

Corporation of the Township of Scugog

Consolidated Financial Statements

For the year ended December 31, 2021

Corporation of the Township of Scugog

Financial Statements

For the year ended December 31, 2021

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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, 2021, 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, 2021, 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
May 30, 2022

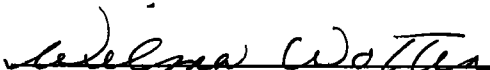
**Corporation of the Township of Scugog
Consolidated Statement of Financial Position**

December 31	2021	2020
Financial assets		
Cash and cash equivalents (Note 4)	\$ 27,910,957	\$ 23,739,855
Restricted cash (Note 3)	11,118,387	5,424,096
Taxes receivable	3,517,201	3,920,341
Accounts receivable (Note 5)	1,471,450	1,701,253
Inventory for resale	1,952	1,334
	44,019,947	34,786,879
Liabilities		
Accounts payable and accrued expenses	2,899,449	2,856,255
Deferred revenue (Note 6)	12,050,339	7,372,466
Deposits	5,336,729	2,796,683
Employee future amounts payable (Note 7)	693,061	689,933
Municipal debt (Note 8)	1,303,467	1,404,275
Capital lease obligation (Note 8)	244,326	268,908
	22,527,371	15,388,520
Net financial assets	21,492,576	19,398,359
Contingent Liabilities and Commitments (Note 10)		
Non-financial assets		
Tangible capital assets (Note 15)	75,607,939	75,782,937
Work in progress (Note 15)	7,443,069	6,880,439
Inventories of supplies	325,781	255,887
Prepaid expenses	249,195	237,303
	83,625,984	83,156,566
Accumulated surplus (Note 9)	\$ 105,118,560	\$ 102,554,925
COVID-19 (Note 11)		

On behalf of Council



Mayor/Councillor



Mayor/Councillor

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

Corporation of the Township of Scugog Consolidated Statement of Operations

For the year ended December 31	Budget 2021 (Note 13)	Actual 2021	Actual 2020
Revenues			
Taxation levied for own purposes (Note 2)	\$ 14,354,800	\$ 15,008,519	\$ 13,753,068
User charges, licences and fines	3,300,200	2,618,419	2,562,269
Grants			
Government of Canada	962,500	755,760	1,468,039
Province of Ontario	1,477,900	2,443,794	2,544,146
Other Municipalities	15,200	28,641	31,141
Other			
Casino revenues	-	941,619	927,704
Developer contributions earned (Note 6)	1,110,100	345,982	135,775
Investment income	165,000	196,821	262,042
Penalties and interest on taxes	540,300	544,150	483,957
Donations and other	21,600	135,671	679,248
Contribution from others			
- tangible capital assets (Note 15)	14,300	-	-
Gain on disposition of tangible capital assets	-	673,733	(170,484)
	21,961,900	23,693,109	22,676,905
Expenses			
General government	3,138,400	3,858,550	3,091,371
Protection to persons and property	2,749,000	2,891,075	2,706,249
Transportation services	5,431,900	9,123,183	9,345,459
Environmental services	132,400	163,095	93,319
Recreational and cultural services	4,083,600	4,206,080	3,696,263
Planning and development	750,800	887,491	809,200
	16,286,100	21,129,474	19,741,861
Annual surplus	5,675,800	2,563,635	2,935,044
Accumulated surplus, beginning of year	102,554,925	102,554,925	99,619,881
Accumulated surplus, end of year	\$ 108,230,725	\$ 105,118,560	\$ 102,554,925

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 2021 (Note 13)	Actual 2021	Actual 2020
Annual surplus	\$ 5,675,800	\$ 2,563,635	\$ 2,935,044
Acquisition of tangible capital assets	(4,470,200)	(4,405,358)	(5,875,650)
Amortization of tangible capital assets	-	4,517,018	4,376,385
Gain (loss) on disposition of tangible capital assets	-	(673,733)	170,484
Proceeds on disposal of tangible capital assets	-	737,070	14,430
	<u>1,205,600</u>	<u>2,738,632</u>	<u>1,620,693</u>
Acquisition of work in progress	-	(953,397)	(924,452)
Transfer of work in progress to tangible capital assets	-	390,768	3,332,539
	-	<u>(562,629)</u>	<u>2,408,087</u>
Acquisition of inventory of supplies	-	(325,781)	(255,887)
Use/consumption of inventory of supplies	-	255,887	297,954
Acquisition of prepaid expenses	-	(249,195)	(237,303)
Use/consumption of prepaid expenses	-	237,303	282,013
	-	<u>(81,786)</u>	<u>86,777</u>
Net change in net financial assets	1,205,600	2,094,217	4,115,557
Net financial assets, beginning of year	19,398,359	19,398,359	15,282,802
Net financial assets, end of year	\$ 20,603,959	\$ 21,492,576	\$ 19,398,359

