

Corporation of the Township of Scugog  
Consolidated Statement of Financial Position

December 31	2023	2022
		(Restated - Note 1)
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 32,841,006	\$ 30,795,833
Investments (Note 2)	7,842,458	6,560,386
Taxes receivable	4,437,493	5,050,505
Accounts receivable (Note 5)	3,284,803	1,843,522
Inventory for resale	2,245	766
	<u>48,408,005</u>	<u>44,251,012</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	3,168,359	3,169,196
Deferred revenue (Note 6)	16,150,444	14,130,940
Deposits	4,104,195	4,574,830
Employee future amounts payable (Note 7)	669,889	685,797
Asset retirement obligations (Note 10)	2,957,601	2,800,768
Municipal debt (Note 8)	1,094,819	1,200,315
Capital lease obligation (Note 8)	188,829	217,269
	<u>28,334,136</u>	<u>26,779,115</u>
Net financial assets	<u>20,073,869</u>	<u>17,471,897</u>
<b>Contingent Liabilities and Commitments (Note 11)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 14)	88,627,515	86,534,257
Inventory of supplies	274,905	296,783
Prepaid expenses	303,747	268,052
	<u>89,206,167</u>	<u>87,099,092</u>
Accumulated surplus (Note 9)	\$ 109,280,036	\$ 104,570,989

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 2023 (Note 12)	Actual 2023	Actual 2022 (Restated - Note 1)
<b>Revenues</b>			
Taxation levied for own purposes (Note 4)	\$ 17,591,500	\$ 17,699,663	\$ 16,289,523
User charges, licences and fines	2,687,000	3,933,329	2,444,683
<b>Grants</b>			
Government of Canada	177,700	1,275,379	707,769
Province of Ontario	1,304,200	1,657,310	1,817,504
Other Municipalities	8,400	1,000	152,929
<b>Other</b>			
Casino revenues	975,000	1,040,271	974,276
Developer contributions earned (Note 6)	-	459,383	836,469
Investment Income	325,000	1,332,966	612,694
Penalties and interest on taxes	570,000	656,280	583,301
Donations and other	24,600	1,588,177	220,927
Gain on disposition of tangible capital assets	-	105,287	44,287
	23,663,400	29,749,045	24,684,362
<b>Expenses</b>			
General government	3,993,100	4,291,056	4,292,122
Protection to persons and property	3,154,900	3,525,391	2,953,416
Transportation	6,104,200	10,263,891	9,730,127
Environmental services	135,800	97,161	355,874
Recreational and cultural services	4,634,900	5,755,660	4,943,567
Planning and development	808,100	1,106,839	869,252
	18,831,000	25,039,998	23,144,358
Annual surplus	4,832,400	4,709,047	1,540,004
Accumulated surplus, beginning of year	104,570,989	104,570,989	103,030,985
Accumulated surplus, end of year	\$ 109,403,389	\$ 109,280,036	\$ 104,570,989

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 2023 (Note 12)	Actual 2023 (Restated - Note 1)	Actual 2022
Annual surplus	\$ 4,832,400	\$ 4,709,047	\$ 1,540,004
Acquisition of tangible capital assets	(4,832,400)	(6,789,045)	(3,700,552)
Amortization of tangible capital assets	-	4,837,404	4,619,075
Gain (loss) on disposition of tangible capital assets	-	(105,287)	(44,287)
Proceeds on disposal of tangible capital assets	-	129,157	85,604
	-	2,781,276	2,499,844
Acquisition of work in progress	-	(801,547)	(4,660,954)
Transfer of work in progress to tangible capital assets	-	636,060	744,173
	-	(165,487)	(3,916,781)
Acquisition of inventory of supplies	-	(274,905)	(296,783)
Use/consumption of inventory of supplies	-	296,783	325,781
Acquisition of prepaid expenses	-	(303,747)	(268,052)
Use/consumption of prepaid expenses	-	268,052	249,195
	-	(13,817)	10,141
Net change in net financial assets	-	2,601,972	(1,406,796)
Net financial assets, beginning of year	17,471,897	17,471,897	18,878,693
Net financial assets, end of year	\$ 17,471,897	\$ 20,073,869	\$ 17,471,897

