

**Corporation of the Township of Scugog**

**Financial Statements**

**For the year ended December 31, 2009**

**Corporation of the Township of Scugog**

**Financial Statements**

For the year ended December 31, 2009

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## Auditors' Report

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

We have audited the consolidated statement of financial position of the Corporation of the Township of Scugog as at December 31, 2009 and the consolidated statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the municipality's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Scugog as at December 31, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants, Licensed Public Accountants

Lindsay, Ontario  
June 17, 2010

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

December 31	2009	2008
		Restated (see Note 1)
<b>Financial assets</b>		
Cash (Note 5)	\$ 6,371,450	\$ 10,513,366
Taxes receivable	4,053,244	4,038,597
Accounts receivable (Note 6)	2,322,804	803,920
Inventory for resale	7,499	5,567
	<u>12,754,997</u>	<u>15,361,450</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	2,555,932	2,247,477
Deferred revenue (Note 7)	2,273,852	4,664,987
Other liabilities	596,164	750,030
Employee future amounts payable (Note 8)	529,381	503,457
Municipal debt (Note 9)	2,705,945	3,293,914
	<u>8,661,274</u>	<u>11,459,865</u>
<b>Net financial assets</b>	<u>4,093,723</u>	<u>3,901,585</u>
<b>Contingencies and Commitments (Note 11)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 14)	74,052,515	72,593,977
Work in progress (Note 14)	2,028,794	1,096,762
Inventories of supplies	44,673	68,796
Prepaid expenses	201,584	151,936
	<u>76,327,566</u>	<u>73,911,471</u>
<b>Accumulated surplus (Note 10)</b>	<u>\$ 80,421,289</u>	<u>\$ 77,813,056</u>

The accompanying summary of significant accounting policies and notes are an integral part of this financial statement.

**Corporation of the Township of Scugog  
Consolidated Statement of Operations**

For the year ended December 31	Budget 2009	Actual 2009	Actual 2008
	(Note 12)		Restated (see Note 1)
<b>Revenues</b>			
Taxation levied for own purposes (Note 3)	\$ 9,311,647	\$ 9,333,355	\$ 9,107,702
User charges, licences and fines	1,891,500	1,844,632	1,806,065
<b>Grants</b>			
Government of Canada	856,916	1,637,241	338,762
Province of Ontario	2,564,957	2,938,670	2,005,682
Other Municipalities	5,500	5,893	5,082
<b>Other</b>			
Casino revenues	1,398,987	1,300,652	1,366,304
Developer contributions earned (Note 7)	1,245,865	1,372,291	2,060,401
Investment income	530,000	186,162	296,277
Penalties and interest on taxes	590,000	624,081	627,127
Donations and other	97,100	100,815	66,820
Gain (loss) on disposition of assets	-	(128,982)	(468,173)
	<u>18,492,472</u>	<u>19,214,810</u>	<u>17,212,049</u>
<b>Expenses</b>			
General government	2,424,052	2,496,770	2,471,259
Protection to persons and property	2,007,789	2,117,972	2,026,104
Transportation services	4,530,346	7,524,354	7,337,406
Environmental services	82,400	52,750	69,499
Health services	117,000	102,907	105,000
Recreational and cultural services	3,415,230	3,846,089	3,752,814
Planning and development	489,450	465,735	398,724
	<u>13,066,267</u>	<u>16,606,577</u>	<u>16,160,806</u>
<b>Annual surplus</b>	<u>5,426,205</u>	<u>2,608,233</u>	<u>1,051,243</u>
Accumulated surplus, beginning of year, as previously stated	77,813,056	77,813,056	3,169,710
Prior period adjustment (Note 1)	-	-	73,592,103
Accumulated surplus, beginning of year, restated	<u>77,813,056</u>	<u>77,813,056</u>	<u>76,761,813</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 83,239,261</u>	<u>\$ 80,421,289</u>	<u>\$ 77,813,056</u>

The accompanying summary of significant accounting policies and notes are an integral part of this financial statement.

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

<b>For the year ended December 31</b>	<b>Budget 2009</b>	<b>Actual 2009</b>	<b>Actual 2008</b>
	(Note 12)		Restated (see Note 1)
<b>Annual surplus</b>	<b>\$ 5,426,205</b>	<b>\$ 2,608,233</b>	<b>\$ 1,051,243</b>
Acquisition of tangible capital assets	(3,622,376)	(5,652,747)	(3,783,078)
Amortization of tangible capital assets	-	4,004,641	3,879,457
(Gain) loss on sale of tangible capital assets	-	128,982	468,173
Proceeds on sale of tangible capital assets	-	60,584	73,464
	<b>1,803,829</b>	<b>1,149,693</b>	<b>1,689,259</b>
Acquisition of construction in progress	(942,308)	(1,984,759)	(1,096,762)
Transfer of construction in progress to tangible capital assets	-	1,052,729	172,452
	<b>(942,308)</b>	<b>(932,030)</b>	<b>(924,310)</b>
Acquisition inventory of supplies	-	(44,673)	(68,796)
Use/consumption of inventory of supplies	-	68,796	72,286
Acquisition of prepaid expenses	-	(201,584)	(151,936)
Use/consumption of prepaid expenses	-	151,936	146,310
	-	(25,525)	(2,136)
<b>Net change in net financial assets</b>	<b>861,521</b>	<b>192,138</b>	<b>762,813</b>
<b>Net financial assets, beginning of year as previously stated</b>	<b>3,901,585</b>	<b>3,901,585</b>	<b>3,169,710</b>
<b>Prior period adjustment (Note 1)</b>	<b>-</b>	<b>-</b>	<b>(30,938)</b>
<b>Net financial assets, beginning of year restated</b>	<b>3,901,585</b>	<b>3,901,585</b>	<b>3,138,772</b>
<b>Net financial assets, end of year</b>	<b>\$ 4,763,106</b>	<b>\$ 4,093,723</b>	<b>\$ 3,901,585</b>

The accompanying summary of significant accounting policies and notes are an integral part of this financial statement.

**Corporation of the Township of Scugog  
Consolidated Statement of Cash Flows**

For the year ended December 31	Actual 2009	Actual 2008
<b>Cash flows from operating activities</b>		
Annual surplus (Page 4)	\$ 2,608,233	\$ 1,051,243
Items not involving cash		
Amortization	4,004,641	3,879,457
(Gain) loss on disposal of tangible capital assets	128,982	468,173
	<u>6,741,856</u>	<u>5,398,873</u>
<b>Uses</b>		
Increase in taxes receivable	(14,647)	(240,412)
Increase in accounts receivable	(1,518,883)	-
Increase in other assets	(1,932)	(940)
Decrease in other liabilities	(153,866)	-
Decrease in deferred revenue	(2,391,135)	-
Increase in inventories of supplies	(49,648)	(5,626)
<b>Sources</b>		
Decrease in accounts receivable	-	595,490
Increase in accounts payable	308,454	855,162
Increase in other liabilities	-	55,704
Increase in deferred revenue	-	534,228
Decrease in prepaid expenses	24,123	3,490
	<u>2,944,322</u>	<u>7,195,969</u>
<b>Cash flows from capital transactions</b>		
Acquisition of tangible capital assets	(5,652,747)	(3,783,078)
Increase in construction in progress	(932,030)	(924,310)
Proceeds on disposal of tangible capital assets	60,584	73,464
	<u>(6,524,193)</u>	<u>(4,633,924)</u>
<b>Cash flows from financing activities</b>		
Debt principal repayments	(587,969)	(560,851)
Decrease in employee future amounts payable	25,924	22,212
	<u>(562,045)</u>	<u>(538,639)</u>
<b>Net change in cash and cash equivalents</b>	<b>(4,141,916)</b>	<b>2,023,406</b>
<b>Opening cash and cash equivalents</b>	<b>10,513,366</b>	<b>8,489,960</b>
<b>Closing cash and cash equivalents (Note 5)</b>	<b>\$ 6,371,450</b>	<b>\$ 10,513,366</b>

The accompanying summary of significant accounting policies and notes are an integral part of this financial statement.