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 2021	Actual 2020
Cash flows from operating activities		
Annual surplus (Page 6)	\$ 2,563,635	\$ 2,935,044
Items not involving cash		
Amortization	4,517,018	4,376,385
Gain on disposition of tangible capital assets	(673,733)	170,484
	<u>6,406,920</u>	<u>7,481,913</u>
Uses		
Increase in taxes receivable	-	(195,830)
Increase in inventory for resale	(618)	-
Decrease in accounts payable and accrued expenses	-	(1,211,991)
Increase in inventories of supplies	(69,894)	-
Increase in prepaid expenses	(11,894)	-
Sources		
Decrease in accounts receivable	229,803	376,360
Decrease in taxes receivable	403,141	-
Increase in accounts payable and accrued expenses	43,195	-
Increase in other liabilities	2,540,046	277,328
Increase in deferred revenue	4,677,873	1,636,587
Decrease in land held for resale	-	263
Decrease in inventories of supplies	-	42,067
Decrease in prepaid expenses	-	44,710
	<u>14,218,572</u>	<u>8,451,407</u>
Cash flows from capital transactions		
Acquisition of tangible capital assets	(4,405,358)	(5,875,650)
Decrease/(increase) in work in process	(562,629)	2,408,087
Proceeds on disposal of tangible capital assets	737,070	14,430
	<u>(4,230,917)</u>	<u>(3,453,133)</u>
Cash flows from financing activities		
Principal payments on capital lease obligations	(24,582)	(21,129)
Increase (decrease) in restricted cash	(5,694,291)	(2,210,328)
Principal payments on debt	(100,808)	(98,798)
Increase (decrease) in employee future amounts payable	3,128	(25,159)
	<u>(5,816,553)</u>	<u>(2,355,414)</u>
Net change in cash and cash equivalents	4,171,102	2,642,860
Opening cash and cash equivalents	23,739,855	21,096,995
Closing cash and cash equivalents (Note 4)	\$ 27,910,957	\$ 23,739,855

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, 2021

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, 2021

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
Seagrave Hall Committee
Caesarea Hall Committee
Scugog Island Hall Committee
Latcham Centre Committee

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

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

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

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

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

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

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

Cash and Cash Equivalents Cash and cash equivalents consist of bank balances and investments in money market instruments with maturities of three months or less, and is net of any temporary borrowings for current purposes. Composition of the balance and restricted amounts are disclosed in Note 4.

Corporation of the Township of Scugog Summary of Significant Accounting Policies

December 31, 2021

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

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

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

Pension Agreement The Township is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Township has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles.

Corporation of the Township of Scugog Summary of Significant Accounting Policies

December 31, 2021

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

- a) Actuarial cost method:
Accrued benefit obligations are computed using the projected benefit method prorated on service, as defined in PSAB 3250 and PSAB 3255. The objective under this method is to expense each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement. Under this method an equal portion of total estimated future benefit is attributed to each year of service.
- b) Funding policy:
The non-pension post retirement and post employment benefits are funded on a pay-as-you-go basis (except as noted in Note 7). The Township funds on a cash basis as benefits are paid. No assets have been formally segregated and restricted to provide the non-pension retirement and post employment benefits.
- c) Accounting policies:
Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life ('EARSL') (expected remaining payment period in respect of the retiring allowance) of members expected to receive benefits under the plan, with amortization commencing in the period following the determination of the gain or loss. Obligations are attributed to the period beginning on the member's date of hire and ending on the expected date of termination, death or retirement, depending on the benefit value. The Township's fiscal year-end is December 31 and the measurement date of the Township's obligation is such.

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

Corporation of the Township of Scugog Summary of Significant Accounting Policies

December 31, 2021

Revenue Recognition

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

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

Government Transfers

Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.

Corporation of the Township of Scugog Notes to Consolidated Financial Statements

December 31, 2021

1. Trust Funds

Trust funds administered by the Township amounting to \$48,599 (2020 - \$48,084) have not been included in the Consolidated Statement of Financial Position nor have operations been included in the Consolidated Statement of Operations. Separate schedules of the trust funds have been prepared. A summary of the balances is as follows:

	2021	2020
Gregg Cemetery	\$ 24,706	\$ 24,489
Ontario Home Renewal Program	816	816
Cartwright Minor Ball Trust	9,279	9,270
Devitt's Cemetery	13,798	13,509
	\$ 48,599	\$ 48,084

2. Taxation Raised on Behalf of Others

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

	2021	2020
School Boards	\$ 9,087,075	\$ 9,220,684
Region of Durham	26,508,543	25,388,682
	\$ 35,595,618	\$ 34,609,366