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 2023	Actual 2022 (Restated - Note 1)
Cash flow from operating activities		
Annual surplus (page 6)	\$ 4,709,047	\$ 1,540,004
Items not involving cash		
Amortization	4,837,404	4,619,075
Gain (loss) on disposal of tangible capital assets	129,157	(44,287)
	<u>9,675,608</u>	<u>6,114,792</u>
Users		
Increase in taxes receivable	-	(1,533,305)
Increase in accounts receivable	(1,441,281)	(372,072)
Increase in inventory for resale	(1,479)	-
Decrease in accounts payable and accrued expenses	(837)	-
Decrease in other liabilities	-	(761,899)
Decrease in deposits	(470,635)	-
Increase in prepaid expenses	(35,695)	(18,859)
Sources		
Decrease in taxes receivable	613,012	-
Increase in accounts payable and accrued expenses	-	269,749
Increase in deferred revenue	2,019,504	2,080,601
Decrease in inventory for resale	-	1,187
Decrease in inventories of supplies	21,878	28,998
	<u>10,380,075</u>	<u>5,809,192</u>
Cash flows from capital transactions		
Acquisition of tangible capital assets	(6,789,045)	(3,700,552)
Decrease/(increase) in work in progress	(165,487)	(3,916,781)
Proceeds on disposal of tangible capital assets	(105,287)	85,604
	<u>(7,059,819)</u>	<u>(7,531,729)</u>
Cash flows from investing activities		
Purchase of investments	(1,282,072)	(5,081,793)
Cash flows from financing activities		
Principal payments on capital lease obligations	(28,440)	(27,057)
Principal payments on debt	(105,496)	(103,152)
Increase (decrease) in asset retirement obligations	156,833	186,885
Increase (decrease) in employee future amounts payable	(15,908)	(7,264)
	<u>6,989</u>	<u>49,412</u>
Net change in cash and cash equivalents	2,045,173	(6,754,918)
Opening cash and cash equivalents	30,795,833	37,550,751
Closing cash and cash equivalents	<u>\$ 32,841,006</u>	<u>\$ 30,795,833</u>

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

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

December 31, 2023

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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.
Basis of Accounting	The consolidated financial statements have been prepared using Canadian public sector accounting standards.
Basis of Consolidation	<p>These consolidated financial statements reflect the assets, liabilities, revenues and expenses of all committees of Council and the following local boards and municipal enterprises which are under the control of Council:</p> <p style="text-align: center;">Scugog Memorial Library Board Port Perry Central District Business Improvement Area Prince Albert Community Hall Committee Greenbank Community Hall Committee Seagrave Hall Committee Caesarea Hall Committee Scugog Island Hall Committee Latcham Centre Committee</p> <p>All interfund and inter-entity assets, liabilities, revenues and expenses have been eliminated.</p> <p>Trust funds and their related operations administered by the Township are not consolidated, but are disclosed separately in Note 3.</p> <p>The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the region and school boards are not reflected in the balances of these consolidated financial statements, but are disclosed separately in Note 4.</p>
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.
Deferred Revenue	Revenue restricted by legislation, regulation, or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose.

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

December 31, 2023

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**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

**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.

**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.

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

December 31, 2023

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### Employee Benefit Plans

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

a) Actuarial cost method:

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

b) Funding policy:

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

c) Accounting policies:

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

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

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

December 31, 2023

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### Revenue Recognition

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

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

### Government Transfers

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



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

December 31, 2023

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### Financial Instruments

Cash and portfolio instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable and accrued liabilities, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

### Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when there is legal obligation to incur retirement costs in relation to a capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a capital asset at the financial statement date. The liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related capital asset if it is still in productive use. This cost is amortized over the useful life of the capital asset. If the related capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

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Corporation of the Township of Scugog  
Notes to Consolidated Financial Statements

December 31, 2023

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1. Adoption of new accounting policy - Asset Retirement Obligations

Effective January 1, 2022 the Township adopted Public Sector Accounting Handbook Standard, Section PS 3280, Asset Retirement Obligations.

As a result of the adoption, the presentation of the financial statements changed from the December 31, 2022, financial statements. The standard requires an obligation to be recognized related to legal obligations associated with the retirement of capital assets and when all conditions Significant Accounting Policies - Asset Retirement Obligations are met. The impact of adopting this standard was the recognition of a \$2,613,883 liability as at January 1, 2022.

