

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

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The Corporation of the
Township of Otonabee-South Monaghan

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

For The Year Ended December 31, 2022

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Otonabee-South Monaghan are the responsibility of management and have been approved by Council.

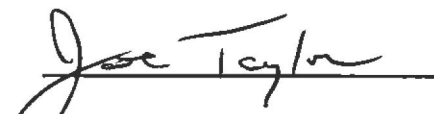
The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Township maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted for and adequately safeguarded.


The Township's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the Township's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Township of Otonabee-South Monaghan. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the Township. Baker Tilly KDN LLP has full and free access to Council.



Mayor



Treasurer

June 5, 2023

Baker Tilly KDN LLP
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Peterborough, ON
Canada K9J 2V4

INDEPENDENT AUDITOR'S REPORT

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To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Otonabee-South Monaghan

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Otonabee-South Monaghan and its local boards (the Township), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statements of operations and accumulated surplus, change in net financial assets and 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 Township as at December 31, 2022, and the results of its consolidated operations 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 Township 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 the 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 Township'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 Township or to cease operations, or has no realistic alternative but to do so.

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

ASSURANCE • TAX • ADVISORY

Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

Peterborough

Courtice

Lindsay

Cobourg

Auditor's Responsibilities for the Audit of the Consolidated 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 Township'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 Township'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 Township 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 consolidated financial information of the entities or business activities within the Township 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
January 24, 2024

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2022

	2022 \$	2021 \$
FINANCIAL ASSETS		
Cash (note 2)	6,091,552	4,576,929
Investments (note 3)	6,690,785	6,515,864
Accounts receivable	934,876	683,939
Taxes receivable	566,964	579,969
Long-term debt assumed by Otonabee NP Housing Corporation (note 7)	972,380	1,001,772
TOTAL FINANCIAL ASSETS	15,256,557	13,358,473
LIABILITIES		
Accounts payable and accrued liabilities	3,842,413	3,703,828
Deferred revenue - obligatory reserve funds (note 6)	2,221,682	1,855,320
Deferred revenue - other (note 5)	294,882	17,089
Long-term debt (note 7)	2,435,254	2,638,553
Landfill closure and post-closure liability (note 8)	190,000	259,000
Employee future benefits (note 12)	416,800	408,000
TOTAL LIABILITIES	9,401,031	8,881,790
NET FINANCIAL ASSETS	5,855,526	4,476,683
NON-FINANCIAL ASSETS		
Tangible capital assets (note 13)	17,717,241	17,254,594
Inventories of materials and supplies	31,671	42,793
Prepaid expenses	414,747	346,094
TOTAL NON-FINANCIAL ASSETS	18,163,659	17,643,481
ACCUMULATED SURPLUS (note 14)	24,019,185	22,120,164

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Property taxation	7,049,379	7,171,093	6,781,865
User charges	1,091,906	1,513,413	1,134,964
Province of Ontario	2,546,521	788,161	786,712
Penalties and interest on taxes	70,000	94,337	89,383
Investment income	80,530	365,034	234,441
Donations	7,100	10,037	12,697
Other grants	-	2,479	5,824
Landfill compensation	350,000	307,665	422,051
Other	-	38,984	40,103
Developer charges earned	79,000	78,935	316,068
Canada Community-Building Fund earned	-	-	329,151
Gain on disposal of tangible capital assets	30,000	35,225	526,473
TOTAL REVENUES	11,304,436	10,405,363	10,679,732
EXPENSES			
General government	1,594,390	1,664,744	1,509,420
Protection services	2,495,892	2,271,677	2,139,413
Transportation services	2,897,565	2,962,866	2,790,373
Environmental services	753,627	647,429	625,131
Health services	31,547	27,033	24,709
Social housing	-	38,984	40,103
Recreation and cultural services	836,763	822,412	879,883
Planning and development	145,180	71,197	94,199
TOTAL EXPENSES	8,754,964	8,506,342	8,103,231
ANNUAL SURPLUS	<u>2,549,472</u>	1,899,021	2,576,501
ACCUMULATED SURPLUS - beginning of year		22,120,164	19,543,663
ACCUMULATED SURPLUS - end of year		24,019,185	22,120,164

