2025	143,226	37,928	181,154
2026	150,874	33,070	183,944
2027	157,122	27,841	184,963
Thereafter	693,219	65,546	758,765
Total	\$1,417,584	\$ 253,375	\$1,670,959

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, 2022

7. Municipal Debt (Cont'd)

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

	2022	2021
Principal payments on external debt and capital lease	\$ 130,209	\$ 125,390
Interest on external debt and capital lease	61,916	67,248
 Gross payments	 \$ 192,125	 \$ 192,638

8. Accumulated Surplus

	2022	2021
Internal 'current' and 'capital' funds	\$ 7,072,970	\$ 8,297,927
Invested in tangible capital assets (Note 13)	86,020,798	83,051,008
Municipal debt to be recovered in future (Note 7)	(1,417,584)	(1,547,793)
Reserve/reserve fund balances	15,485,911	15,628,479
Employee benefits payable to be recovered in future (Note 6)	(303,797)	(311,061)
	\$ 106,858,298	\$ 105,118,560

Corporation of the Township of Scugog

Notes to Consolidated Financial Statements

December 31, 2022

9. Contingent Liabilities and Commitments

a. Port Perry Annex Corporation

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

In April 2006, the Township signed a 23 year lease with extension option for the use of the basement of the PPAC building. A separate 5 year lease with extension option was also signed in April 2006 for use of a portion of the main floor. Lease extensions have been signed annually from April 2011 up to and including 2022 extending the lease until March 2024. As at December 31, 2022 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 7.

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.

c. Participation in Durham Municipal Insurance Pool

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

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

Because DMIP is a multi-municipality insurance pool, surpluses or deficits are a joint responsibility of the member municipalities through future levies. The Township does not recognize any share of the DMIP surplus or deficit, and has made no provision for a reserve for self-insurance as at December 31, 2022.

Corporation of the Township of Scugog Notes to Consolidated Financial Statements

December 31, 2022

9. Contingent Liabilities and Commitments (Cont'd)

d. Litigation

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

e. Other Contingencies

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

10. 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.

11. Budget Amounts

The budget figures reflected in these consolidated statements are those approved by Council on February 28, 2022. Budget figures have been translated to reflect Public Section Accounting Board standards.

12. Comparative Figures

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

**Corporation of the Township of Scugog
Notes to Consolidated Financial Statements
December 31, 2022**

December 31, 2022

13. Tangible Capital Assets

	Land	Land Improvements	Buildings	Vehicles & Rolling Equipment	Furniture, Fixtures & Equipment	Computer Hardware & Software	Marine	Road Network	Storm Water Network	Work in Process	2022
Cost, beginning of year	\$9,491,023	\$ 8,648,024	\$25,006,140	\$10,311,776	\$ 2,828,947	\$ 748,735	\$ 371,818	\$ 95,428,104	\$11,556,781	\$ 7,443,069	\$ 171,834,417
Additions	-	151,512	1,192,850	664,114	164,320	-	45,193	1,358,180	124,383	4,660,954	8,361,506
Disposals	(14,362)	(99,467)	(61,300)	(487,782)	(82,064)	-	-	-	-	(744,173)	(1,489,148)
Cost, end of year	\$9,476,661	\$ 8,700,069	\$26,137,690	\$10,488,108	\$ 2,911,203	\$ 748,735	\$ 417,011	\$ 96,786,284	\$11,681,164	\$11,359,850	\$ 178,706,775
Accumulated Amortization, beginning of year	\$ -	\$ 5,735,268	\$13,124,690	\$ 5,729,116	\$ 1,965,392	\$ 610,524	\$ 286,273	\$ 58,348,221	\$ 2,983,925	\$ -	\$ 88,783,409
Amortization	-	304,701	755,065	697,351	172,014	53,375	10,751	2,452,995	159,974	-	4,606,226
Disposals	(360)	(92,100)	(61,299)	(467,835)	(82,064)	-	-	-	-	-	(703,658)
Accumulated Amortization, end of year	\$ (360)	\$ 5,947,869	\$13,818,456	\$ 5,958,632	\$ 2,055,342	\$ 663,899	\$ 297,024	\$ 60,801,216	\$ 3,143,899	\$ -	\$ 92,685,977
Net book value, beginning of year	\$9,491,023	\$ 2,912,756	\$11,881,450	\$ 4,582,660	\$ 863,555	\$ 138,211	\$ 85,545	\$ 37,079,883	\$ 8,572,856	\$ 7,443,069	\$ 83,051,008
Net book value, end of year	\$9,477,021	\$ 2,752,200	\$12,319,234	\$ 4,529,476	\$ 855,861	\$ 84,836	\$ 119,987	\$ 35,985,068	\$ 8,537,265	\$ 11,359,850	\$ 86,020,798