The net effect of the above on the December 31, 2022, comparative figures was:

Increase in asset retirement obligations	\$ 2,613,883
Increase in tangible capital assets	\$ 526,308
Increase in amortization expense	\$ 12,849
Increase in accretion expense	\$ 186,885
Decrease in accumulated surplus	\$ (2,261,611)

The modified retroactive transitional approach requires a full restatement using assumptions and discount rates that are current as of January 1, 2023, to calculate the adjustments. As a result of this application. The Municipality recorded an adjustment to opening accumulated surplus of \$2,261,611 January 1, 2022.

Adoption of new accounting policy - Financial Instruments

On January 1, 2023 the Township adopted PS 3450 Financial Instruments which establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. This standard is required to be adopted prospectively; therefore comparative figures have not been restated. No transitional adjustments were required as a result of the adoption of the new standard.

Corporation of the Township of Scugog  
Notes to Consolidated Financial Statements

December 31, 2023

2. Financial Instruments

Classification

The carrying value of each class of the Township's financial instruments is provided in the following table.

	2023		
	Fair Value	Cost/ Amortized Cost	Total
Cash and cash equivalents	\$ 32,841,006	\$ -	\$ 32,841,006
Investments	7,842,458	-	7,842,458
Taxes receivable	-	4,437,493	4,437,493
Accounts receivable	-	3,284,803	3,284,803
Accounts payable and accrued expenses	-	3,168,359	3,168,359
Deposits	-	4,104,195	4,104,195
Municipal debt	-	1,094,819	1,094,819
Capital lease obligation	-	188,829	188,829
	\$ 40,683,464	\$ 16,278,498	\$ 56,961,962

	2022		
	Fair Value	Cost/ Amortized Cost	Total
Cash and cash equivalents	\$ 30,795,833	\$ -	\$ 30,795,833
Investments	6,560,386	-	6,560,386
Taxes receivable	-	5,050,505	5,050,505
Accounts receivable	-	1,843,522	1,843,522
Accounts payable and accrued expenses	-	3,169,196	3,169,196
Deposits	-	4,574,830	4,574,830
Municipal debt	-	1,200,315	1,200,315
Capital lease obligation	-	217,269	217,269
	\$ 37,356,219	\$ 16,055,637	\$ 53,411,856

The only financial instruments that are measured subsequent to initial recognition at fair value are cash and cash equivalents and investments. These are fair value measurements that are derived from quoted prices (unadjusted) in the active markets for identical assets or liabilities using the last bid price.

Corporation of the Township of Scugog  
Notes to Consolidated Financial Statements

December 31, 2023

2. Financial Instruments (continued)

Financial Instrument Fair Value Measurement

The following table provides an analysis of financial instruments that are measured at fair value, using a fair value hierarchy of levels 1 to 3. The levels reflect the significance of the inputs used in making the fair value measurements, as described below:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

		2023			
		Level 1	Level 2	Level 3	Total
Cash and Cash					
Equivalents	\$	32,841,006	\$ -	\$ -	\$ 32,841,006
Investments		7,842,458	-	-	7,842,458
	\$	40,683,464	\$ -	\$ -	\$ 40,683,464
		2022			
		Level 1	Level 2	Level 3	Total
Cash and Cash					
Equivalents	\$	30,795,833	\$ -	\$ -	\$ 30,795,833
Investments		6,560,386	-	-	6,560,386
	\$	37,356,219	\$ -	\$ -	\$ 37,356,219

There were no transfers between Level 1 and Level 2 for the year ended December 31, 2023. There were also no transfers in or out of Level 3.

Financial Instrument Risk Management

The Township is exposed to credit risk, liquidity risk, interest rate risk and other price risk from its financial instruments. This note describes the Township's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

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Corporation of the Township of Scugog  
Notes to Consolidated Financial Statements

December 31, 2023

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2. Financial Instruments (continued)

Credit Risk

Credit risk is the risk of financial loss to the Township if a debtor fails to make payments of interest and principal when due. The Township is exposed to this risk relating to its cash and cash equivalents, investments, and accounts receivable. The Township holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Municipality's cash accounts are insured up to \$100,000.