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL SURPLUS	2,549,472	1,899,021	2,576,501
Amortization of tangible capital assets	1,348,325	1,174,236	1,348,324
Purchase of tangible capital assets	(4,519,190)	(1,636,883)	(1,289,828)
Gain on disposal of tangible capital assets	(30,000)	(35,225)	(526,473)
Proceeds on sale of tangible capital assets	30,000	35,225	539,223
Change in inventories of materials and supplies	-	11,122	(12,700)
Change in prepaid expenses	-	(68,653)	(342,776)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(621,393)	1,378,843	2,292,271
NET FINANCIAL ASSETS - beginning of year	4,476,683	4,476,683	2,184,412
NET FINANCIAL ASSETS - end of year	3,855,290	5,855,526	4,476,683

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	2022 \$	2021 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	1,899,021	2,576,501
Items not involving cash		
Amortization of tangible capital assets	1,174,236	1,348,324
Gain on disposal of tangible capital assets	(35,225)	(526,473)
Change in landfill post-closure liability	(69,000)	(22,000)
Change in employee future benefits	8,800	8,500
Change in non-cash assets and liabilities		
Accounts receivable	(250,937)	(102,487)
Taxes receivable	13,005	25,392
Inventories of materials and supplies	11,122	(12,700)
Prepaid expenses	(68,653)	(342,776)
Accounts payable and accrued liabilities	138,585	901,427
Deferred revenue - obligatory reserve funds	366,362	1,053,546
Deferred revenue - other	277,793	(12,858)
Net change in cash from operating activities	3,465,109	4,894,396
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(1,636,883)	(1,289,828)
Proceeds on disposal of tangible capital assets	35,225	539,223
Net change in cash from capital activities	(1,601,658)	(750,605)
INVESTING ACTIVITIES		
Purchase of investments	(174,921)	(1,708,551)
Disposal of investments	-	39,137
Net change in cash from investing activities	(174,921)	(1,669,414)
FINANCING ACTIVITIES		
Debt principal repayments	(203,299)	(195,677)
Decrease in long-term debt assumed by Otonabee NP Housing Corporation	29,392	28,273
OILC advance repaid	-	(1,000,000)
Net change in cash from financing activities	(173,907)	(1,167,404)
NET CHANGE IN CASH	1,514,623	1,306,973
CASH - beginning of year	4,576,929	3,269,956
CASH - end of year	6,091,552	4,576,929

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

The Township of Otonabee-South Monaghan is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned and controlled by the Township. These consolidated financial statements include:

- Otonabee-South Monaghan Township Public Library Board
- Stewart Hall Community Centre Board
- Dawson Cemetery
- Keene Cemetery

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) Trust Funds

Trust funds and their related operations administered by the Township are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(c) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the period the services are performed.

(d) Reserves and Reserve Funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(e) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the Township because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Township unless they are sold.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Taxation

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Township's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Township is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are reported in the financial statements when amounts can be reasonably determined.

The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

Government Funding

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other Revenue

User charges are recognized as revenue in the period the goods and services are provided, with the exception of building permits which are recognized when the permits are issued.

Investment income is recorded when earned.

Canada Community-Building Fund, recoverable police force fees, development charges and parkland fees are recognized in the period in which the related expenditures are recorded.

Landfill compensation is recorded when earned.

(g) Inventories of Materials and Supplies

Inventories of materials and supplies are recorded at cost on a first-in first-out basis.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	30 years
Buildings	50 years
Machinery and equipment	3 to 30 years
Vehicles	5 to 25 years
Roads and bridges	15 to 50 years
Water systems	25 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

(i) Use of Estimates

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Township's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements or changes in such estimates in future periods could be significant. The Township's significant estimates include:

- The amounts recorded for landfill closure and post-closure care depend on estimates of usage, remaining life and capacity. The provision for future closure and post-closure costs also depends on estimates of such costs;
- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values; and
- The values of employee future benefit liabilities and the amount of employee future benefit costs charged to earnings depend on certain actuarial and economic assumptions.