**Corporation of the Township of Scugog
Notes to Consolidated Financial Statements
December 31, 2022**

December 31, 2022

13. Tangible Capital Assets (Cont'd)

	Land	Improvements	Land	Buildings	Vehicles & Rolling Equipment	Furniture, Fixtures & Equipment	Computer Hardware & Software	Marine	Road Network	Storm Water Network	Work in Process	2021
Cost, beginning of year	\$ 9,495,031	\$ 8,627,487	\$ 24,999,642	\$ 8,927,595	\$ 2,749,171	\$ 726,066	\$ 371,818	\$ 92,748,091	\$ 11,556,781	\$ 6,880,439	\$ 167,082,121	
Additions	14,362	21,226	65,318	1,429,881	111,077	22,669	-	2,740,825	-	953,398	5,358,756	
Disposals	(18,370)	(689)	(58,820)	(45,700)	(31,301)	-	-	(60,812)	-	(390,768)	(606,460)	
Cost, end of year	\$ 9,491,023	\$ 8,648,024	\$ 25,006,140	\$ 10,311,776	\$ 2,828,947	\$ 748,735	\$ 371,818	\$ 95,428,104	\$ 11,556,781	\$ 7,443,069	\$ 171,834,417	
Accumulated Amortization, beginning of year	\$ -	\$ 5,417,968	\$ 12,401,369	\$ 5,119,100	\$ 1,829,511	\$ 549,793	\$ 276,087	\$ 56,000,265	\$ 2,824,652	\$ -	\$ 84,418,745	
Amortization	-	317,989	741,488	655,716	167,182	60,731	10,186	2,404,453	159,273	-	4,517,018	
Disposals	-	(689)	(18,167)	(45,700)	(31,301)	-	-	(56,497)	-	-	(152,354)	
Accumulated Amortization, end of year	\$ -	\$ 5,735,268	\$ 13,124,690	\$ 5,729,116	\$ 1,965,392	\$ 610,524	\$ 286,273	\$ 58,348,221	\$ 2,983,925	\$ -	\$ 88,783,409	
Net book value, beginning of year	\$ 9,495,031	\$ 3,209,519	\$ 12,598,273	\$ 3,808,495	\$ 919,660	\$ 176,273	\$ 95,731	\$ 36,747,826	\$ 8,732,129	\$ 6,880,439	\$ 82,663,376	
Net book value, end of year	\$ 9,491,023	\$ 2,912,756	\$ 11,881,450	\$ 4,582,660	\$ 863,555	\$ 138,211	\$ 85,545	\$ 37,079,883	\$ 8,572,856	\$ 7,443,069	\$ 83,051,008	

Corporation of the Township of Scugog Notes to Consolidated Financial Statements

December 31, 2022

13. Tangible Capital Assets (Cont'd)

The net book value of tangible capital assets not being amortized because they are under construction is \$11,359,850 (2021 - \$7,443,069).

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.

14. Segmented Information

The Corporation of the Township of Scugog is a municipal government institution that provides a wide range of services to its citizens. Township services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and unconditional government transfers are apportioned based on each segment's net budget requirements.

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

General Government

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

Protection to Persons and Property

Protection includes fire, emergency control and protective inspection.