Accounts receivable are primarily due from the federal and provincial governments, as well as various developers and residents. Credit risk is mitigated by the financial solvency of the Provincial government and the highly diversified nature of the receivables.

The Township measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Township's historical experience regarding collections. Other than the impairment of receivables disclosed in Note 5, it is management's opinion that the Township is not exposed to significant credit risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and equity risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Currency Risk

Current risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Township is not exposed to currency risk.

Equity Risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Township is not exposed to this risk.

Corporation of the Township of Scugog  
Notes to Consolidated Financial Statements

December 31, 2023

2. Financial Instruments (continued)

Liquidity Risk

Liquidity risk is the risk that the Township will encounter difficulty in meeting its obligation associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Township will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Township is exposed to this risk mainly in respect of accounts payable and accrued liabilities and long-term debt. The Township's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. There have not been any changes to these risks from the prior year.

Unless otherwise noted, the expected cash outflows are within one year. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	2023			
	Within 6 months	6 months to 1 year	1 to 5 years	over 5 years
Accounts payable				
accrued liabilities	\$ 3,168,359	\$ -	\$ -	\$ -
Deposits	4,104,195	-	-	-
Municipal debt	-	108,175	588,436	398,208
Capital lease obligation	-	30,477	158,352	-
Total financial liabilities	\$ 7,272,554	\$ 138,652	\$ 746,788	\$ 398,208

	2022			
	Within 6 months	6 months to 1 year	1 to 5 years	over 5 years
Accounts payable				
accrued liabilities	\$ 3,169,196	\$ -	\$ -	\$ -
Deposits	4,574,830	-	-	-
Municipal debt	-	105,496	572,025	522,794
Capital lease obligation	-	28,994	188,275	-
Total financial liabilities	\$ 7,744,026	\$134,490	\$ 760,300	\$ 522,794

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Corporation of the Township of Scugog  
Notes to Consolidated Financial Statements

December 31, 2023

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2. Financial Instruments (continued)

Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Township is exposed to this risk through its municipal debt and interest bearing investments.

The Township holds investments which consist of guaranteed investment certificates (GICs), fixed income securities and principal protected notes with varying maturities from August 2024 to July 2029 and bearing interest rates between 1.67% and 5.9%. Investments with a maturity of less than 90 days are reported within cash and cash equivalents, due to the highly liquid nature of these investments.

The Township holds municipal debt with variable interest rates which involve risks of default on interest and principal and price changes due to, without limitation, such factors as interest rate changes and general economic conditions.

The Township structures its finances so as to stagger the maturities of debt, thereby minimizing exposure to interest rate fluctuations.

There has been an increase in interest rate risk in the December 31, 2023 year end as the amount invested in the investment portfolio increased in the year.

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3. Trust Funds

Trust funds administered by the Township amounting to \$51,047 (2022 - \$49,610) have not been included in the Consolidated Statement of Financial Position nor have operations been included in the Consolidated Statement of Operations.

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4. Taxation Raised on Behalf of Others

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

	2023	2022
School Boards	\$ 9,420,879	\$ 9,269,616
Region of Durham	30,011,403	27,963,637
	<u>\$ 39,432,282</u>	<u>\$ 37,233,253</u>

Corporation of the Township of Scugog  
Notes to Consolidated Financial Statements

December 31, 2023

5. Accounts Receivable

	2023	2022
Canada	\$ 959,925	\$ 1,098,746
Ontario	154,133	162,368
Other municipalities and school boards	25,500	58,283
Trade receivables	1,025,420	528,133
Developers	5,330	41,463
Accrued interest	127,837	45,301
Other	1,388,563	311,133
Allowance for doubtful accounts	(401,905)	(401,905)
	<u>\$ 3,284,803</u>	<u>\$ 1,843,522</u>

6. Deferred Revenue

	2023	2022
Obligatory Reserve Funds		
Parkland (Planning Act)	\$ 699,457	\$ 759,797
Development Charges Act	9,613,399	8,378,937
Canada Community Building Fund (CCBF)	2,716,429	2,567,097
Building permit fees	856,565	553,606
	<u>13,885,850</u>	<u>12,259,437</u>
Other deferred revenue	2,264,594	1,871,503
	<u>\$ 16,150,444</u>	<u>\$ 14,130,940</u>