2. CASH

Cash consists of the following:

	2022 \$	2021 \$
Unrestricted	5,533,634	3,926,903
Restricted	557,918	650,026
	6,091,552	4,576,929

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

3. INVESTMENTS

Investments, stated at cost, consist of:

	2022 \$	2021 \$
One Fund - Universe Corp bonds	1,384,188	1,347,347
One Fund - equity funds	1,407,900	1,326,989
Guaranteed investment certificates, interest rates from 0.30% to 1.80%, maturing from April 2023 to August 2026	3,185,734	3,131,499
Kawartha Credit Union shares	659,000	659,000
Affinity shares	53,963	51,029
	6,690,785	6,515,864

4. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF PETERBOROUGH

During 2022, requisitions were made by the County of Peterborough and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Amounts requisitioned and remitted	2,196,367	4,084,405

These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

5. DEFERRED REVENUE - OTHER

The balance is comprised of the following:

	2022 \$	2021 \$
Ontario Community Infrastructure Fund	176,245	-
Municipal Modernization Program	112,190	-
Safe Restart and Covid Recovery funding	-	10,642
Library and Community Centre	6,447	6,447
	294,882	17,089

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

6. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Township are summarized below:

	2022	2021
	\$	\$
Parkland	91,037	79,931
Development charges	1,576,301	1,449,890
Canada Community-Building Fund	494,030	267,192
Recoverable police force fees	60,314	58,307
	2,221,682	1,855,320

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2022	2021
	\$	\$
Balance - beginning of year	1,855,320	801,774
Add amounts received:		
Parkland fees	10,530	8,000
Development charges	200,976	1,260,890
Canada Community-Building Fund	211,540	414,899
Recoverable police force fees	1,475	97
Interest	20,776	14,879
	445,297	1,698,765
Less transfer to operations:		
Development charges earned	78,935	316,068
Canada Community-Building Fund earned	-	329,151
	78,935	645,219
Balance - end of year	2,221,682	1,855,320

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

7. LONG-TERM DEBT

- (a) The balance of long-term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2022 \$	2021 \$
Ontario Infrastructure and Lands Corporation debentures for Arena upgrades, due January 15, 2038, repayable in blended semi-annual instalments of \$43,992, interest rate at 3.22% per annum.	1,067,018	1,119,375
Ontario Infrastructure Projects Corporation debentures for Fire Hall 1 and water system upgrades, due December 15, 2025, repayable in blended semi-annual instalments of \$70,814, interest rate at 4.12% per annum.	395,856	517,406
Ontario Infrastructure Projects Corporation debentures, due July 2, 2043, repayable in blended semi-annual instalments of \$34,188, interest rate at 3.92% per annum (see (d) below).	972,380	1,001,772
	<u>2,435,254</u>	<u>2,638,553</u>

- (b) The long-term debt in (a) issued in the name of the Township have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (c) Interest paid during the year on long-term debt amounted to \$94,688 (2021 - \$102,310).
- (d) In 2013, the Township approved the issuance of debentures from the Ontario Infrastructure Projects Corporation (OIPC) for \$1,200,000 which was assumed by Otonabee Non-Profit Housing Corporation. A portion of long-term debt reported in (a) is recoverable from Otonabee Non-Profit Housing Corporation with blended semi-annual payments of \$34,188 (\$68,376 annually) and interest at a rate of 3.92% per annum to match the debt held by the Township.
- (e) Future debt payments are as follows:

	Principal \$	Interest \$	Total \$
2023	211,221	86,766	297,987
2024	219,456	78,531	297,987
2025	228,014	69,973	297,987
2026	93,823	62,536	156,359
2027	97,113	59,246	156,359
2028 and subsequent years	1,585,627	432,216	2,017,843
	<u>2,435,254</u>	<u>789,268</u>	<u>3,224,522</u>