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## Corporation of the Township of Scugog Summary of Significant Accounting Policies

December 31, 2009

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<b>Management Responsibility</b>	These consolidated financial statements are the representation of the municipality's management prepared in accordance with accounting policies and standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.
<b>Basis of Accounting</b>	The focus of these financial statements is on the financial position of the municipality and the changes thereto. The consolidated statement of financial position includes all the financial assets and liabilities of the municipality 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 municipality'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.
<b>Use of Estimates and Measurement Uncertainty</b>	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 financial statements are estimates for post-employment benefits. 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. In addition, 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.
<b>Revenue Recognition</b>	Revenue is reported on the accrual basis of accounting. Revenues are recognized as follows: <ul style="list-style-type: none"><li>a) Tax revenue is recognized in the calendar year to which the tax assessment applies if the assessment is known.</li><li>b) Fines and donations are recognized when collected.</li><li>c) Subdivider contributions and fees for services are recognized over the period of service or when required expenditures occur if applicable.</li><li>d) Casino revenues are recognized as allocated by the casino based on each month's activity.</li></ul>

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## Corporation of the Township of Scugog Summary of Significant Accounting Policies

December 31, 2009

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

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

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

Trust funds and their related operations administered by the municipality are not consolidated, but are disclosed separately in Note 2.

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 3.

**Tangible Capital Assets**      Tangible capital assets are recorded at cost less accumulated depreciation. Cost includes all costs directly related to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for production or use as follows:

Land improvements	15-30 years
Buildings	15-45 years
Computer hardware/software	5-7 years
Furniture, fixtures and equipment	10-15 years
Marine	20-50 years
Road network	15-75 years
Storm water network	75 years

**Deferred Revenue**      Under PSAB accounting principles, 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.

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**Corporation of the Township of Scugog  
Summary of Significant Accounting Policies**

December 31, 2009

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**Cash and Cash  
Equivalents**

Cash and cash equivalents consist of bank balances and investments in money market instruments with maturities of three months or less, and is net of any temporary borrowings for current purposes. Composition of the balance and restricted amounts are disclosed in Note 5.

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

**December 31, 2009**

**1. Change in Accounting Policy**

On January 1, 2009, the Corporation of the Township of Scugog adopted the following revised Public Sector Accounting Standards: Section 1000 - Financial Statement Concepts, Section 1100 - Financial Statement Objectives, Section 1200 - Financial Statement Presentation and Section 3150 - Tangible Capital Assets. As a result of this adoption, the presentation of the financial statements changed from the prior year. The standards require the recognition of all non-financial assets including tangible capital assets, prepaid expenses and inventories of supplies as assets in the financial statements. In addition, amortization on tangible capital assets was recorded in the Statement of Operations. This change in accounting policy has been applied retroactively with the restatement of the prior period. The impact of adopting the new standards was as follows:

	2008
<u>Statement of Financial Position</u>	
Increase in accounts receivable	\$ 72,786
Increase in accounts payable and accrued expenses	(248,770)
Increase in non-financial assets	73,911,471
<b>Increase in accumulated surplus</b>	<b>\$ 73,735,487</b>
<u>Statement of Operations</u>	
Increase in revenue	
User charges, licences and fines	\$ 4,250
Developer contributions earned	(20,245)
Sale of land	(2,084)
Donations and other	(2,540)
(Gain) loss on disposition of assets	(468,173)
Total decrease in revenue	(488,792)
Increase (decrease) in expenses	
General government	169,783
Protection to persons and property	(277,186)
Transportation services	(628,659)
Recreational and cultural services	115,425
Planning and development	(11,539)
Total decrease in expenses	(632,176)
<b>Increase in annual surplus</b>	<b>143,384</b>
<b>Increase in opening accumulated surplus</b>	<b>\$ 73,592,103</b>
<u>Statement of Change in Net Financial Assets</u>	
Increase in accounts payable and accrued expenses in 2007	\$ (30,938)
<b>Decrease in net financial assets</b>	<b>\$ (30,938)</b>

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

**December 31, 2009**

**2. Trust Funds**

	2009	2008
Gregg Cemetery	\$ 14,109	\$ 15,484
Subdivider Trust	24,927	24,438
Ontario Home Renewal Program	15,979	15,979
Kent Farndale Art Bursary	8,314	8,693
Cartwright Minor Ball Trust	8,729	8,709
	\$ 72,058	\$ 73,303

**3. Taxation Raised on Behalf of Others**

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

	2009	2008
School Boards	\$ 8,555,510	\$ 8,397,345
Region of Durham	19,700,808	18,585,134
	\$ 28,256,318	\$ 26,982,479

**4. Restricted Assets**

	2009	2008
Cash (Note 5)	\$ 2,040,274	\$ 4,361,584
Short-term investments (Note 5)	1,894,141	2,940,585
Accounts receivable (Note 6)	4,692	69,265
Due from (to) own municipality	1,469,865	(4,834)
Municipal debt held by own reserve funds (Note 9)	1,734,000	700,000
	\$ 7,142,972	\$ 8,066,600
<b>Consists of:</b>		
Obligatory funds in deferred revenue (Note 7)	\$ 1,647,653	\$ 2,821,526
Reserve funds (Note 13)	5,495,319	5,245,074
	\$ 7,142,972	\$ 8,066,600

There has been a change in the prior year balances for debt held by own reserve funds and due from (to) own municipality due to the correction of the allocation of a payment of \$280,083 made in 2008. This correction only effects the balance of internal borrowing, therefore there is no effect to the financial statements.

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

**December 31, 2009**

**5. Cash**

	<u>2009</u>	<u>2008</u>
<b>Unrestricted</b>		
Unrestricted net cash	\$ 2,435,716	\$ 3,189,467
Unrestricted GIC (Market value - \$1,319)	1,319	21,730
<b>Restricted</b>		
Restricted cash	2,040,274	4,361,584
Restricted Money Market and Bond Funds (Market value - \$1,895,315)	1,894,141	2,940,585
	<u>\$ 6,371,450</u>	<u>\$ 10,513,366</u>

Virtually all of the cash is on deposit at one financial institution (CIBC).

The unrestricted investment as at December 31, 2009 is a GIC through a chartered bank. The restricted money market and bond funds are invested in the "ONE" Public Sector Group of Funds.

**6. Accounts Receivable**

	<u>2009</u>	<u>2008</u>
<b>Unrestricted</b>		
Canada	\$ 908,249	\$ 214,807
Ontario	628,753	740
Other municipalities and school boards	199,030	88,748
Mississaugas	366,346	250,474
Developers	96,201	100,267
Arena	39,532	50,351
Other	80,001	29,268
	<u>2,318,112</u>	<u>734,655</u>
<b>Restricted</b>		
Accrued interest	4,692	8,651
Due from Town Hall 1873 with 3% interest on or before 2009	-	60,614
	<u>4,692</u>	<u>69,265</u>
	<u>\$ 2,322,804</u>	<u>\$ 803,920</u>

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

December 31, 2009

**7. Deferred Revenue**

	2009	2008
<b>Obligatory Reserve Funds</b>		
Parkland (Planning Act)	\$ 560,839	\$ 686,602
Development Charges Act	1,086,814	2,134,924
	1,647,653	2,821,526
<b>Road grants</b>	244,707	1,235,668
<b>Other deferred revenue</b>	381,492	607,793
	<b>\$ 2,273,852</b>	<b>\$ 4,664,987</b>

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

	Development Charges	Parkland	Total
Opening obligatory funds	\$ 2,134,924	\$ 686,602	\$ 2,821,526
Restricted funds received	71,430	49,983	121,413
Interest earned	60,866	16,139	77,005
Revenue recognized	(1,180,406)	(191,885)	(1,372,291)
Closing obligatory funds	\$ 1,086,814	\$ 560,839	\$ 1,647,653

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

**December 31, 2009**

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**8. Employee Future Amounts Payable**

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

**a. Vacation Payable**

Vacation pay owing at December 31, 2009 of \$143,533 (2008 - \$142,081) has been fully funded from operations and included in accounts payable in these financial statements.