3. Restricted Assets

	2021	2020
Cash	\$ 11,118,387	\$ 5,424,096
Accounts receivable (Note 5)	47,804	3,269
Due from own municipality	27,092	1,269,788
	\$ 11,193,283	\$ 6,697,153

Consists of:

Obligatory funds in deferred revenue (Note 6)	\$ 11,193,283	\$ 6,697,153
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**Corporation of the Township of Scugog
Notes to Consolidated Financial Statements**

December 31, 2021

4. Cash		<u>2021</u>	<u>2020</u>
	Unrestricted		
	Unrestricted net cash	\$ 27,910,957	\$ 14,767,377
	Designated		
	Redeemable GIC's		
	(Market value - \$NIL)	-	8,972,478
		<u>\$ 27,910,957</u>	<u>\$ 23,739,855</u>

5. Accounts Receivable		<u>2021</u>	<u>2020</u>
	Unrestricted		
	Canada	\$ 572,643	\$ 471,070
	Ontario	153,169	156,915
	Other municipalities and school boards	35,601	552,397
	Developers	33,507	54,266
	Other	<u>628,726</u>	<u>463,336</u>
		1,423,646	1,697,984
	Restricted		
	Accrued interest	<u>47,804</u>	<u>3,269</u>
		<u>\$ 1,471,450</u>	<u>\$ 1,701,253</u>

Corporation of the Township of Scugog Notes to Consolidated Financial Statements

December 31, 2021

6. Deferred Revenue

	2021	2020
Obligatory Reserve Funds		
Parkland (Planning Act)	\$ 942,298	\$ 865,645
Development Charges Act	7,679,278	4,365,349
Federal gas tax	2,053,079	1,289,659
Building permit fees	518,628	176,500
	11,193,283	6,697,153
Other deferred revenue	857,056	675,313
	\$ 12,050,339	\$ 7,372,466

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

	Development Charges	Parkland	Federal Gas Tax	Building Permits	Total
Opening obligatory funds	\$ 4,365,349	\$ 865,645	\$ 1,289,659	\$ 176,500	\$ 6,697,153
Restricted funds received	3,597,997	89,295	1,344,660	342,128	5,374,080
Capital purchase	(326,179)	(19,803)	-	-	(345,982)
Interest earned	42,111	7,161	13,411	-	62,683
Revenue recognized	-	-	(594,651)	-	(594,651)
	\$ 7,679,278	\$ 942,298	\$ 2,053,079	\$ 518,628	\$11,193,283

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

Corporation of the Township of Scugog Notes to Consolidated Financial Statements

December 31, 2021

7. Employee Future Amounts Payable

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

a. Vacation Payable

Vacation pay owing at December 31, 2021 of \$254,270 (2020 - \$228,495) 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, 2021. The results of this valuation disclosed total actuarial liabilities of \$120,796 million (2020: \$113,055 million) in respect of benefits accrued for service with actuarial assets at that date of \$117,665 million (2020: \$109,844 million) indicating an actuarial deficit of \$3,131 million (2020: \$3,211 million). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2021 were \$501,472 (2020 - \$486,315).

Corporation of the Township of Scugog Notes to Consolidated Financial Statements

December 31, 2021

7. Employee Future Amounts Payable (Cont'd)

c. Post Employment Benefits

Under the provisions of certain employee benefit plans, an employee who, has achieved the 85 factor as determined by Ontario Municipal Employee Retirement System (OMERS), is eligible for a retirement pension from OMERS, and is under the age of 65 will be provided with Extended Health (drug, semi-private hospital and dental plan) coverage. All coverage ceases at age 65. The plan requires no contribution from employees. Total benefit payments to retirees during the year were \$67,058 (2020 - \$58,756).

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 \$693,061 shown for December 31, 2021 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, 2021 includes the following components:

	2021	2020
Actuarially determined accrued benefit obligation	\$ 742,513	\$ 642,114
Unamortized actuarial losses	(49,452)	47,879
Total estimated liability	693,061	689,933
Less amount already funded from operations	(382,000)	(382,000)
Amount to be recovered from future revenue	\$ 311,061	\$ 307,933

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	2.75%
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	11.8 years

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

	2021	2020
Current year benefit cost	\$ 29,583	\$ 25,126
Amortization of plan improvements	31,346	-
Amortization of actuarial (gain) losses	(4,829)	(9,168)
Interest on post-employment benefit liability	14,026	17,699
Total expense related to post-employment benefits	\$ 70,126	\$ 33,657

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

December 31, 2021

7. Employee Future Amounts Payable (Cont'd)

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

	2021	2020
Obligation at the start of the year	\$ 642,114	\$ 606,778
Current year benefit cost	29,583	25,126
Benefit payments	(67,058)	(58,756)
Interest on obligation	14,026	17,699
Actuarial (gain) loss recognized	123,848	51,267
	\$ 742,513	\$ 642,114