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

	Development Charges	Parkland	CCBF	Building Permits	Total
Opening obligatory funds	\$ 8,378,937	\$ 759,797	\$ 2,567,097	\$ 553,606	\$ 12,259,437
Restricted funds received	1,100,353	37,195	715,395	274,475	2,127,418
Capital purchase	(302,645)	(156,738)	(695,302)	-	(1,154,685)
Interest earned	436,754	59,203	129,239	28,484	653,680
Closing obligatory funds	<u>\$ 9,613,399</u>	<u>\$ 699,457</u>	<u>\$ 2,716,429</u>	<u>\$ 856,565</u>	<u>\$ 13,885,850</u>

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



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Corporation of the Township of Scugog  
Notes to Consolidated Financial Statements

December 31, 2023

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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, 2023 of \$303,809 (2022 - \$274,509) 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 600,000 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, 2023. The results of this valuation disclosed total actuarial liabilities of \$136,185 million (2022: \$130,306 million) in respect of benefits accrued for service with actuarial assets at that date of \$131,983 million (2022: \$123,628 million) indicating an actuarial deficit of \$4,202 million (2022: \$6,678 million). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2023 were \$564,848 (2022 - \$521,787).

Corporation of the Township of Scugog  
Notes to Consolidated Financial Statements

December 31, 2023

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 \$61,529 (2022 - \$62,856).

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 \$669,889 shown for December 31, 2023 is based on that valuation. Actual experienced cost increases and discount rate adjustments have resulted in a net gain of \$51,613 which will be recognized over the estimated average remaining service life of the employee group.

The post-employment benefit liability at December 31, 2023 includes the following components:

	2023	2022
Actuarially determined accrued benefit obligation	\$ 618,276	\$ 602,271
Unamortized actuarial gain (loss)	51,613	83,526
	669,889	685,797
Total estimated liability	(382,000)	(382,000)
Less amount already funded from operations	\$ 287,889	\$ 303,797
Amount to be recovered from future revenue		

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	4.60%
Medical cost increases - first year	6.00%
- decreasing over 10 years to	4.50% plus CPI
Expected rate of dental cost increase	4.00% plus CPI
Estimated average remaining service life of the employee group	12 years

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

	2023	2022
Current year benefit cost	\$ 24,220	\$ 36,973
Amortization of actuarial (gain) losses	(7,780)	5,059
Interest on post-employment benefit liability	29,181	20,824
	\$ 45,621	\$ 62,856
Total expense related to post-employment benefits		

Corporation of the Township of Scugog  
Notes to Consolidated Financial Statements

December 31, 2023

7. Employee Future Amounts Payable (Cont'd)

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

	2023	2022
Obligation at the start of the year	\$ 602,271	\$ 773,799
Current year benefit cost	24,220	36,973
Benefit payments	(61,529)	(70,120)
Interest on obligation	29,181	20,824
Actuarial (gain) loss recognized	24,133	(159,205)
	<u>\$ 618,276</u>	<u>\$ 602,271</u>

8. Municipal Debt

	2023	2022
Long-term loan maturing October 13, 2032 repayable in blended monthly instalments with interest between 1.7% and 3.3%.	\$ 1,094,819	\$ 1,200,315
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 11a)	<u>188,829</u>	<u>217,269</u>
Net municipal debt	<u>\$ 1,283,648</u>	<u>\$ 1,417,584</u>

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
2024	\$ 138,071	\$ 42,309	\$ 180,380
2025	142,615	37,859	180,474
2026	149,847	33,044	182,891
2027	156,357	27,857	184,214
2028	161,692	22,345	184,037
Thereafter	<u>535,066</u>	<u>43,284</u>	<u>578,350</u>
Total	<u>\$ 1,283,648</u>	<u>\$ 206,698</u>	<u>\$ 1,490,346</u>

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, 2023

8. Municipal Debt (Cont'd)

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

	2023	2022
Principal payments on external debt and capital lease	\$ 133,937	\$ 130,209
Interest on external debt and capital lease	46,634	50,314
	\$ 180,571	\$ 180,523