**b. Pension Agreement**

The Library Board makes contributions to the Ontario Municipal Employees' Retirement Fund (OMERS), a multi-employer pension plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Administration Corporation Board of Directors, 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. OMERS provides pension services to more than 400,000 active and retired members and approximately 928 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 value of the Plan was conducted at December 31, 2009. The results of this valuation disclosed total actuarial liabilities of \$54,253 million in respect of benefits accrued for service with actuarial assets at that date of \$52,734 million indicating an actuarial deficit of \$1,519 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. The amount contributed to OMERS for 2009 was \$251,333 (2008 - \$241,776).

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

December 31, 2009

**8. 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 \$24,000 (2008 - \$34,500).

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, 2009. The accrued benefit obligation of \$529,381 shown for 2009 is based on that valuation. Actual experienced cost increases and discount rate adjustments have resulted in a net loss of \$87,557 which will be recognized over the estimated average remaining service life of the employee group.

The post-employment benefit liability at December 31, 2009 includes the following components:

	2009	2008
Actuarially determined accrued benefit obligation	\$ 616,938	\$ 460,388
Unamortized actuarial gains (losses)	(87,557)	43,069
<b>Total estimated liability</b>	<b>529,381</b>	<b>503,457</b>
Less amount already funded from operations	(82,000)	(82,000)
<b>Amount to be recovered from future revenue</b>	<b>\$ 447,381</b>	<b>\$ 421,457</b>

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 municipality's best estimates. The main actuarial assumptions employed for the extrapolation are as follows:

Expected inflation rate	3%
Discount rate	5.5%
Medical cost increases - first year	8%
- decreasing over 10 years to	1.45% plus CPI
Expected rate of dental cost increase	1.45% plus CPI
Estimated average remaining service life of the employee group	13 years

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

	2009	2008
Current year benefit cost	\$ 21,111	\$ 27,632
Amortization of actuarial (gains) losses	(3,313)	2,303
Interest on post-employment benefit liability	32,126	26,777
<b>Total expense related to post-employment benefits</b>	<b>\$ 49,924</b>	<b>\$ 56,712</b>

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

December 31, 2009

**9. Municipal Debt**

	2009	2008
The municipality has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by the Region of Durham. At the end of the year, the outstanding principal amount of the liability to be financed by future taxation and user charges is	\$ 2,254,000	\$ 2,819,000
The municipality has arranged debt payments for a major capital project by borrowing from its own funds, the principal amount of the liability to be financed by future taxation is	1,734,000	700,000
The municipality is obligated under capital lease for additional office space in a building (see Note 11a), the principal amount of future lease payments discounted at 5% representing the principal to be financed by future taxation and user charges is	451,945	474,914
<b>Amount to be recovered from future revenues</b>	<b>4,439,945</b>	<b>3,993,914</b>
Less amount owed to reserve funds	<u>(1,734,000)</u>	<u>(700,000)</u>
<b>Net municipal debt</b>	<b>\$ 2,705,945</b>	<b>\$ 3,293,914</b>

- a. The interest rates charged on debt range from 3.7% to 5.75%. Future payments requiring taxation and user charge financing are summarized as follows:

Years	2010	2011	2012	2013	2014+	Total
Principal	\$ 1,301,881	\$ 691,575	\$ 572,545	\$ 602,971	\$ 1,270,974	\$ 4,439,946
Interest	211,924	150,739	113,002	81,707	469,072	1,026,444
<b>Total payment</b>	<b>\$ 1,513,805</b>	<b>\$ 842,314</b>	<b>\$ 685,547</b>	<b>\$ 684,678</b>	<b>\$ 1,740,046</b>	<b>\$ 5,466,390</b>

- b. The long-term liabilities issued in the municipality'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.
- c. There has been a change in the prior year balances for internal debt due to the correction of the allocation of a payment of \$280,083 made in 2008. This correction only effects the balance of internal borrowing, therefore there is no effect to the financial statements.

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

December 31, 2009

**9. Municipal Debt (Cont'd)**

- d. Total gross expenditures for the year to service net municipal debt are as follows (see point c above):

	2009	2008
Principal payments	\$ 653,969	\$ 840,934
Interest	173,289	220,110
	<b>\$ 827,258</b>	<b>\$ 1,061,044</b>

**10. Accumulated Surplus**

	2009	2008
Internal 'current' and 'capital' funds	\$ 805,758	\$ 403,663
Invested in tangible capital assets (Note 14)	74,052,515	72,593,977
Invested in work in progress (Note 14)	2,028,794	1,096,762
Municipal debt to be recovered in future (Note 9)	(4,439,945)	(3,993,914)
Reserve/reserve fund balances (Note 13)	8,421,548	8,134,025
Employee benefits payable to be recovered in future (Note 8)	(447,381)	(421,457)
	<b>\$ 80,421,289</b>	<b>\$ 77,813,056</b>

**11. Contingent Liabilities and Commitments**

**a. Port Perry Annex Corporation**

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

In April 2006, the Township signed a 23 year lease with extension option for the use of the basement of the PPAC building. A separate 5 year lease with extension option was also signed in April 2006 for use of a portion of the main floor. As at December 31, 2009 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 9.

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

**December 31, 2009**

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**11. Contingent Liabilities and Commitments (Cont'd)**

**b. Credit Facility Agreement**

The municipality has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$2 million via an operating line. Any balance borrowed will bear interest at prime less .25% per year. Council authorized the temporary borrowing limit for 2009 in By-Law 95-08, and there was a balance owing as at December 31, 2009 of NIL, (2008 - NIL).

**c. Participation in Durham Municipal Insurance Pool**

The Corporation is a member of the Durham Municipal Insurance Pool ("DMIP"), which was created in July 2000. DMIP provides general liability insurance to 6 member municipalities.

Insurance premiums charged to each member municipality consist 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, 2009.

**d. Other Contingencies**

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

**e. Spending Commitments**

As part of the 2007 budget approval, Council approved a commitment to contribute \$500,000 to the Port Perry Hospital Foundation in equal annual instalments of \$100,000 per year until 2011. The annual expenditures will be funded from the community enhancement reserve.

As at December 31, 2009 the municipality was committed to the renovation and expansion of the Scugog Memorial Public Library and the construction of a parking facility. The estimated future cost to complete the project is \$7,185,000. The project is to be funded from the hydro reserve fund, development charge reserve fund, community enhancement fund, library fundraising and a Building Canada grant.