8. Municipal Debt

	2021	2020
Long-term loan maturing October 13, 2027 repayable in blended monthly instalments with interest at 2.4%	\$ 1,303,467	\$ 1,404,275
Capital lease obligation for additional office space in a building with the principal amount of future lease payments discounted at 5%. The building carries a NBV of \$373,570 (see Note 10a)	244,326	268,908
Net municipal debt	\$ 1,547,793	\$ 1,673,183

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
2022	\$ 130,735	\$ 50,468	\$ 181,203
2023	134,490	46,582	181,072
2024	138,653	42,408	181,061
2025	143,226	37,928	181,154
2026	150,874	33,070	183,944
Thereafter	849,815	93,387	943,202
	\$1,547,793	\$ 303,843	\$1,851,636

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, 2021

8. Municipal Debt (Cont'd)

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

	2021	2020
Principal payments on external debt and capital lease	\$ 125,390	\$ 120,299
Interest on external debt and capital lease	67,248	71,593
 Gross payments	 \$ 192,638	 \$ 191,892

9. Accumulated Surplus

	2021	2020
Internal 'current' and 'capital' funds	\$ 8,297,927	\$ 8,300,084
Invested in tangible capital assets (Note 15)	75,607,939	75,782,937
Invested in work in progress (Note 15)	7,443,069	6,880,439
Municipal debt to be recovered in future (Note 8)	(1,547,793)	(1,673,183)
Reserve/reserve fund balances	15,628,479	13,572,581
Employee benefits payable to be recovered in future (Note 7)	(311,061)	(307,933)
	\$ 105,118,560	\$ 102,554,925

Corporation of the Township of Scugog Notes to Consolidated Financial Statements

December 31, 2021

10. Contingent Liabilities and Commitments

a. Port Perry Annex Corporation

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

In April 2006, the Township signed a 23 year lease with extension option for the use of the basement of the PPAC building. A separate 5 year lease with extension option was also signed in April 2006 for use of a portion of the main floor. Lease extensions have been signed annually from April 2011 up to and including 2020 extending the lease until March 2021. As at December 31, 2021 the Township occupied approximately 44% of the building. The present value of minimum lease payments under these two leases calculated using a discount rate of 5% has been recognized as a capital expenditure and a new municipal debt obligation. Future minimum payments are included in Note 8.

b. Credit Facility Agreement

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$2 million via an operating line. Any balance borrowed will bear interest at prime less .25% per year.

c. Participation in Durham Municipal Insurance Pool

The Township is a member of the Durham Municipal Insurance Pool ("DMIP"), which was created in July 2000. DMIP provides general liability insurance to 7 member municipalities.

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

Because DMIP is a multi-municipality insurance pool, surpluses or deficits are a joint responsibility of the member municipalities through future levies. The Township does not recognize any share of the DMIP surplus or deficit, and has made no provision for a reserve for self-insurance as at December 31, 2021.

Corporation of the Township of Scugog Notes to Consolidated Financial Statements

December 31, 2021

10. Contingent Liabilities and Commitments (Cont'd)

d. Litigation

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

e. Other Contingencies

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

11. COVID-19

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

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

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

12. Contaminated Sites

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

Corporation of the Township of Scugog Notes to Consolidated Financial Statements

December 31, 2021

13. Budget Amounts

The budget figures reflected in these consolidated statements are those approved by Council on February 22, 2021. Budget figures have been translated to reflect Public Section Accounting Board standards.