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

8. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The estimated liability for landfill closure and post-closure costs for the one closed Township site is \$190,000 (2021 - \$259,000). The closure costs include final cover, vegetation and additional monitoring wells. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. Only post-closure care activities remain at the end of 2022 for this site. The liability is calculated based on estimated future annual monitoring costs with a discount factor of 4.50% (2021 - 2.85%) and inflation of 3.0% (2021 - 3.0%). The Township has a waste management reserve fund totaling \$562,682 (2021 - \$544,922) and a waste management post-closure reserve totaling \$30,000 (2021 - \$30,000) to fund these costs and other waste management projects.

The Township also has one landfill site which has not been fully closed. The liability for closure and post-closure costs for this site is indeterminable and no amount has been included as a liability as at December 31, 2022. The Township has a separate waste management reserve for this unclosed site totaling \$230,933 (2021 - \$212,933) to fund these costs.

9. TRUST FUNDS

Trust funds administered by the Township amounting to \$396,002 (2021 - \$383,743) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or operations.

10. 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 \$750,000 via a line of credit. Any balance borrowed will accrue interest at the bank's prime lending rate per annum. Council authorized the temporary borrowing limit by By-law 2022-02. At December 31, 2022 there was no balance outstanding (2021 - \$Nil).

11. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation. The restatement did not affect the prior year surplus.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

12. EMPLOYEE FUTURE BENEFITS

The Township provides certain employee future benefits that will require funding in future periods.

	2022	2021
	\$	\$
Accrued benefit obligation	286,300	357,100
Unamortized actuarial gain	130,500	50,900
Liability at December 31	416,800	408,000

The Township sponsors benefit plans to pay costs of life, accidental death and dismemberment, medical, dental and employee assistance program, for eligible employees after they retire and their eligible dependents. All benefits are provided upon retirement and continue for a period of 10 years, but not beyond the age of 65, at which time the benefits cease. The plans are not funded by the Township until the plan premiums are paid.

The actuarial valuation as at December 31, 2022 was based on a number of assumptions about future events, such as discount rate, weighted average health care trend rates, and employee turnover and mortality. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group, which is 10 years. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows:

Discount rate	4.60%
Weighted average health care trend rate - initial 2022	7.20%
- ultimate	4.50%
- year ultimate reached	2043

The employee future benefits expense is reported on the Consolidated Statement of Operations and Accumulated Surplus and is comprised of the following:

	2022	2021
	\$	\$
Current year benefit cost	29,700	24,600
Interest cost	9,900	10,300
Amortization of actuarial gains	(15,400)	(11,600)
Annual expense	24,200	23,300

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

13. TANGIBLE CAPITAL ASSETS

The net book value of the Township's tangible capital assets are:

	2022	2021
	\$	\$
General		
Land	690,645	690,645
Land improvements	299,752	68,634
Buildings	4,256,187	4,365,471
Machinery and equipment	1,519,327	1,050,203
Vehicles	2,228,323	1,894,795
Infrastructure		
Roads and bridges	7,837,194	8,337,238
Water systems	700,800	780,639
	17,532,228	17,187,625
Assets under construction	185,013	66,969
	17,717,241	17,254,594

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2021 - \$Nil) and no interest was capitalized (2021 - \$Nil).

The allocation of tangible capital assets by segment are as follows:

	2022	2021
	\$	\$
General government	430,873	441,945
Protection services	3,637,770	3,181,882
Transportation services	10,154,334	10,119,014
Environmental services	740,566	823,141
Health services	31,417	31,417
Recreation and cultural services	2,722,281	2,657,195
	17,717,241	17,254,594