Transportation

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

Environmental

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

Recreational and Cultural Services

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

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

December 31, 2022

14. Segmented Information (Cont'd)

Planning

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

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

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

December 31, 2022

14. Segmented Information (Cont'd)

For the year ended December 31	General government	Protection to persons and property	Transportation	Environmental	Recreation and cultural services	Planning	2022 Total
Revenue							
Taxation	\$ 2,491,667	\$ 2,379,877	\$ 7,662,311	\$ 161,268	\$ 2,862,722	\$ 731,678	\$ 16,289,523
User charges, licences and fines	246,480	689,107	121,710	-	1,152,845	234,541	2,444,683
Government of Canada grants	13,388	-	187,241	-	451,862	55,278	707,769
Province of Ontario grants	767,895	-	913,103	-	82,832	53,674	1,817,504
Other municipality grants	-	-	127,929	-	-	25,000	152,929
Casino revenues	974,276	-	-	-	-	-	974,276
Developer contributions	-	-	73,183	-	758,265	5,021	836,469
Investment income	612,694	-	-	-	-	-	612,694
Penalties and interest on taxes	89,053	85,058	282,899	2,301	102,315	21,675	583,301
Donations and other	91,889	10,456	(14,621)	52,896	80,307	-	220,927
Gain (loss) on disposition of tangible capital assets							
Gain (loss) on disposition of other assets	15,677	10,053	-	-	3,217	15,340	44,287
	5,303,019	3,174,551	9,353,755	216,465	5,494,365	1,142,207	24,684,362
Expenses							
Salaries and benefits	2,409,429	1,992,261	2,518,990	17,333	2,832,877	657,575	10,428,465
Materials, supplies and services	1,113,589	415,595	3,130,190	337,356	1,563,697	178,688	6,739,115
Contracted services	254,109	273,260	77,584	-	101,306	23,025	729,284
Interest and financial expenses	40,564	1,905	-	-	-	-	42,469
Amortization expense	284,721	235,458	3,630,396	-	445,687	9,964	4,606,226
Transfers to other entities	189,710	34,937	173,233	1,185	-	-	399,065
	4,292,122	2,953,416	9,530,393	355,874	4,943,567	869,252	22,944,624
Annual surplus (deficit)	\$ 1,010,897	\$ 221,135	\$ (176,638)	\$ (139,409)	\$ 550,798	\$ 272,955	\$ 1,739,738

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

December 31, 2022

14. 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	2021 Total
Revenue					
Taxation	\$ 2,277,787	\$ 2,201,685	\$ 7,919,615	\$ 2,609,432	\$ 15,008,519
User charges, licences and fines	212,138	806,841	729,176	870,264	2,618,419
Government of Canada grants	10,476	-	628,359	116,925	755,760
Province of Ontario grants	1,119,077	9,900	1,212,824	101,993	2,443,794
Other municipality grants	-	10,902	(9,504)	27,243	28,641
Casino revenues	941,619	-	-	-	941,619
Developer contributions	-	16,102	199,097	130,783	345,982
Investment income	196,821	-	-	-	196,821
Penalties and interest on taxes	83,215	80,435	285,043	95,457	544,150
Donations and other	-	-	62,947	72,724	135,671
Gain (loss) on disposition of tangible capital assets	713,953	-	(310)	(39,910)	673,733
	<u>5,555,086</u>	<u>3,125,865</u>	<u>11,027,247</u>	<u>3,984,911</u>	<u>23,693,109</u>
Expenses					
Salaries and benefits	2,312,864	1,855,636	2,966,828	2,418,314	9,553,642
Materials, supplies and services	991,904	639,238	3,504,543	1,275,885	6,411,570
Contracted services	129,817	166,291	100,634	23,871	420,613
Interest and financial expenses	38,110	-	40,981	19,460	98,551
Amortization expense	290,355	229,910	3,560,783	435,970	4,517,018
Transfers to other entities	95,500	-	-	32,580	128,080
	<u>3,858,550</u>	<u>2,891,075</u>	<u>10,173,769</u>	<u>4,206,080</u>	<u>21,129,474</u>
Annual surplus (deficit)	<u>\$ 1,696,536</u>	<u>\$ 234,790</u>	<u>\$ 853,478</u>	<u>\$ (221,169)</u>	<u>\$ 2,563,635</u>