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

December 31, 2009

**12. Budget Amounts**

The 2009 Budget adopted by Council on February 23, 2009 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures treated all tangible capital expenditures as expenses and did not include amortization expense on tangible capital assets. As a result, the budget figures presented in the Statements of Operations and Change in Net Financial Assets represent the budget adopted by Council on February 23, 2009 with adjustments as follows:

	2009 budget adopted by Council	Non TCA expenditures from capital	2009 budget presented in statements
<b>Revenue</b>			
Taxation levied for own purposes	\$ 9,311,647	\$ -	\$ 9,311,647
User charges, licences and fines	1,891,500	-	1,891,500
Grants	3,472,373	-	3,472,373
Other	3,816,952	-	3,816,952
	<u>18,492,472</u>	-	<u>18,492,472</u>
<b>Expenditures</b>			
General government	2,348,230	75,822	2,424,052
Protection to persons and property	2,007,789	-	2,007,789
Transportation services	4,489,062	41,284	4,530,346
Environmental services	82,400	-	82,400
Health services	117,000	-	117,000
Recreation and cultural services	3,127,422	287,808	3,415,230
Planning and development	489,450	-	489,450
	<u>12,661,353</u>	<u>404,914</u>	<u>13,066,267</u>
Annual surplus	5,831,119	(404,914)	<u>\$ 5,426,205</u>
Capital expenditures	(4,969,597)	404,914	
Transfers from (to)reserve/reserve funds	22,407	-	
Debt repayment	(900,199)	-	
	<u>\$ (16,270)</u>	<u>\$ -</u>	
Budgeted use of prior year surplus	<u>\$ (16,270)</u>	<u>\$ -</u>	
<b>Consists of:</b>			
Scugog Memorial Public Library	\$ -		
Port Perry Central District BIA	-		
Community Halls	(16,270)		
Township of Scugog	-		
	<u>\$ (16,270)</u>		

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

**December 31, 2009**

**13. Reserves and Reserve Funds**

	2009	2008
<b>Revenues</b>		
Interest	\$ 120,342	\$ 245,063
Casino revenues	1,300,652	1,366,304
Net Transfers from (to) other funds	1,420,994 (1,133,471)	1,611,367 (1,204,380)
Change in Reserves and Reserve Funds	287,523	406,987
Opening Reserves and Reserve Funds	8,134,025	7,727,038
Closing Reserves and Reserve Funds	\$ 8,421,548	\$ 8,134,025
<b>Consists of:</b>		
Reserves set aside by Council		
for municipal projects	\$ 1,627,756	\$ 1,590,478
for library services	98,473	98,473
for working capital	1,200,000	1,200,000
	2,926,229	2,888,951
Reserve funds set aside by Council		
for community enhancement	1,809,048	1,573,409
from sale of Scugog Hydro	3,686,271	3,671,665
	5,495,319	5,245,074
Total Reserves and Reserve Funds	\$ 8,421,548	\$ 8,134,025

**Corporation of the Township of Scugog  
Notes to Consolidated Financial Statements  
December 31, 2009**

December 31, 2009

**14. Tangible Capital Assets**

	General Assets						Infrastructure Assets								
	Land Improvements	Buildings	Vehicles & Rolling Equipment	Furniture, Fixtures & Equipment	Computer Hardware & Software	Land	Land Improvements	Buildings	Vehicles & Rolling Equipment	Furniture, Fixtures & Equipment	Marine Road Network	Storm Water Network			
Cost, beginning of year	\$ 4,781,771	\$ 3,941,060	\$ 16,600,031	\$ 2,845,762	\$ 1,474,822	\$ 508,200	\$ 3,641,370	\$ 3,802,198	\$ 13,470	\$ 367,199	\$ 77,032,004	\$ 7,626,777	\$ 123,635,526		
Additions	733,783	326,707	837,179	123,734	432,264	79,007	231,291	382,051	-	-	2,003,257	503,474	5,652,747		
Disposals	-	-	-	-	(75,785)	-	(560)	(270,465)	-	-	(560,303)	-	(907,113)		
Cost, end of year	\$ 5,515,554	\$ 4,267,767	\$ 17,437,210	\$ 2,969,496	\$ 1,831,301	\$ 587,207	\$ 3,872,101	\$ 3,913,784	\$ 13,470	\$ 367,199	\$ 78,474,958	\$ 8,130,251	\$ 128,381,160		
Accumulated Amortization, beginning of year	-	\$ 1,986,393	\$ 4,223,805	\$ 1,254,698	\$ 660,767	\$ 306,946	-	\$ 289,298	\$ 373,291	\$ 1,720,113	\$ 6,062	\$ 152,220	\$ 39,000,994	\$ 1,066,962	\$ 51,041,549
Amortization	-	160,810	461,916	173,219	173,057	67,424	-	14,581	11,839	339,260	1,347	10,505	2,482,713	107,970	4,004,641
Disposals	-	-	-	-	(75,785)	-	-	(180,564)	-	-	(461,196)	-	(717,545)		
Accumulated Amortization, end of year	\$ -	\$ 2,147,203	\$ 4,685,721	\$ 1,427,917	\$ 758,039	\$ 374,370	\$ -	\$ 303,879	\$ 1,878,809	\$ 7,409	\$ 162,725	\$ 41,022,511	\$ 1,174,932	\$ 54,328,645	
Net book value, beginning of year	\$ 4,781,771	\$ 1,954,667	\$ 12,376,226	\$ 1,591,064	\$ 814,055	\$ 201,254	\$ 3,641,370	\$ 2,082,085	\$ 7,408	\$ 214,979	\$ 38,031,010	\$ 6,559,815	\$ 72,593,977		
Net book value, end of year	\$ 5,515,554	\$ 2,120,564	\$ 12,751,489	\$ 1,541,579	\$ 1,073,262	\$ 212,837	\$ 3,872,101	\$ 162,142	\$ 2,034,975	\$ 6,061	\$ 204,474	\$ 37,452,447	\$ 6,955,319	\$ 74,052,515	

**Corporation of the Township of Scugog  
Notes to Consolidated Financial Statements  
December 31, 2009**

December 31, 2009

**14. Tangible Capital Assets (Cont'd)**

	General Assets						Infrastructure Assets							
	Land Improvements	Buildings	Vehicles & Rolling Equipment	Furniture, Fixtures & Equipment	Computer Hardware & Software	Land	Land Improvements	Buildings	Vehicles & Rolling Equipment	Furniture, Fixtures & Equipment	Marine Road Network	Storm Water Network	2008	
Cost, beginning of year	\$ 4,781,771	\$ 16,530,255	\$ 2,437,933	\$ 1,399,366	\$ 437,565	\$ 3,641,370	\$ 453,590	\$ 547,272	\$ 3,439,674	\$ 13,470	\$ 367,199	\$ 76,629,094	\$ 7,539,686	\$ 122,016,130
Additions	-	143,175	69,776	407,829	147,564	-	-	-	565,450	-	-	2,291,558	87,091	3,783,078
Disposals	-	-	-	(72,108)	-	-	-	-	(202,926)	-	-	(1,888,648)	-	(2,163,682)
Cost, end of year	\$ 4,781,771	\$ 3,941,060	\$ 16,600,031	\$ 2,845,762	\$ 1,474,822	\$ 3,641,370	\$ 453,590	\$ 547,272	\$ 3,802,198	\$ 13,470	\$ 367,199	\$ 77,032,004	\$ 7,626,777	\$ 123,635,526
Accumulated Amortization, beginning of year	-	\$ 1,835,816	\$ 3,788,013	\$ 1,091,077	\$ 587,623	\$ 241,936	\$ 274,717	\$ 361,452	\$ 1,598,990	\$ 4,715	\$ 141,715	\$ 37,895,730	\$ 962,348	\$ 48,784,132
Amortization	-	150,577	435,792	163,621	145,252	65,010	14,581	11,839	318,943	1,347	10,505	2,457,376	104,614	3,879,457
Disposals	-	-	-	-	(72,108)	-	-	-	(197,820)	-	-	(1,352,112)	-	(1,622,040)
Accumulated Amortization, end of year	-	\$ 1,986,393	\$ 4,223,805	\$ 1,254,698	\$ 660,767	\$ 306,946	\$ 289,298	\$ 373,291	\$ 1,720,113	\$ 6,062	\$ 152,220	\$ 39,000,994	\$ 1,066,962	\$ 51,041,549
Net book value, beginning of year	\$ 4,781,771	\$ 1,962,069	\$ 12,742,242	\$ 1,346,856	\$ 811,743	\$ 3,641,370	\$ 178,873	\$ 185,820	\$ 1,840,684	\$ 8,755	\$ 225,484	\$ 38,733,364	\$ 6,577,338	\$ 73,231,998
Net book value, end of year	\$ 4,781,771	\$ 1,954,667	\$ 12,376,226	\$ 1,591,064	\$ 814,055	\$ 3,641,370	\$ 164,292	\$ 173,981	\$ 2,082,085	\$ 7,408	\$ 214,979	\$ 38,031,010	\$ 6,559,815	\$ 72,593,977

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## Corporation of the Township of Scugog Summary of Significant Accounting Policies

December 31, 2009

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### 14. Tangible Capital Assets (Cont'd)

The net book value of tangible capital assets not being amortized because they are under construction is \$2,028,794 (2008 - \$1,096,762).