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

14. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2022	2021
	\$	\$
Surplus/(Deficit)		
Stewart Hall	4,761	4,821
Unfunded employee future benefits liability	(416,800)	(408,000)
Unfunded landfill post-closure liability	(190,000)	(259,000)
	(602,039)	(662,179)
Invested In Capital Assets		
Tangible capital assets - net book value	17,717,241	17,254,594
Long-term debt related to tangible capital assets	(1,462,874)	(1,636,781)
	16,254,367	15,617,813
Surplus	15,652,328	14,955,634
Reserves		
Working funds	778,436	329,451
General	2,851,290	2,471,790
Community improvements	3,417	3,417
Fire	856,519	1,087,723
Policing	108,094	103,094
Transportation services	554,078	256,260
Waste management and recycling	608,841	581,841
Parks and recreation programs	115,194	168,114
Arena	107,320	-
Planning	121,406	114,406
Public property	387,961	343,461
Building department	683,813	629,504
Keene Farmers Market	618	618
Waterworks	442,355	406,636
Cemeteries	17,806	17,806
Otonabee-South Monaghan Township Public Library Board	54,679	46,404
Total Reserves	7,691,827	6,560,525

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

14. ACCUMULATED SURPLUS, continued

	2022	2021
	\$	\$
Reserve Funds		
Waste management	615,947	544,922
Waste management general purpose	59,083	59,083
Total Reserve Funds	675,030	604,005
	24,019,185	22,120,164

- (b) In prior years, the Waste Management Reserve Fund was reduced for a loan provided to Sewer operations. This amount was loaned to cover the deficit in Sewer operations. The amount owing to the Reserve Fund at December 31, 2022 is \$28,332 (2021 - \$81,596).

15. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
Salaries and benefits	3,280,576	3,030,123	2,851,319
Interest charges	58,944	94,688	102,310
Materials	2,344,404	2,543,093	2,017,457
Contracted services	1,628,157	1,585,708	1,705,337
Rents and financial	16,750	4,359	5,540
External transfers	77,808	74,135	72,944
Amortization	1,348,325	1,174,236	1,348,324
	8,754,964	8,506,342	8,103,231

16. PENSION AGREEMENTS

Certain employees of the Township are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2022 Annual Report disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets of \$123,628 million indicating an actuarial deficit of \$6,678 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The Township's required contributions to OMERS in 2022 were \$164,320 (2021 - \$163,193).

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

17. CONTINGENT LIABILITIES

The Township, in the course of its operations, has been named in litigation matters, the outcome of which is indeterminable at this time. No amounts in connection with this item has been reflected in these financial statements.

The Township along with another municipality and possibly a private land owner are responsible for a closed landfill site that has not met all Provincial closure requirements. Amounts cannot be estimated at this time as the Province has not yet approved a final closure plan. No amounts in connection with this item have been reflected in these consolidated financial statements. The Township has a separate waste management reserve for any contingent liabilities associated with this site totaling \$230,933 (2021 - \$212,933).

18. BUDGET FIGURES

The budget, approved by the Township, for 2022 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

19. COMMITMENT

During the year, the Township awarded a tender for the Otonabee Memorial Community Centre Phase 2 Renovation Construction Project for \$2,818,300 plus HST. The construction project will commence in 2023 and will be funded from Provincial grants and reserves.

20. SEGMENTED INFORMATION

The Township of Otonabee-South Monaghan is a municipal government organization that provides a range of services to its residents. 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 certain unconditional government transfers are apportioned based on each segment's net requirements.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure.

General Government

General government consists of the activities of Council and general financial and administrative management of the Township and its programs and services.

Protection Services

Protection services include police, fire, conservation authority and protective inspection and control and emergency measures.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

20. SEGMENTED INFORMATION, continued

Transportation Services

The activities of the transportation function include operations and maintenance of the Township's roads and bridges, winter control and street lighting.

Environmental Services

The environmental function is responsible for water, sewer, waste collection, waste disposal and recycling activities not provided by the County of Peterborough.

Health Services

The health services function consists of the activities of the cemetery board, assumed cemetery and operations of the Keene Medical Centre building.

Social Housing

The social housing segment represents the interest on long-term debt for the loan borrowed by the Township on behalf of the Otonabee Non-Profit Housing Corporation.

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities and library services.