Corporation of the Township of Scugog

Trust Funds

Financial Statements

For the year ended December 31, 2022

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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, 2022 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, 2022, 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 20, 2023

**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 2022	Total Trusts 2021
Financial Assets						
Cash	\$ 1,156	\$ 476	\$ 20	-	\$ 1,652	\$ 25,129
Investments - at cost	23,889	13,325	-	9,416	46,630	22,604
Interest receivable	334	194	-	-	528	67
Mortgages receivable	-	-	15,962	-	15,962	15,961
	25,379	13,995	15,982	9,416	64,772	63,761
Liabilities						
Due to Ministry of Municipal Affairs and Housing	-	-	15,164	-	15,164	15,163
Accumulated Surplus	\$ 25,379	\$ 13,995	\$ 818	\$ 9,416	\$ 49,608	\$ 48,598

On behalf of the Board

 Director

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

December 31	Gregg Cemetery	Devitt's Cemetery	Ontario Home Renewal Program	Cartwright Minor Ball Trust	Total Trusts 2022	Total Trusts 2021
Accumulated Surplus, beginning of year	\$ 24,923	\$ 14,083	\$ 817	\$ 9,279	\$ 48,598	\$ 48,084
Revenues						
Transfer from Township	-	-	-	-	-	320
Interest earned	673	199	-	138	1,010	317
	673	199	-	138	1,010	637
Expenses						
Maintenance	-	-	-	-	-	-
Transfer to Township	-	-	-	-	-	123
	-	-	-	-	-	123
Accumulated Surplus, end of year	\$ 25,596	\$ 14,282	\$ 817	\$ 9,417	\$ 49,608	\$ 48,598

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, 2022

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, 2022

6. Investments

The investments include money market funds from a chartered bank. The investments are reported at cost and have a market value of \$47,156 as at December 31, 2022.

Corporation of the Township of Scugog
Scugog Memorial Public Library
Financial Statements
December 31, 2022

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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, 2022, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and notes to financial statements.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, 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, 2022 and 2021, net financial assets as at December 31, 2022 and 2021, and accumulated surplus as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 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
April 20, 2023

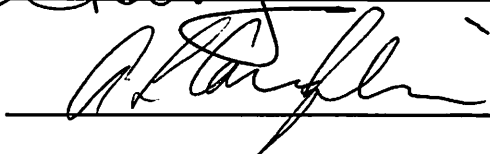
**Corporation of the Township of Scugog
Scugog Memorial Public Library
Statement of Financial Position**

December 31	2022	2021
Financial assets		
Cash (Note 1)	\$ 541,152	\$ 594,156
Accounts receivable	16,458	11,665
	<hr/>	<hr/>
	557,610	605,821
Liabilities		
Accounts payable and accrued liabilities (Note 2)	59,438	60,456
	<hr/>	<hr/>
Net financial assets (debt) (Page 6)	498,172	545,365
Non-financial assets		
Tangible capital assets (Note 5)	156,481	142,052
Prepaid expenses	1,500	665
	<hr/>	<hr/>
	157,981	142,717
Accumulated Surplus	\$ 656,153	\$ 688,082