14. 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, 2021

December 31, 2021

15. Tangible Capital Assets

	General Assets						Infrastructure Assets									2021
	Land	Land Improvements	Buildings	Vehicles & Rolling Equipment	Furniture, Fixtures & Equipment	Computer Hardware & Software	Land	Land Improvements	Buildings	Vehicles & Rolling Equipment	Furniture, Fixtures & Equipment	Computer Hardware & Software	Marine	Road Network	Storm Water Network	
Cost, beginning of year	\$ 5,486,929	\$ 8,116,001	\$ 24,457,050	\$ 4,146,021	\$ 2,646,252	\$ 688,550	\$ 4,008,102	\$ 511,486	\$ 542,592	\$ 4,781,574	\$ 102,919	\$ 37,516	\$ 371,818	\$ 92,748,091	\$ 11,556,781	\$ 160,201,682
Additions	14,362	21,226	65,318	309,122	69,609	22,669	-	-	-	1,120,759	41,468	-	-	2,740,825	-	4,405,358
Disposals	(18,370)	(689)	(58,820)	(45,700)	(31,301)	-	-	-	-	-	-	-	-	(60,812)	-	(215,692)
Cost, end of year	\$ 5,482,921	\$ 8,136,538	\$ 24,463,548	\$ 4,409,443	\$ 2,684,560	\$ 711,219	\$ 4,008,102	\$ 511,486	\$ 542,592	\$ 5,902,333	\$ 144,387	\$ 37,516	\$ 371,818	\$ 95,428,104	\$ 11,556,781	\$ 164,391,348
Accumulated Amortization, beginning of year	\$ -	\$ 4,985,367	\$ 11,890,685	\$ 2,501,098	\$ 1,795,898	\$ 512,277	\$ -	\$ 432,601	\$ 510,684	\$ 2,618,002	\$ 33,613	\$ 37,516	\$ 276,087	\$ 56,000,265	\$ 2,824,652	\$ 84,418,745
Amortization	-	310,094	729,649	269,348	156,795	60,731	-	7,895	11,839	386,368	10,387	-	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	\$ -	\$ 5,294,772	\$ 12,602,167	\$ 2,724,746	\$ 1,921,392	\$ 573,008	\$ -	\$ 440,496	\$ 522,523	\$ 3,004,370	\$ 44,000	\$ 37,516	\$ 286,273	\$ 58,348,221	\$ 2,983,925	\$ 88,783,409
Net book value, beginning of year	\$ 5,486,929	\$ 3,130,634	\$ 12,566,365	\$ 1,644,923	\$ 850,354	\$ 176,273	\$ 4,008,102	\$ 78,885	\$ 31,908	\$ 2,163,572	\$ 69,306	\$ -	\$ 95,731	\$ 36,747,826	\$ 8,732,129	\$ 75,782,937
Net book value, end of year	\$ 5,482,921	\$ 2,841,766	\$ 11,861,381	\$ 1,684,697	\$ 763,168	\$ 138,211	\$ 4,008,102	\$ 70,990	\$ 20,069	\$ 2,897,963	\$ 100,387	\$ -	\$ 85,545	\$ 37,079,883	\$ 8,572,856	\$ 75,607,939

Corporation of the Township of Scugog
Notes to Consolidated Financial Statements
December 31, 2021

December 31, 2021

15. Tangible Capital Assets (Cont'd)

	General Assets						Infrastructure Assets									2020
	Land	Land Improvements	Buildings	Vehicles & Rolling Equipment	Furniture, Fixtures & Equipment	Computer Hardware & Software	Land	Land Improvements	Buildings	Vehicles & Rolling Equipment	Furniture, Fixtures & Equipment	Computer Hardware & Software	Marine	Road Network	Storm Water Network	
Cost, beginning of year	\$ 5,486,929	\$ 7,884,188	\$ 24,457,050	\$ 4,152,450	\$ 2,610,673	\$ 662,489	\$ 4,008,102	\$ 512,959	\$ 542,592	\$ 4,443,176	\$ 73,917	\$ 37,516	\$ 371,818	\$ 89,685,478	\$ 11,149,267	\$ 156,078,604
Additions	-	275,506	-	26,292	76,860	26,061	-	1,347	-	524,932	29,002	-	-	4,508,136	407,514	5,875,650
Disposals	-	(43,693)	-	(32,721)	(41,281)	-	-	(2,820)	-	(186,534)	-	-	-	(1,445,523)	-	(1,752,572)
Cost, end of year	\$ 5,486,929	\$ 8,116,001	\$ 24,457,050	\$ 4,146,021	\$ 2,646,252	\$ 688,550	\$ 4,008,102	\$ 511,486	\$ 542,592	\$ 4,781,574	\$ 102,919	\$ 37,516	\$ 371,818	\$ 92,748,091	\$ 11,556,781	\$ 160,201,682
Accumulated Amortization, beginning of year	\$ -	\$ 4,719,146	\$ 11,149,539	\$ 2,257,695	\$ 1,676,188	\$ 444,730	\$ -	\$ 423,817	\$ 498,845	\$ 2,448,474	\$ 26,750	\$ 35,261	\$ 265,901	\$ 54,998,293	\$ 2,665,379	\$ 81,610,018
Amortization	-	309,741	741,146	276,124	160,991	67,547	-	10,828	11,839	356,062	6,863	2,255	10,186	2,263,530	159,273	4,376,385
Disposals	-	(43,520)	-	(32,721)	(41,281)	-	-	(2,044)	-	(186,534)	-	-	-	(1,261,558)	-	(1,567,658)
Accumulated Amortization, end of year	\$ -	\$ 4,985,367	\$ 11,890,685	\$ 2,501,098	\$ 1,795,898	\$ 512,277	\$ -	\$ 432,601	\$ 510,684	\$ 2,618,002	\$ 33,613	\$ 37,516	\$ 276,087	\$ 56,000,265	\$ 2,824,652	\$ 84,418,745
Net book value, beginning of year	\$ 5,486,929	\$ 3,165,042	\$ 13,307,511	\$ 1,894,755	\$ 934,485	\$ 217,759	\$ 4,008,102	\$ 89,142	\$ 43,747	\$ 1,994,702	\$ 47,167	\$ 2,255	\$ 105,917	\$ 34,687,185	\$ 8,483,888	\$ 74,468,586
Net book value, end of year	\$ 5,486,929	\$ 3,130,634	\$ 12,566,365	\$ 1,644,923	\$ 850,354	\$ 176,273	\$ 4,008,102	\$ 78,885	\$ 31,908	\$ 2,163,572	\$ 69,306	\$ -	\$ 95,731	\$ 36,747,826	\$ 8,732,129	\$ 75,782,937