9. Accumulated Surplus

	2023	2022
Internal 'current' and 'capital' funds	\$ 5,268,431	\$ 4,272,202
Invested in tangible capital assets (Note 14)	88,627,515	86,534,257
Municipal debt to be recovered in future (Note 8)	(1,283,648)	(1,417,584)
Reserve/reserve fund balances	16,955,627	15,485,911
Employee benefits payable to be recovered in future (Note 7)	(287,889)	(303,797)
	\$ 109,280,036	\$ 104,570,989

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Corporation of the Township of Scugog  
Notes to Consolidated Financial Statements

December 31, 2023

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10. Asset Retirement Obligation

The Township's financial statements include an asset retirement obligation for 49 buildings assumed to contain asbestos due to their age, 8 fuel tanks and generators, and 15 stormwater ponds requiring decommissioning. The Township would be required to perform abatement activities upon renovation or demolition of buildings. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. The related asset retirement costs are being amortized on a straight-line basis. The liability has been estimated using a net present value technique with a discount rate of 6.00%.

Significant estimates and assumptions are made in determining the asset retirement costs as there are numerous factors that will affect the amount ultimately payable. Those uncertainties may result in future actual expenditures that are different than the amounts currently recorded.

At each reporting date, as more information and experience is obtained as it relates to these asset retirement obligations, the estimates of the timing, the undiscounted cash flows and the discount rates may change. Adjustments to these factors are accounted for as an adjustment to the asset retirement obligation and the related tangible capital asset in the current period on a prospective basis.

The carrying amount of the liability is as follows:

Asset retirement obligations as at December 31, 2022	\$ 2,800,768
Increase due to accretion expense	<u>156,833</u>
Asset retirement obligations as at December 31, 2023	<u>\$ 2,957,601</u>

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# Corporation of the Township of Scugog

## Notes to Consolidated Financial Statements

December 31, 2023

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### 11. Contingent Liabilities and Commitments

#### a. Port Perry Annex Corporation

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

In April 2006, the Township signed a 23 year lease with extension option for the use of the basement of the PPAC building. A separate 5 year lease with extension option was also signed in April 2006 for use of a portion of the main floor. Lease extensions have been signed annually from April 2011 up to and including 2022 extending the lease until March 2024. As at December 31, 2023 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 0.25% per year.

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

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

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

Because DMIP is a multi-municipality insurance pool, surpluses or deficits are a joint responsibility of the member municipalities through future levies. The Township does not recognize any share of the DMIP surplus or deficit, and has made no provision for a reserve for self-insurance as at December 31, 2023.

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Corporation of the Township of Scugog  
Notes to Consolidated Financial Statements

December 31, 2023

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11. Contingent Liabilities and Commitments (Cont'd)

d. Litigation

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

e. Other Contingencies

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

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12. Budget Amounts

The budget figures reflected in these consolidated statements are those approved by Council on February 27, 2023. Budget figures have been translated to reflect Public Section Accounting Board standards.

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13. 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, 2023

December 31, 2023

14. Tangible Capital Assets

	Land	Land Improvements	Buildings	Vehicles & Rolling Equipment	Furniture, Fixtures & Equipment	Computer Hardware & Software	Marine	Road Network	Storm Water Network	Asset Retirement Obligations	Work in Process	2023
Cost, beginning of year	9,477,200	8,700,069	26,137,690	10,487,847	2,896,218	757,409	417,011	96,792,598	11,681,164	5,430,660	11,359,850	184,137,716
Additions	-	1,122,904	867,057	943,940	270,173	600,880	-	2,984,091	-	-	801,547	7,590,592
Disposals	-	(65,086)	-	(584,881)	(40,397)	(33,799)	-	-	-	-	(636,060)	(1,360,223)
Cost, end of year	9,477,200	9,757,887	27,004,747	10,846,906	3,125,994	1,324,490	417,011	99,776,689	11,681,164	5,430,660	11,525,337	190,368,085
Accumulated Amortization, beginning of year	-	5,947,104	13,818,731	5,958,617	2,055,049	664,197	297,024	60,801,637	3,143,899	4,917,201	-	97,603,459
Amortization	-	330,132	798,497	759,218	180,508	87,263	11,317	2,489,962	167,175	13,332	-	4,837,404
Disposals	-	(65,086)	-	(561,012)	(40,397)	(33,798)	-	-	-	-	-	(700,293)
Accumulated Amortization, end of year	-	6,212,150	14,617,228	6,156,823	2,195,160	717,662	308,341	63,291,599	3,311,074	4,930,533	-	101,740,570
Net book value, beginning of year	9,477,200	2,752,965	12,318,959	4,529,230	841,169	93,212	119,987	35,990,961	8,537,265	513,459	11,359,850	86,534,257
Net book value, end of year	9,477,200	3,545,737	12,387,519	4,690,083	930,834	606,828	108,670	36,485,090	8,370,090	500,127	11,525,337	88,627,515