On behalf of the Board



Chair



Treasurer

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

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

December 31	Budget	2022	2021
	(Note 3)		
Revenues			
Contributions from Township of Scugog			
- operating	\$ 709,803	\$ 709,800	\$ 692,300
Fines and fees	17,100	10,631	2,944
Province of Ontario Grants			
- operating	59,757	59,757	59,757
- capital	-	500	-
Federal Employment Development Grant	2,759	2,937	6,390
Fundraising and donations	4,000	7,860	4,895
Bequests	-	-	45,000
Other	17,650	19,101	4,804
Solar panel revenue	8,000	8,508	7,966
	<u>819,069</u>	<u>819,094</u>	<u>824,056</u>
Expenses			
Acquisitions	9,766	8,265	6,707
Administration	31,099	32,483	30,583
Amortization	-	43,940	49,328
Building	43,292	58,567	45,348
Information technology	19,830	19,529	20,118
Salaries and benefits	643,737	653,716	615,539
Utilities	28,400	32,238	26,937
Other	6,337	2,285	9,561
	<u>782,461</u>	<u>851,023</u>	<u>804,121</u>
Annual surplus (deficit)	36,608	(31,929)	19,935
Accumulated surplus, beginning of year	688,082	688,082	668,147
Accumulated surplus, end of year	\$ 724,690	\$ 656,153	\$ 688,082

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

For the year ended December 31	Budget	2022	2021
	(Note 3)		
Annual surplus (deficit)	\$ 36,608	\$ (31,929)	\$ 19,935
Acquisition of tangible capital assets	-	(58,369)	(49,521)
Amortization of tangible capital assets	-	43,940	49,328
	<u>36,608</u>	<u>(46,358)</u>	<u>19,742</u>
Acquisition of prepaid expenses	-	(1,500)	(665)
Use of prepaid expenses	-	665	1,631
	<u>-</u>	<u>(835)</u>	<u>966</u>
Net change in net financial assets (debt)	36,608	(47,193)	20,708
Net financial assets, beginning of year	<u>545,365</u>	<u>545,365</u>	<u>524,657</u>
Net financial assets, end of year	<u>\$ 581,973</u>	<u>\$ 498,172</u>	<u>\$ 545,365</u>

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

December 31	2022	2021
Cash flows from operating activities		
Annual deficit	\$ (31,929)	\$ 19,935
Items not involving cash		
Amortization	43,940	49,328
	<u>12,011</u>	<u>69,263</u>
Uses		
Increase in accounts receivable	(4,793)	(2,233)
Increase in prepaid expenses	(835)	-
Decrease in accounts payable	(1,018)	-
	<u>(6,646)</u>	<u>(2,233)</u>
Sources		
Decrease in prepaid expenses	-	966
Increase in accounts payable	-	946
	<u>-</u>	<u>1,912</u>
Capital transactions		
Acquisition of tangible capital assets	(58,369)	(49,521)
Net change in cash	(53,004)	19,421
Cash, beginning of year	<u>594,156</u>	<u>574,735</u>
Cash, end of year	\$ 541,152	\$ 594,156

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

December 31, 2022

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, bequests and fundraising events are recognized when the cash is collected.

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

December 31, 2022

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, 2022

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, 2022 of \$21,570 (2021 - \$18,373) has been funded from operations and included in liabilities on the statement of financial position.

b. Pension agreement

OMERS provides pension services to over half a million active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2022. The results of this valuation disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets at that date of \$123,628 million indicating an actuarial deficit of \$6,678 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the municipality to OMERS for 2022 were \$52,997 (2021 - \$47,030).

3. Budget Figures

The budget adopted by the Library Board on October 21, 2021 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the budget adopted by the Library Board on October 21, 2021 with adjustments as follows:

	<u>2022</u>
Budget surplus (deficit) for the year	\$ -
Add:	
Capital expenditures	<u>36,608</u>
Budget surplus per statement of operations	<u>\$ 36,608</u>

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

December 31, 2022

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 2022, the amount owed to (from) the Township was \$63,367 (2021 - \$44,965).