Corporation of the Township of Scugog Notes to Consolidated Financial Statements

December 31, 2021

15. Tangible Capital Assets (Cont'd)

The net book value of tangible capital assets not being amortized because they are under construction is \$7,443,069 (2020 - \$6,880,439).

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

16. Segmented Information

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

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

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

General Government

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

Protection to Persons and Property

Protection includes fire, emergency control and protective inspection.

Planning and Public Works

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

Recreational and Cultural Services

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

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

Corporation of the Township of Scugog
Notes to Consolidated Financial Statements

December 31, 2021

16. Segmented Information (Cont'd)

For the year ended December 31	General government	Protection to persons and property	Planning and public works	Recreational and cultural services	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)	\$ 1,696,536	\$ 234,790	\$ 853,478	\$ (221,169)	\$ 2,563,635

Corporation of the Township of Scugog
Notes to Consolidated Financial Statements

December 31, 2021

16. Segmented Information (Cont'd)

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

Corporation of the Township of Scugog
Trust Funds
Financial Statements

For the year ended December 31, 2021

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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, 2021 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, 2021, 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

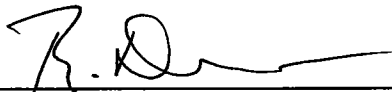
Lindsay, Ontario
May 30, 2022

**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 2021	Total Trusts 2020
Financial Assets						
Cash	\$ 24,691	\$ 419	\$ 19	\$ -	\$ 25,129	\$ 522
Investments - at cost	-	13,325	-	9,279	22,604	46,402
Interest receivable	15	52	-	-	67	363
Mortgages receivable	-	-	15,962	-	15,962	15,961
	24,706	13,796	15,981	9,279	63,762	63,248
Liabilities						
Due to Ministry of Municipal Affairs and Housing	-	-	15,164	-	15,164	15,164
Accumulated Surplus	\$ 24,706	\$ 13,796	\$ 817	\$ 9,279	\$ 48,598	\$ 48,084

Impact of COVID-19 (Note 7)

On behalf of the Board



Director



~~Director~~ Councillor

**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 2021	Total Trusts 2020
Accumulated Surplus, beginning of year	\$ 24,489	\$ 13,509	\$ 816	\$ 9,270	\$ 48,084	\$ 48,495
Revenues						
Transfer from Township	-	320	-	-	320	127
Interest earned	217	90	1	9	317	664
	217	410	1	9	637	791
Expenses						
Maintenance	-	-	-	-	-	978
Transfer to Township	-	123	-	-	123	224
	-	123	-	-	123	1,202
Accumulated Surplus, end of year	\$ 24,706	\$ 13,796	\$ 817	\$ 9,279	\$ 48,598	\$ 48,084

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, 2021

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, 2021

6. Investments

The investments include money market funds from a chartered bank. The investments are reported at cost and have a market value of \$46,402 as at December 31, 2021.

7. Impact of COVID-19

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

Corporation of the Township of Scugog
Scugog Memorial Public Library
Financial Statements
December 31, 2021

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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, 2021, 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, 2021, 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, 2021 and 2020, net financial assets as at December 31, 2021 and 2020, and accumulated surplus as at January 1 and December 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 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

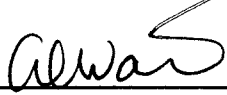
Lindsay, Ontario
May 25, 2022

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

December 31	2021	2020
Financial assets		
Cash (Note 1)	\$ 594,156	\$ 574,735
Accounts receivable	11,665	9,432
	605,821	584,167
Liabilities		
Accounts payable and accrued liabilities (Note 2)	60,456	59,510
	545,365	524,657
Net financial assets (debt) (Page 6)		
Non-financial assets		
Tangible capital assets (Note 6)	142,052	141,859
Prepaid expenses	665	1,631
	142,717	143,490
Accumulated Surplus	\$ 688,082	\$ 668,147

COVID-19 (Note 5)