Corporation of the Township of Scugog  
Notes to Consolidated Financial Statements  
December 31, 2023

December 31, 2023

14. Tangible Capital Assets (Cont'd)

	Land	Land Improvements	Buildings	Vehicles & Rolling Equipment	Furniture, Fixtures & Equipment	Computer Hardware & Software	Marine	Road Network	Storm Water Network	Asset Retirement Obligations	Work in Process	2022
Cost, beginning of year	9,491,202	8,648,024	25,006,140	10,311,515	2,814,041	757,409	371,818	95,434,418	11,556,781	5,430,660	7,443,069	177,265,077
Additions	-	151,512	1,192,850	664,114	164,320	-	45,193	1,358,180	124,383	-	4,660,954	8,361,506
Disposals	(14,002)	(99,467)	(61,300)	(487,782)	(82,143)	-	-	-	-	-	(744,173)	(1,488,867)
Cost, end of year	9,477,200	8,700,069	26,137,690	10,487,847	2,896,218	757,409	417,011	96,792,598	11,681,164	5,430,660	11,359,850	184,137,716
Accumulated Amortization, beginning of year		5,734,503	13,124,965	5,729,101	1,965,178	610,822	286,273	58,348,642	2,983,925	4,904,352	-	93,687,761
Amortization	-	304,701	755,065	697,351	172,014	53,375	10,751	2,452,995	159,974	12,849	-	4,619,075
Disposals	-	(92,100)	(61,299)	(467,835)	(82,143)	-	-	-	-	-	-	(703,377)
Accumulated Amortization, end of year	-	5,947,104	13,818,731	5,958,617	2,055,049	664,197	297,024	60,801,637	3,143,899	4,917,201	-	97,603,459
Net book value, beginning of year	9,491,202	2,913,521	11,881,175	4,582,414	848,863	146,587	85,545	37,085,776	8,572,856	526,308	7,443,069	83,577,316
Net book value, end of year	9,477,200	2,752,965	12,318,959	4,529,230	841,169	93,212	119,987	35,990,961	8,537,265	513,459	11,359,850	86,534,257

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

December 31, 2023

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

The net book value of tangible capital assets not being amortized because they are under construction is \$11,525,336 (2022 - \$11,359,850).

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.

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### 15. Segmented Information

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

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

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

#### General Government

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

#### Protection to Persons and Property

Protection includes fire, emergency control and protective inspection.

#### Transportation

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

#### Environmental

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

#### Recreational and Cultural Services

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

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Corporation of the Township of Scugog  
Notes to Consolidated Financial Statements

December 31, 2023

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15. Segmented Information (Cont'd)

Planning

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

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

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Draft - Subject to revision

Corporation of the Township of Scugog  
Notes to Consolidated Financial Statements