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

December 31, 2022

5. Tangible Capital Assets

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

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

December 31, 2022

5. Tangible Capital Assets (Cont'd)

	Book Collection	Computer Hardware	Furniture & Fixtures	2021
Cost beginning of year	\$ 295,877	\$ 33,799	\$ 169,921	\$ 499,597
Additions during the year	43,826	5,695	-	49,521
Disposals during the year	(31,301)	-	-	(31,301)
Cost end of the year	<u>\$ 308,402</u>	<u>\$ 39,494</u>	<u>\$ 169,921</u>	<u>\$ 517,817</u>
Accumulated amortization beginning of year	\$ 163,149	\$ 33,799	\$ 160,790	\$ 357,738
Amortization expense	38,541	2,278	8,509	49,328
Accumulated amortization of disposals	(31,301)	-	-	(31,301)
Accumulated amortization end of year	<u>\$ 170,389</u>	<u>\$ 36,077</u>	<u>\$ 169,299</u>	<u>\$ 375,765</u>
Net book value beginning of year	<u>\$ 132,728</u>	<u>\$ -</u>	<u>\$ 9,131</u>	<u>\$ 141,859</u>
Net book value end of year	<u>\$ 138,013</u>	<u>\$ 3,417</u>	<u>\$ 622</u>	<u>\$ 142,052</u>

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

6. Trust Fund

	2022	2021
Kent Farndale bursary	<u>\$ 8,823</u>	<u>\$ 9,005</u>

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

Scugog Memorial Public Library
Trust Funds
Financial Statements
For the year ended December 31, 2022

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

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Scugog 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, 2022 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, 2022, 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

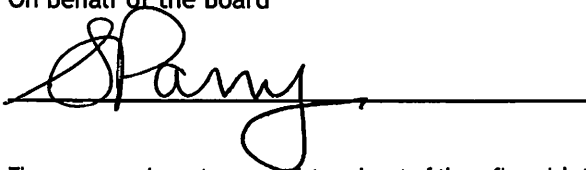
Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario
April 20, 2023

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

December 31	2022	2021
Assets		
Cash	\$ 736	\$ 1,044
Investments - at cost	8,087	7,961
Fund balance	\$ 8,823	\$ 9,005

On behalf of the Board



Chair

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

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

For the year ended December 31	2022	2021
Fund Balance, beginning of year	\$ 9,005	\$ 10,037
Revenues		
Donations	500	-
Interest earned	126	8
Expenditures		
Bank fees	60	40
Bursaries	500	1,000
Reception expenses	248	-
	808	1,040
Fund Balance, end of year	\$ 8,823	\$ 9,005

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

December 31, 2022

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 \$8,087 as at December 31, 2022.

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

Financial Statements

For the year ended December 31, 2022

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

Independent Auditor's Report

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

Qualified Opinion

We have audited the accompanying financial statements of the Port Perry Central District Business Improvement Area of the Corporation of the Township of Scugog (the Entity), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, 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 (deficit), and cash flows from operations for the years ended December 31, 2022 and 2021, net financial assets as at December 31, 2022 and 2021, and accumulated surplus as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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

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

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Lindsay, Ontario

May 23, 2023

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

December 31	2022	2021
Financial assets		
Cash (Note 1)	\$ -	\$ 36,797
Investments	2,000	2,000
Accounts receivable	58,461	45,437
	<u>60,461</u>	<u>84,234</u>
Liabilities		
Bank indebtedness (Note 1)	\$ 30,530	\$ -
Accounts payable and accrued expenses	9,135	60,715
	<u>39,665</u>	<u>60,715</u>
Net financial assets	<u>20,796</u>	<u>23,519</u>
Non-financial assets		
Tangible capital assets (Note 2)	41,764	27,657
Prepaid expense	1,124	2,247
	<u>42,888</u>	<u>29,904</u>
Accumulated surplus	<u>\$ 63,684</u>	<u>\$ 53,423</u>
Commitment (Note 3)		