The Municipality 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 financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

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### 15. Segmented Information

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

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

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

#### **General Government**

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

#### **Protection to Persons and Property**

Protection includes fire, emergency control and protective inspection.

#### **Planning and Public Works**

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

#### **Recreational and Cultural Services**

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

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Where revenues are not directly attributable to a segment, they are prorated as a percentage of the budget attributed to that segment.

## Corporation of the Township of Scugog Summary of Significant Accounting Policies

December 31, 2009

### 15. Segmented Information Continued

For the year ended December 31	General government	Protection to persons and property	Planning and public works	Recreational and cultural services	Unallocated	2009 Total
<b>Revenue</b>						
Taxation	\$ 1,390,937	\$ 1,754,272	\$ 4,452,713	\$ 1,735,433	\$ -	\$ 9,333,355
User charges, licences and fines	150,220	245,702	147,349	1,301,361	-	1,844,632
Government of Canada grants	793	-	1,377,478	258,970	-	1,637,241
Province of Ontario grants	1,339,000	-	1,323,809	275,861	-	2,938,670
Other municipality grants	-	5,893	-	-	-	5,893
Casino revenues	325,163	130,065	520,261	325,163	-	1,300,652
Developer contributions	19,496	96,703	703,225	552,867	-	1,372,291
Investment income	84,979	4,730	315	15,533	80,605	186,162
Penalties and interest on taxes	93,005	117,301	297,734	116,041	-	624,081
Donations and other	-	1,000	16,427	83,388	-	100,815
Gain (loss) on disposition of assets	-	-	(128,982)	-	-	(128,982)
	<u>3,403,593</u>	<u>2,355,666</u>	<u>8,710,329</u>	<u>4,664,617</u>	<u>80,605</u>	<u>19,214,810</u>
<b>Expenses</b>						
Salaries and benefits	1,140,972	1,379,122	1,748,771	1,843,468	-	6,112,333
Materials, supplies and services	805,083	392,010	3,055,762	1,348,411	-	5,601,266
Contracted services	162,461	148,870	210,234	42,460	-	564,025
Interest and financial expenses	102,624	-	52,730	26,861	-	182,215
Amortization expense	277,280	197,970	2,975,342	554,049	-	4,004,641
Transfers to other entities	111,257	-	-	30,840	-	142,097
	<u>2,599,677</u>	<u>2,117,972</u>	<u>8,042,839</u>	<u>3,846,089</u>	<u>-</u>	<u>16,606,577</u>
<b>Accumulated surplus</b>	<b>\$ 803,916</b>	<b>\$ 237,694</b>	<b>\$ 667,490</b>	<b>\$ 818,528</b>	<b>\$ 80,605</b>	<b>\$ 2,608,233</b>

**Corporation of the Township of Scugog  
Summary of Significant Accounting Policies**

December 31, 2009

**15. Segmented Information Continued**

For the year ended December 31	General government	Protection to persons and property	Planning and public works	Recreational and cultural services	Unallocated	2008 Total
<b>Revenue</b>						
Taxation	\$ 1,449,808	\$ 1,595,680	\$ 4,358,639	\$ 1,703,575	\$ -	9,107,702
User charges, licences and fines	78,677	373,637	177,306	1,176,445	-	1,806,065
Government of Canada grants	-	-	329,369	9,393	-	338,762
Province of Ontario grants	1,331,647	-	587,260	86,775	-	2,005,682
Other municipality grants	-	5,082	-	-	-	5,082
Casino revenues	341,576	136,630	546,522	341,576	-	1,366,304
Developer contributions	-	200,000	1,504,698	355,703	-	2,060,401
Investment income	114,224	4,596	945	10,015	166,497	296,277
Penalties and interest on taxes	99,829	109,873	300,122	117,303	-	627,127
Donations and other	-	-	7,348	59,472	-	66,820
Gain (loss) on disposition of assets	-	(468,845)	672	-	-	(468,173)
	<u>3,415,761</u>	<u>1,956,653</u>	<u>7,812,881</u>	<u>3,860,257</u>	<u>166,497</u>	<u>17,212,049</u>
<b>Expenses</b>						
Salaries and benefits	1,247,919	1,321,624	1,706,410	1,765,957	-	6,041,910
Materials, supplies and services	742,479	408,663	2,781,149	1,359,678	-	5,291,969
Contracted services	40,649	124,596	333,144	30,720	-	529,109
Interest and financial expenses	129,240	-	60,510	38,956	-	228,706
Amortization expense	258,304	171,221	2,924,416	525,516	-	3,879,457
Transfers to other entities	157,668	-	-	31,987	-	189,655
	<u>2,576,259</u>	<u>2,026,104</u>	<u>7,805,629</u>	<u>3,752,814</u>	<u>-</u>	<u>16,160,806</u>
<b>Accumulated surplus</b>	<b>\$ 839,502</b>	<b>\$ (69,451)</b>	<b>\$ 7,252</b>	<b>\$ 107,443</b>	<b>\$ 166,497</b>	<b>\$ 1,051,243</b>

Corporation of the Township of Scugog

Scugog Memorial Public Library

Financial Statements

For the year ended December 31, 2009

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**Auditors' Report**

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

We have audited the statement of financial position of The Corporation of the Township of Scugog Memorial Public Library Board as at December 31, 2009 and the statements of operations, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Library Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many non-profit organizations, the Public Library Board derives part of its revenue from the general public in the form of donations and fundraising revenues, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to accounting for the amounts recorded in the records of the Public Library Board and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, net expenditures, assets or fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations and fundraising revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Scugog Memorial Public Library of the Corporation of the Township of Scugog as at December 31, 2009 and the results of its operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants, Licensed Public Accountants

Lindsay, Ontario  
April 6, 2010

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

December 31	2009	2008
		Restated (See Note 1)
<b>Financial assets</b>		
Cash	\$ 262,096	\$ 143,638
Short-term deposits	-	100,000
Accounts receivable	2,607	3,949
Receivable from Township of Scugog	-	1,605
	<u>264,703</u>	<u>249,192</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	58,282	57,623
Deferred revenue (Note 5)	108,452	97,508
Payable to Township of Scugog	6	-
	<u>166,740</u>	<u>155,131</u>
<b>Net financial assets</b>	<u>97,963</u>	<u>94,061</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 7)	198,901	215,020
Prepaid expenses	16,347	15,237
	<u>215,248</u>	<u>230,257</u>
<b>Accumulated Surplus</b>	<u>\$ 313,211</u>	<u>\$ 324,318</u>