December 31, 2023

15. Segmented Information (Cont'd)

For the year ended December 31	General government	Protection to persons and property	Transportation and Environmental	Recreation and cultural services	Planning and Development	2023 Total
<b>Revenue</b>						
Taxation	\$ 2,617,999	\$ 2,041,777	\$ 8,968,004	\$ 3,025,589	\$ 1,046,294	\$ 17,699,663
User charges, licenses and fines	288,413	1,104,128	276,078	1,999,419	265,291	3,933,329
Grants - Federal	52,170	1,966	695,301	525,942	-	1,275,379
Grants - Provincial	488,997	800	974,430	179,396	13,687	1,657,310
Grants - Other municipalities	-	-	-	-	1,000	1,000
Casino revenues	1,040,271	-	-	-	-	1,040,271
Development charges	53,985	-	-	252,072	153,326	459,383
Investment income	1,332,966	-	-	-	-	1,332,966
Penalties and interest on taxes	97,072	75,706	332,522	112,185	38,795	656,280
Donations and other	-	-	1,452,491	114,386	21,300	1,588,177
Gain (loss) on disposition of assets	-	-	104,462	825	-	105,287
	<u>5,971,873</u>	<u>3,224,377</u>	<u>12,803,288</u>	<u>6,209,814</u>	<u>1,539,693</u>	<u>29,749,045</u>
<b>Expenses</b>						
Salaries and benefits	2,666,539	2,087,393	2,607,588	3,211,892	658,342	11,231,754
Materials, supplies and services	992,202	758,288	3,530,853	1,841,289	149,753	7,272,385
Contracted services	183,287	418,695	317,921	124,158	290,163	1,334,224
Interest and financial expenses	67,654	2,086	36,237	28,838	(50)	134,765
Amortization expense	312,741	258,929	3,711,620	545,483	8,631	4,837,404
Accretion expense	-	-	156,833	-	-	156,833
Transfers to other entities	68,633	-	-	4,000	-	72,633
	<u>4,291,056</u>	<u>3,525,391</u>	<u>10,361,052</u>	<u>5,755,660</u>	<u>1,106,839</u>	<u>25,039,998</u>
<b>Annual Surplus (deficit)</b>	<b>\$ 1,680,817</b>	<b>\$ (301,014)</b>	<b>\$ 2,442,236</b>	<b>\$ 454,154</b>	<b>\$ 432,854</b>	<b>\$ 4,709,047</b>

Corporation of the Township of Scugog  
Notes to Consolidated Financial Statements

December 31, 2023

15. Segmented Information (Cont'd)

For the year ended December 31	General government	Protection to persons and property	Transportation and Environmental	Recreation and cultural services	Planning and Development	2022 Total
<b>Revenue</b>						
Taxation	\$ 2,491,667	\$ 2,379,877	\$ 7,823,579	\$ 2,862,722	\$ 731,678	\$ 16,289,523
User charges, licenses and fines	246,480	689,107	121,710	1,152,845	234,541	2,444,683
Grants - Federal	13,388	-	187,241	451,862	55,278	707,769
Grants - Provincial	767,895	-	913,103	82,832	53,674	1,817,504
Grants - Other municipalities	-	-	127,929	-	25,000	152,929
Casino revenues	974,276	-	-	-	-	974,276
Development charges	-	-	73,183	758,265	5,021	836,469
Investment income	612,694	-	-	-	-	612,694
Penalties and interest on taxes	89,053	85,058	285,200	102,315	21,675	583,301
Donations and other	91,889	10,456	38,275	80,307	-	220,927
Gain (loss) on disposition of assets	15,677	10,053	-	3,217	15,340	44,287
	<u>5,303,019</u>	<u>3,174,551</u>	<u>9,570,220</u>	<u>5,494,365</u>	<u>1,142,207</u>	<u>24,684,362</u>
<b>Expenses</b>						
Salaries and benefits	2,409,429	1,992,261	2,536,323	2,832,877	657,575	10,428,465
Materials, supplies and services	1,113,589	415,595	3,467,546	1,563,697	178,688	6,739,115
Contracted services	254,109	273,260	77,584	101,306	23,025	729,284
Interest and financial expenses	40,564	1,905	-	-	-	42,469
Amortization expense	284,721	235,458	3,643,245	445,687	9,964	4,619,075
Accretion expense	-	-	186,885	-	-	186,885
Transfers to other entities	189,710	34,937	174,418	-	-	399,065
	<u>4,292,122</u>	<u>2,953,416</u>	<u>10,086,001</u>	<u>4,943,567</u>	<u>869,252</u>	<u>23,144,358</u>
<b>Annual Surplus (deficit)</b>	<b>\$ 1,010,897</b>	<b>\$ 221,135</b>	<b>\$ (515,781)</b>	<b>\$ 550,798</b>	<b>\$ 272,955</b>	<b>\$ 1,540,004</b>