On behalf of the Board



Chair



Treasurer

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

December 31	Budget	2021	2020
	(Note 3)		
Revenues			
Contributions from Township of Scugog			
- operating	\$ 692,360	\$ 692,300	\$ 684,200
Fines and fees	17,100	2,944	6,799
Province of Ontario Grants			
- operating	59,757	59,757	59,757
Federal Employment Development Grant	2,759	6,390	5,682
Fundraising and donations	4,000	4,895	5,235
Bequests	-	45,000	435,787
Other	17,650	4,804	4,388
Solar panel revenue	8,000	7,966	8,571
	<u>801,626</u>	<u>824,056</u>	<u>1,210,419</u>
Expenses			
Acquisitions	9,766	6,707	7,202
Administration	31,099	30,583	35,318
Amortization	-	49,328	53,430
Building	41,292	45,348	41,183
Information technology	16,130	20,118	19,636
Salaries and benefits	631,994	615,539	553,731
Utilities	28,400	26,937	25,468
Other	6,337	9,561	7,326
	<u>765,018</u>	<u>804,121</u>	<u>743,294</u>
Annual surplus (deficit)	36,608	19,935	467,125
Accumulated surplus, beginning of year	668,147	668,147	201,022
Accumulated surplus, end of year	\$ 704,755	\$ 688,082	\$ 668,147

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

For the year ended December 31	Budget	2021	2020
	(Note 3)		
Annual surplus	\$ 36,608	\$ 19,935	\$ 467,125
Acquisition of tangible capital assets	-	(49,521)	(33,283)
Amortization of tangible capital assets	-	49,328	53,430
	<u>36,608</u>	<u>19,742</u>	<u>487,272</u>
Acquisition of prepaid expenses	-	(665)	(1,631)
Use of prepaid expenses	-	1,631	2,389
	<u>-</u>	<u>966</u>	<u>758</u>
Net change in net financial assets (debt)	36,608	20,708	488,030
Net financial assets, beginning of year	524,657	524,657	36,627
Net financial assets, end of year	\$ 561,265	\$ 545,365	\$ 524,657

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

December 31	2021	2020
Cash flows from operating activities		
Annual deficit	\$ 19,935	\$ 467,125
Items not involving cash		
Amortization	49,328	53,430
	<u>69,263</u>	<u>520,555</u>
Uses		
Increase in accounts receivable	(2,233)	-
Sources		
Decrease in accounts receivable	-	3,227
Decrease in prepaid expenses	966	758
Increase in accounts payable	946	2,367
	<u>1,912</u>	<u>6,352</u>
Capital transactions		
Acquisition of tangible capital assets	(49,521)	(33,283)
Net change in cash	19,421	493,624
Cash, beginning of year	<u>574,735</u>	<u>81,111</u>
Cash, end of year	\$ 594,156	\$ 574,735

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

December 31, 2021

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, 2021

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, 2021

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, 2021 of \$18,373 (2020 - \$18,203) 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, 2021. The results of this valuation disclosed total actuarial liabilities of \$120,796 million in respect of benefits accrued for service with actuarial assets at that date of \$117,665 million indicating an actuarial deficit of \$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 municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the municipality to OMERS for 2021 were \$47,030 (2020 - \$47,686).

3. Budget Figures

The budget adopted by the Library Board on October 15, 2020 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards 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 15, 2020 with adjustments as follows:

	<u>2021</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, 2021

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 2021, the amount owed to (from) the Township was \$(44,965) (2020 - \$17,620).

5. COVID-19

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

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

The Library was closed from March 2021 through June 2021, after which it had re-opened. For periods during these closures, the Library was able to continue operations through contactless pickup. During the pandemic, the Library has continued to receive an annual contribution from the Municipality, as well as additional grants and donations.

Although the Library cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Library's results of future operations, financial position, and liquidity in fiscal year 2022.

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

December 31, 2021

6. Tangible Capital Assets

	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>

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

December 31, 2021

6. Tangible Capital Assets (Cont'd)

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

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

7. Trust Fund

	2021	2020
Kent Farndale bursary	<u>\$ 9,005</u>	<u>\$ 10,037</u>

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

Scugog Memorial Public Library
Trust Funds
Financial Statements
For the year ended December 31, 2021

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of the Corporation of the Township of Scugog, Scugog Memorial Public Library Board Trust Funds, which comprise the statement of financial position as at December 31, 2021 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, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

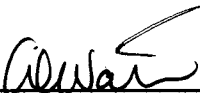
Lindsay, Ontario
May 25, 2022

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

December 31	2021	2020
Assets		
Cash	\$ 1,044	\$ 2,084
Investments - at cost	7,961	7,953
Fund balance	\$ 9,005	\$ 10,037

COVID 19 (Note 4)

On behalf of the Board



Chair

 Treasurer

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

For the year ended December 31	2021	2020
Fund Balance, beginning of year	\$ 10,037	\$ 10,035
Revenues		
Interest earned	8	42
Expenditures		
Bank fees	40	40
Bursaries	1,000	-
	1,040	40
Fund Balance, end of year	\$ 9,005	\$ 10,037

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

December 31, 2021

1. Basis of Accounting

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

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

2. Kent Farndale Art Bursary

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

3. Investments

The investments include common trust funds from a Chartered Bank. The investments are reported at cost and have a market value of \$7,961 as at December 31, 2021.