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**

<b>For the year ended December 31</b>	<b>Budget</b>	<b>2009</b>	<b>2008</b>
	(Note 3)		Restated (See Note 1)
<b>Revenues</b>			
Contributions from Township of Scugog			
- operating	\$ 400,500	\$ 407,548	\$ 385,116
Fines and fees	32,500	32,591	30,992
Province of Ontario Grants			
- operating	59,757	59,757	59,757
Federal Employment Development Grant	-	2,070	-
Fundraising and donations	20,000	20,172	32,962
Other	14,800	13,872	15,571
	<u>527,557</u>	<u>536,010</u>	<u>524,398</u>
<b>Expenses</b>			
Acquisitions	13,968	12,153	22,647
Administration	27,945	27,097	26,173
Amortization	-	62,121	66,882
Building	17,422	21,114	15,985
Contribution to Township of Scugog	-	2,997	7,492
Information technology	31,366	27,621	27,283
Salaries and benefits	358,106	375,628	336,032
Utilities	15,050	11,460	12,944
Other	5,300	6,926	19,625
	<u>469,157</u>	<u>547,117</u>	<u>535,063</u>
<b>Annual surplus (deficit)</b>	<u>58,400</u>	<u>(11,107)</u>	<u>(10,665)</u>
<b>Accumulated surplus, beginning of the year, as previously stated</b>	313,211	324,318	103,473
<b>Prior period adjustment (Note 1)</b>	-	-	231,510
<b>Accumulated surplus, beginning of year, restated</b>	<u>313,211</u>	<u>324,318</u>	<u>334,983</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 371,611</u>	<u>\$ 313,211</u>	<u>\$ 324,318</u>

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

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

<b>For the year ended December 31</b>	<b>Budget</b>	<b>2009</b>	<b>2008</b>
			Restated (See Note 1)
Annual surplus (deficit)	\$ 58,400	\$ (11,107)	\$ (10,665)
Acquisition of tangible capital assets	(58,400)	(46,002)	(55,362)
Amortization of tangible capital assets	-	62,121	66,882
	-	5,012	855
Acquisition of prepaid expenses	-	(16,347)	(15,237)
Use of prepaid expenses	-	15,237	14,408
	-	(1,110)	(829)
<b>Net change in net financial assets</b>	<b>-</b>	<b>3,902</b>	<b>26</b>
Net financial assets, beginning of year as previously stated	94,061	94,061	103,473
Prior period adjustment (Note 1)	-	-	(9,438)
Net financial assets, beginning of year restated	94,061	94,061	94,035
<b>Net financial assets, end of year</b>	<b>\$ 94,061</b>	<b>\$ 97,963</b>	<b>\$ 94,061</b>

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 Cash Flows**

<u>For the year ended December 31</u>	<u>2009</u>	<u>2008</u>
		Restated (See Note 1)
<b>Cash flows from operating activities</b>		
Annual surplus (deficit) (Page 28)	\$ (11,107)	\$ (10,665)
<b>Items not involving cash</b>		
Amortization	<u>62,121</u>	<u>66,882</u>
	<u>51,014</u>	<u>56,217</u>
<b>Uses</b>		
Increase in accounts receivable	-	(250)
Increase in receivable from Township of Scugog	-	(1,494)
Increase in short term investments	-	(100,000)
Increase in prepaid expenses	<u>(1,111)</u>	<u>(830)</u>
	<u>(1,111)</u>	<u>(102,574)</u>
<b>Sources</b>		
Decrease in accounts receivable	1,343	-
Decrease in receivable from Township of Scugog	1,611	-
Decrease in short term investments	100,000	-
Increase in accounts payable	659	5,136
Increase in deferred revenue	<u>10,944</u>	<u>97,508</u>
	<u>114,557</u>	<u>102,644</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	<u>(46,002)</u>	<u>(55,362)</u>
<b>Net change in cash</b>	<b>118,458</b>	<b>925</b>
Cash, beginning of year	<u>143,638</u>	<u>142,713</u>
<b>Cash, end of year</b>	<b>\$ 262,096</b>	<b>\$ 143,638</b>

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

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

**For the year ended December 31, 2009**

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<b>Management Responsibility</b>	The financial statements of the Scugog Memorial Public Library of the Corporation of the Township of Scugog are the representation of management 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 Canadian Institute of Chartered Accountants.
<b>Basis of Accounting</b>	The focus of these financial statements is on the financial position of the Library Board and the changes thereto. The statement of financial position includes all the financial assets and liabilities of the Board. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position and is the difference between financial assets and liabilities. This provides information about the Board's overall future revenue requirements and its ability to finance activities and meet its obligations.
<b>Use of Estimates</b>	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.
<b>Revenue Recognition</b>	<p>The Library receives revenue from a variety of sources and applies the following recognition policies:</p> <ul style="list-style-type: none"><li>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.</li><li>b) Fee and fine revenue is recognized when the cash is collected.</li><li>c) Revenue from donations and fundraising events is recognized when the cash is collected.</li></ul>

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

**For the year ended December 31, 2009**

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**Deferred Revenue**                      Deferred revenues represent grants 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**              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:

Library collections	7 years
Computer hardware	5 years
Furniture and fixtures	10 years

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

**For the year ended December 31, 2009**

**1. Change in Accounting Policy**

On January 1, 2009, The Corporation of the Township of Scugog Memorial Public Library Board adopted revised Public Sector Accounting Standards: Section 1000 - Financial Statement Concepts, Section 1100 - Financial Statement Objectives, Section 1200 - Financial Statement Presentation and Section 3150 - Tangible Capital Assets. As a result of the adoption, the presentation of the financial statements changed from the prior year. The standards require the recognition of all non-financial assets including tangible capital assets, prepaid expenses and inventories of supplies as assets in the financial statements. This has created the need to adjust the prior period accounts payable and accrued liabilities in order to properly recognize the full prepaid balance. In addition, amortization on tangible capital assets was recorded in the statement of operations. This change in accounting policy has been applied retroactively with the restatement of the prior period. The impact of adopting the new standards was as follows:

	2008
<u>Statement of Financial Position</u>	
Increase in non-financial assets	\$ 230,257
Increase in opening accounts payable and accrued liabilities	(9,438)
Increase in closing accounts payable and accrued liabilities	(497)
	(9,935)
<b>Increase in accumulated surplus</b>	<b>\$ 220,322</b>
<u>Statement of Operations</u>	
Increase (decrease) in expenses	
Acquisitions	\$ (55,324)
Amortization expense	66,882
Information technology	166
Other	(536)
Total increase in expenses	\$ 11,188
<b>Decrease in annual surplus</b>	<b>\$ (11,188)</b>
<b>Increase in opening accumulated surplus</b>	<b>\$ 231,510</b>

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

**For the year ended December 31, 2009**

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**2. Employee Benefits Payable**

**a. Vacation payable**

Vacation pay owing at December 31, 2009 of \$22,653 (2008 - \$16,784) has been funded from operations and included in liabilities on the statement of financial position.

**b. Pension agreement**

The municipality 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 municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

OMERS provides pension services to more than 390,000 active and retired members and approximately 921 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, 2009. The results of this valuation disclosed total actuarial liabilities of \$54,253 million in respect of benefits accrued for service with actuarial assets at that date of \$52,734 million indicating an actuarial deficit of \$1,519 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 2009 were \$18,357 (2008 - \$14,664).

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

**For the year ended December 31, 2009**

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**3. Budget Figures**

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

	<u>2009</u>
Budget surplus for the year	\$ -
Add:	
Capital expenditures	<u>58,400</u>
Budget surplus per statement of operations	<u>\$ 58,400</u>

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**4. Development Charges Balance Held by Township**

The Township holds \$151,481 (2008 - \$144,652) of 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 and are reported in the Township's financial statements only.