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	2022	2022	2021
	Budget	Actual	Actual
Revenues			
Township of Scugog - taxation	\$ 125,216	\$ 125,216	\$ 113,833
- contributions	-	-	3,466
Government grants	-	53,125	-
Event and donation revenue	-	5,318	4,140
	<u>125,216</u>	<u>183,659</u>	<u>121,439</u>
Expenses			
Amortization	-	9,964	8,760
Area development	17,682	13,172	16,590
Event sponsorship	-	300	1,353
Marketing and rebranding	11,340	15,397	10,701
Office expenses	15,894	15,138	15,760
Salaries	27,000	47,077	27,229
Special events	53,300	72,350	48,811
	<u>125,216</u>	<u>173,398</u>	<u>129,204</u>
Annual surplus (deficit)	-	10,261	(7,765)
Accumulated surplus, beginning of year	<u>53,423</u>	<u>53,423</u>	<u>61,188</u>
Accumulated surplus, end of year	<u>\$ 53,423</u>	<u>\$ 63,684</u>	<u>\$ 53,423</u>

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

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

For the year ended December 31	2022	2021
Annual surplus (deficit)	\$ 10,261	\$ (7,765)
Acquisition of tangible capital assets	(24,071)	-
Amortization of tangible capital assets	9,964	8,760
	(3,846)	995
Acquisition of prepaid expenses	-	(817)
Use of prepaid expenses	1,123	-
Net change in net financial assets	(2,723)	178
Net financial assets, beginning of year	23,519	23,341
Net financial assets, end of year	\$ 20,796	\$ 23,519

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

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

For the year ended December 31	2022	2021
Cash flows from operating activities		
Annual surplus (deficit)	\$ 10,261	\$ (7,765)
Items not involving cash		
Amortization	9,964	8,760
	<u>20,225</u>	<u>995</u>
Uses		
Increase in accounts receivable	(13,024)	(30,775)
Increase in prepaid expense	-	(817)
Decrease in accounts payable	(51,580)	-
	<u>(64,604)</u>	<u>(31,592)</u>
Sources		
Decrease in prepaid expense	1,123	-
Increase in accounts payable	-	7,434
	<u>(43,256)</u>	<u>(23,163)</u>
Capital transactions		
Acquisition of tangible capital assets	(24,071)	-
	<u>(67,327)</u>	<u>(23,163)</u>
Net change in cash	<u>36,797</u>	<u>59,960</u>
Opening cash	<u>36,797</u>	<u>59,960</u>
Closing cash	<u>\$ (30,530)</u>	<u>\$ 36,797</u>

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

December 31, 2022

Nature of Business	The Entity is overseen by Council representing the Corporation of the Township of Scugog, with the goal of promoting the Port Perry downtown business area.		
Management Responsibility	The financial statements of the Entity are the responsibility of management and have been prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing and standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.		
Basis of Accounting	Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.		
Tangible Capital Assets	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:</p> <table><tr><td>Furniture, Fixtures & Equipment</td><td>5 to 10 years</td></tr></table>	Furniture, Fixtures & Equipment	5 to 10 years
Furniture, Fixtures & Equipment	5 to 10 years		
Use of Estimates	Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment. Actual results could differ from these estimates. Significant estimates included in these financial statements are the tangible capital asset policies noted above.		
Revenue Recognition	<p>The Business Improvement Area receives revenue from a variety of sources and applies the following revenue recognition policies:</p> <ol style="list-style-type: none">Taxation revenue is recognized in the calendar year it is raised from ratepayers by the Township.Contributions from the Township are recognized in the calendar year they are approved by the Township.Revenue from donations and events is recognized when the cash is collected.Revenue from government grants is recognized in revenue in the year in which the related expenses are incurred.		

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

December 31, 2022

1. Cash and Bank

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

2. Tangible Capital Assets

	2022	2021
Cost beginning of year	\$ 142,245	\$ 142,245
Additions during the year	24,071	-
Cost end of the year	\$ 166,316	\$ 142,245
Accumulated amortization beginning of year	\$ 114,588	\$ 105,828
Amortization expense	9,964	8,760
Accumulated amortization end of year	\$ 124,552	\$ 114,588
Net book value beginning of year	\$ 27,657	\$ 36,417
Net book value end of year	\$ 41,764	\$ 27,657

3. Commitment

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