4. COVID 19

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

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

Financial Statements

For the year ended December 31, 2021

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Independent Auditor's Report

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

Qualified Opinion

We have audited the accompanying financial statements of the Port Perry Central District Business Improvement Area of the Corporation of the Township of Scugog (the Entity), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, 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 deficit, and cash flows from operations for the years ended December 31, 2021 and 2020, net financial assets as at December 31, 2021 and 2020, and accumulated surplus as at January 1 and December 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 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 13, 2022

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

December 31	2021	2020
Financial assets		
Cash (Note 1)	\$ 36,797	\$ 59,960
Investments	2,000	2,000
Accounts receivable	45,437	14,662
	<u>84,234</u>	<u>76,622</u>
Liabilities		
Accounts payable and accrued expenses	<u>60,715</u>	<u>53,281</u>
Net financial assets	<u>23,519</u>	<u>23,341</u>
Non-financial assets		
Tangible capital assets (Note 2)	27,657	36,417
Prepaid expense	2,247	1,430
	<u>29,904</u>	<u>37,847</u>
Accumulated surplus	<u>\$ 53,423</u>	<u>\$ 61,188</u>
COVID-19 (Note 3)		
Commitment (Note 4)		

On behalf of the Board:

B. MacLeod

Chair

**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	2021	2021	2020
	Budget	Actual	Actual
Revenues			
Township of Scugog - taxation	\$ 113,833	\$ 113,833	\$ 85,375
- contributions	-	3,466	-
Event and donation revenue	-	4,140	37,109
	<u>113,833</u>	<u>121,439</u>	<u>122,484</u>
Expenses			
Amortization	-	8,760	8,493
Area development	17,000	16,590	13,525
Part time staff and bookkeeping	21,500	27,229	20,402
Event sponsorship	-	1,353	20
Marketing and rebranding	10,500	10,701	8,494
Office expenses	16,676	15,760	16,000
Special events	48,157	48,811	95,610
	<u>113,833</u>	<u>129,204</u>	<u>162,544</u>
Annual deficit	-	(7,765)	(40,060)
Accumulated surplus, beginning of year	<u>61,188</u>	<u>61,188</u>	<u>101,248</u>
Accumulated surplus, end of year	<u>\$ 61,188</u>	<u>\$ 53,423</u>	<u>\$ 61,188</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	2021	2020
Annual deficit	\$ (7,765)	\$ (40,060)
Acquisition of tangible capital assets	-	(6,393)
Amortization of tangible capital assets	<u>8,760</u>	<u>8,493</u>
	<u>995</u>	<u>(37,960)</u>
Acquisition of prepaid expenses	<u>(817)</u>	<u>(60)</u>
Net change in net financial assets	178	(38,020)
Net financial assets, beginning of year	<u>23,341</u>	<u>61,361</u>
Net financial assets, end of year	\$ 23,519	\$ 23,341

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

For the year ended December 31	2021	2020
Cash flows from operating activities		
Annual deficit	\$ (7,765)	\$ (40,060)
Items not involving cash		
Amortization	8,760	8,493
	995	(31,567)
Uses		
Increase in accounts receivable	(30,775)	(8,331)
Increase in prepaid expense	(817)	(60)
	(31,592)	(8,391)
Sources		
Increase in accounts payable	7,434	8,490
	(23,163)	(31,468)
Capital transactions		
Acquisition of tangible capital assets	-	(6,393)
Net change in cash	(23,163)	(37,861)
Opening cash	59,960	97,821
Closing cash	\$ 36,797	\$ 59,960

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

December 31, 2021

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

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

December 31, 2021

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

	2021	2020
Cost beginning of year	\$ 142,245	\$ 135,852
Additions during the year	-	6,393
	\$ 142,245	\$ 142,245
Accumulated amortization beginning of year	\$ 105,828	\$ 97,335
Amortization expense	8,760	8,493
	\$ 114,588	\$ 105,828
Net book value beginning of year	\$ 36,417	\$ 38,517
Net book value end of year	\$ 27,657	\$ 36,417

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

December 31, 2021

3. COVID-19

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

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

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

Although the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Organization’s results of future operations, financial position, and liquidity in fiscal year 2022.

4 Commitment

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