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**5. Deferred Revenue**

The Township received \$13,941 in donations in 2009 (\$105,000 in 2008) to be spent on library expansion. In 2009, \$2,997 was spent (\$7,493 was spent in 2008).

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**6. Subsequent Events**

Subsequent to year end, the Scugog Memorial Public Library transferred funds in the amount of \$193,087 to the Township and is to be used towards the expansion project.

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

For the year ended December 31, 2009

7. Tangible Capital Assets

	Book Collection	Computer Hardware	Furniture & Fixtures	2009
Cost beginning of year	\$ 506,261	\$ 13,547	\$ 12,168	\$ 531,976
Additions during the year	46,002	-	-	46,002
Disposals during the year	(75,785)	-	-	(75,785)
Cost end of the year	<u>476,478</u>	<u>13,547</u>	<u>12,168</u>	<u>502,193</u>
Accumulated amortization beginning of year	300,504	12,193	4,259	316,956
Amortization expense	59,550	1,354	1,217	62,121
Accumulated amortization of disposals	(75,785)	-	-	(75,785)
Accumulated amortization end of year	<u>284,269</u>	<u>13,547</u>	<u>5,476</u>	<u>303,292</u>
Net book value beginning of year	<u>205,757</u>	<u>1,354</u>	<u>7,909</u>	<u>215,020</u>
Net book value end of year	<u>\$ 192,209</u>	<u>\$ -</u>	<u>\$ 6,692</u>	<u>\$ 198,901</u>

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

For the year ended December 31, 2009

**7. Tangible Capital Assets (Cont'd)**

	Book Collection	Computer Hardware	Furniture & Fixtures	2008
Cost beginning of year	\$ 512,462	\$ 13,547	\$ 12,168	\$ 538,177
Additions during the year	55,362	-	-	55,362
Disposals during the year	(61,563)	-	-	(61,563)
Cost end of the year	<u>506,261</u>	<u>13,547</u>	<u>12,168</u>	<u>531,976</u>
Accumulated amortization beginning of year	299,112	9,483	3,042	311,637
Amortization expense	62,955	2,710	1,217	66,882
Accumulated amortization of disposals	(61,563)	-	-	(61,563)
Accumulated amortization end of year	<u>300,504</u>	<u>12,193</u>	<u>4,259</u>	<u>316,956</u>
Net book value beginning of year	<u>213,350</u>	<u>4,064</u>	<u>9,126</u>	<u>226,540</u>
Net book value end of year	<u>\$ 205,757</u>	<u>\$ 1,354</u>	<u>\$ 7,909</u>	<u>\$ 215,020</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.

**Corporation of the Township of Scugog**

**Trust Funds**

**Financial Statements**

For the year ended December 31, 2009

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**Auditors' Report**

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

We have audited the statement of financial position of the Trust Funds of the Corporation of the Township of Scugog as at December 31, 2009 and the statement of continuity for the year then ended. These financial statements are the responsibility of the municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many non-profit organizations, the trust funds of the Corporation of the Township of Scugog derive part of their revenue from the general public in the form of donations and fund-raising revenues, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to accounting for the amounts recorded in the records of the Township and we were not able to determine whether any adjustments might be necessary to donation and fund-raising revenues, assets or fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations and fund-raising revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the Township of Scugog as at December 31, 2009 and their continuity for the year then ended, in accordance with Canadian generally accepted accounting principles.



Chartered Accountants, Licensed Public Accountants

Lindsay, Ontario  
May 20, 2010

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

**Statement of Financial Position**

December 31	Gregg Cemetery	Subdivider Trust	Ontario Home Renewal Program	Kent Farndale Art Bursary	Cartwright Minor Ball Trust	Total Trusts 2009	Total Trusts 2008
<b>Assets</b>							
Cash	\$ 600	\$ -	\$ 17	\$ 851	\$ -	\$ 1,468	\$ 1,860
Investments - at cost	13,399	-	-	7,463	8,729	29,591	30,858
Due from Township of Scugog	-	24,927	-	-	-	24,927	24,455
Interest receivable	110	-	-	-	-	110	168
Mortgages receivable	-	-	15,962	-	-	15,962	15,962
<b>Fund Balances</b>	\$ 14,109	\$ 24,927	\$ 15,979	\$ 8,314	\$ 8,729	\$ 72,058	\$ 73,303

**Statement of Continuity**

For the year ended December 31	2009		2008	
<b>Balance, beginning of year</b>	\$ 15,484	\$ 24,438	\$ 15,979	\$ 8,693
<b>Revenues</b>				
Donations	-	-	-	600
Interest earned	396	489	-	21
	396	489	-	621
<b>Expenditures</b>				
Maintenance	1,771	-	-	-
Bursaries	-	-	-	1,000
	1,771	-	-	1,000
<b>Balance, end of year</b>	\$ 14,109	\$ 24,927	\$ 15,979	\$ 8,314
				\$ 8,729
				\$ 72,058
				\$ 73,303

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

December 31, 2009

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**1. Basis of Accounting**

Capital receipts are reported on the cash basis of accounting. Interest income is reported on the accrual basis of accounting.

Expenditures are reported on the cash basis of accounting with the exception of administrative expenses, which 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.

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**2. Gregg Cemetery**

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

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**3. Subdivider Trust**

These funds represent cash provided as security for development work or funds held on behalf of others as part of development transactions.

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**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.

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**5. Kent Farndale Art Bursary**

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

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**6. Cartwright Minor Ball Trust**

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

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**7. Investments**

The investments include GICs and money market funds from Chartered Banks. The investments are reported at cost and have a market value of \$29,680 as at December 31, 2009. GICs mature in 2010 and 2011 and earn interest at rates ranging from 2% to 2.05%.

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

Financial Statements

For the year ended December 31, 2009

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## Auditors' Report

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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

We have audited the statement of financial position of the Port Perry Central District Business Improvement Area Board of the Corporation of the Township of Scugog as at December 31, 2009 and the statement of operations and change in net financial assets for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many non-profit organizations, the Port Perry Central District Business Improvement Area Board of the Corporation of the Township of Scugog derives revenue from fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to fundraising and other revenue, accumulated surplus and financial assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary if we had been able to satisfy ourselves concerning the completeness of the fundraising revenue referred to in the preceeding paragraph, these financial statements present fairly, in all material respects, the financial position of the Port Perry Central District Business Improvement Area Board of the Corporation of the Township of Scugog as at December 31, 2009 and the results of its operations for the year then ended, in accordance with Canadian generally accepted accounting principles.



Chartered Accountants, Licensed Public Accountants

Lindsay, Ontario  
May 26, 2010

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

December 31	2009	2008
		Restated (see Note 1)
<b>Assets</b>		
Cash	\$ 10,951	\$ 7,536
Receivable from Township of Scugog	4,865	4
Accounts receivable	1,398	5,135
	<u>17,214</u>	<u>12,675</u>
 <b>Non-financial assets</b>		
Tangible capital assets (Note 7)	<u>42,277</u>	39,755
 <b>Accumulated surplus</b>	 <u>\$ 59,491</u>	 <u>\$ 52,430</u>

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

<b>For the year ended December 31</b>	<b>Budget 2009</b>	<b>Actual 2009</b>	<b>Actual 2008</b>
	(Note 5)		Restated (see Note 1)
<b>Revenues</b>			
Township of Scugog - taxation	\$ 135,000	\$ 135,000	\$ 135,000
Co-op advertising revenue	-	19,660	11,513
Miscellaneous revenue	-	6,005	4,054
	<u>135,000</u>	<u>160,665</u>	<u>150,567</u>
<b>Expenses</b>			
Advertising	15,000	34,887	19,823
Amortization	-	6,090	4,809
Area development	16,400	14,270	16,052
Christmas promotions	-	8,690	29,822
Communications	5,000	2,006	2,966
Miscellaneous	-	97	885
Office, meetings and insurance	35,000	43,299	39,649
Other promotions	20,000	24,997	-
Parking lot taxes	-	5,451	5,451
Repairs and maintenance	15,000	4,507	-
Special project	20,000	9,310	21,194
	<u>126,400</u>	<u>153,604</u>	<u>140,651</u>
<b>Annual surplus</b>	<u>8,600</u>	<u>7,061</u>	<u>9,916</u>
<b>Accumulated surplus, beginning of the year, as previously stated</b>	52,430	52,430	14,958
<b>Prior period adjustment (Note 1)</b>	-	-	27,556
<b>Accumulated surplus, beginning of year, restated</b>	<u>52,430</u>	<u>52,430</u>	<u>42,514</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 61,030</u>	<u>\$ 59,491</u>	<u>\$ 52,430</u>

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

**Corporation of the Township of Scugog  
Public Library Board  
Statement of Change in Net Financial Assets**

<u>For the year ended December 31</u>	<u>Budget</u>	<u>2009</u>	<u>2008</u>
	(Note 5)		Restated (see Note 1)
Annual surplus	\$ 8,600	\$ 7,061	\$ 9,916
Acquisition of tangible capital assets	(8,600)	(8,612)	(17,008)
Amortization of tangible capital assets	-	6,090	4,809
<b>Net change in net financial assets</b>	-	<b>4,539</b>	<b>(2,283)</b>
Net financial assets, beginning of year	12,675	12,675	14,958
<b>Net financial assets, end of year</b>	<b>\$ 12,675</b>	<b>\$ 17,214</b>	<b>\$ 12,675</b>

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

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

**December 31, 2009**

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<b>Nature of Business</b>	The Board is controlled by Council representing the Corporation of the Township of Scugog, with the goal of promoting the Port Perry downtown business area.		
<b>Management Responsibility</b>	The consolidated financial statements of the Board are the representation of management prepared in accordance with accounting policies and standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.		
<b>Basis of Accounting</b>	<p>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.</p> <p>The focus of PSAB financial statements is on the financial position of the Board and the changes thereto. The Statement of Financial Position includes all the assets and liabilities of the Board. 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 Board's overall future revenue requirements and its ability to finance activities and meet its obligations. Non-financial assets are normally used to deliver services. Their value lies with their service potential rather than their ability to generate future cash inflows. They form part of the financial position as they provide resources that the government can employ in the future to meet its objectives. The accumulated surplus is made up of the combination of net financial assets and non-financial assets.</p>		
<b>Tangible Capital Assets</b>	<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 &amp; Equipment</td><td style="text-align: right;">10 years</td></tr></table>	Furniture, Fixtures & Equipment	10 years
Furniture, Fixtures & Equipment	10 years		
<b>Use of Estimates</b>	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 include the tangible capital asset policies noted above.		

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

**December 31, 2009**

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**Revenue Recognition**

The Business Improvement Area receives revenue from a variety of sources and applies the following revenue recognition policies:

- a) Taxation revenue is recognized in the calendar year it is raised from ratepayers by the Township.
- b) Revenue from donations and events is recognized when the cash is collected. These funds are subsequently donated to local charitable organizations.
- c) Revenue from advertising reimbursements is recognized as earned. This revenue represents a recovery of advertising costs incurred.

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

**December 31, 2009**

**1. Change in Accounting Policy**

On January 1, 2009, The Corporation of the Township of Scugog Port Perry Central District Business Improvement Area Board adopted revised Public Sector Accounting Standards: Section 1000 - Financial Statement Concepts, Section 1100 - Financial Statement Objectives, Section 1200 - Financial Statement Presentation and Section 3150 - Tangible Capital Assets. As a result of the adoption, the presentation of the financial statements changed from the prior year. The standards require the recognition of all non-financial assets including tangible capital assets, prepaid expenses and inventories of supplies as assets in the financial statements. In addition, amortization on tangible capital assets was recorded in the statement of operations. This change in accounting policy has been applied retroactively with the restatement of the prior period. The impact of adopting the new standards was as follows:

	2008
<u>Statement of Financial Position</u>	
Increase in non-financial assets	\$ 39,755
Decrease in receivable from Township of Scugog	(672)
<b>Increase in accumulated surplus</b>	<b>\$ 39,083</b>
<u>Statement of Operations</u>	
Increase (decrease) in expenses	
Area development	(4,207)
Amortization expense	4,809
Information technology	(12,129)
<b>Total decrease in expenses</b>	<b>\$ (11,527)</b>
<b>Increase in annual surplus</b>	<b>\$ 11,527</b>
<b>Increase in opening accumulated surplus</b>	<b>\$ 27,556</b>

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**Corporation of the Township of Scugog  
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**December 31, 2009**

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**2. Scugog Visitor and Business Centre Partnership**

In 2006, the Township of Scugog entered into a 5 year lease for office space and completed leasehold improvements for the joint operation of the Scugog Visitor and Business Centre with contributions from the municipality, Chamber of Commerce and BIA. In addition, a partnership has been created whereby the three partners contribute approximately equal shares of the Scugog Visitor and Business Centre costs as follows:

- The Township pays for the office space and related leasehold improvements
- The BIA reimburses the Chamber of Commerce for 50% of staff and office supply costs

The BIA financial statements reflect its financial contribution made for staff and office costs as part of Office expense. These contributions for January 1, 2009 to March 30, 2009 totalled approximately \$10,100 (January 1 to December 31, 2008 - \$37,300). This agreement was terminated on March 30, 2009. See Note 3.

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**3. Lease Agreement**

On March 30, 2009 the Scugog BIA relocated and thereby ended their previous partnership with the Township of Scugog and Scugog Chamber of Commerce (Note 2). At that time the Scugog BIA and the Scugog Chamber of Commerce entered a new sub-lease agreement with the United Way Oshawa Whitby Clarington Brock & Scugog. The sub-lease agreement is for one year with an automatic renewal. The monthly lease cost to be shared by Scugog BIA and Scugog Chamber of Commerce is \$750.

As with the previous agreement, the BIA reimburses the Chamber of Commerce for 50% of staff and office supply costs

The BIA financial statements reflect its financial contribution made for staff and office costs as part of Office expense. These contributions for April 1, 2009 to December 31, 2009 totalled approximately \$32,200.

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**4. Prior Year Comparative Figures**

Comparative figures have been reclassified to conform to the current year presentation and statement format.

**Corporation of the Township of Scugog  
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**5. Budget Amounts**

The budget approved for submission to council on January 27, 2009 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the budget approved for submission to council on January 27, 2009 with adjustments as follows:

		2009
Budget surplus for the year	\$	-
Add:		
Capital expenditures		8,600
Budget surplus per statement of operations	\$	8,600

**6. Statement of Cash Flows**

A Statement of Cash Flows is not presented since the cash flow information is readily apparent from other financial statements.

**7. Tangible Capital Assets**

**Furniture, Fixtures & Equipment**

		2009		2008
Cost beginning of year	\$	56,598	\$	50,135
Additions during the year		8,612		17,008
Disposals during the year		-		(10,545)
		-		(10,545)
Cost end of the year	\$	65,210	\$	56,598
Accumulated amortization beginning of year	\$	16,843	\$	22,579
Amortization expense		6,090		4,809
Accumulated amortization of disposals		-		(10,545)
		-		(10,545)
Accumulated amortization end of year	\$	22,933	\$	16,843
Net book value beginning of year	\$	39,755	\$	27,556
Net book value end of year	\$	42,277	\$	39,755