Planning and Development

The planning and development services function manages commercial, industrial and residential development within the Township.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2022

	General					Infrastructure		Assets Under Construction	Totals
	Land \$	Land Improvements \$	Buildings \$	Machinery and Equipment \$	Vehicles \$	Roads and Bridges \$	Water Systems \$	\$	\$
COST									
Balance, beginning of year	690,645	94,229	5,603,325	2,642,604	3,606,301	24,180,964	1,995,970	66,969	38,881,007
Add: additions during the year	-	-	-	650,532	630,701	-	-	355,650	1,636,883
Less: disposals during the year	-	-	-	27,650	208,284	-	-	-	235,934
Internal transfers	-	237,606	-	-	-	-	-	(237,606)	-
Balance, end of year	690,645	331,835	5,603,325	3,265,486	4,028,718	24,180,964	1,995,970	185,013	40,281,956
ACCUMULATED AMORTIZATION									
Balance, beginning of year	-	25,595	1,237,854	1,592,401	1,711,506	15,843,726	1,215,331	-	21,626,413
Add: additions during the year	-	6,488	109,284	181,408	297,173	500,044	79,839	-	1,174,236
Less: disposals during the year	-	-	-	27,650	208,284	-	-	-	235,934
Balance, end of year	-	32,083	1,347,138	1,746,159	1,800,395	16,343,770	1,295,170	-	22,564,715
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	690,645	299,752	4,256,187	1,519,327	2,228,323	7,837,194	700,800	185,013	17,717,241

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2022

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Health Services \$	Social Housing \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues										
Property taxation	1,851,907	1,993,643	2,414,253	-	217,439	7,000	-	584,671	102,180	7,171,093
User charges	21,243	1,020,417	8,755	125,378	44,917	14,532	-	269,025	9,146	1,513,413
Government transfers - operating	68,612	523,425	-	-	441	-	-	20,843	-	613,321
Government transfers - capital	-	-	95,069	-	-	-	-	79,771	-	174,840
Penalties and interest on taxes	94,337	-	-	-	-	-	-	-	-	94,337
Investment income	365,012	-	-	-	-	-	-	22	-	365,034
Donations	-	-	-	-	-	-	-	10,037	-	10,037
Other grants	-	-	-	-	-	-	-	2,479	-	2,479
Landfill compensation	-	-	-	-	307,665	-	-	-	-	307,665
Other	-	-	-	-	-	-	38,984	-	-	38,984
Developer contributions earned	-	43,000	28,000	-	-	-	-	7,935	-	78,935
Gain on disposal of tangible capital assets	-	35,225	-	-	-	-	-	-	-	35,225
Total revenues	2,401,111	3,615,710	2,546,077	125,378	570,462	21,532	38,984	974,783	111,326	10,405,363
Expenses										
Salaries and benefits	743,701	712,963	1,003,913	277	95,888	-	-	438,415	34,966	3,030,123
Interest charges	-	10,441	-	9,637	-	-	38,984	35,626	-	94,688
Materials	715,687	236,081	1,153,217	132,266	(8,590)	27,033	-	251,168	36,231	2,543,093
Contracted services	189,933	1,039,795	20,604	192,538	142,838	-	-	-	-	1,585,708
Rents and financial	4,351	-	-	-	-	-	-	8	-	4,359
External transfers	-	74,135	-	-	-	-	-	-	-	74,135
Amortization	11,072	198,262	785,132	82,575	-	-	-	97,195	-	1,174,236
Total expenses	1,664,744	2,271,677	2,962,866	417,293	230,136	27,033	38,984	822,412	71,197	8,506,342
Net surplus/(deficit)	736,367	1,344,033	(416,789)	(291,915)	340,326	(5,501)	-	152,371	40,129	1,899,021

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2021

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Health Services \$	Social Housing \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues										
Property taxation	1,838,902	1,610,752	2,188,565	320,488	79,961	20,962	-	588,128	134,107	6,781,865
User charges	39,452	713,326	9,517	81,081	70,029	10,295	-	199,994	11,270	1,134,964
Government transfers - operating	172,930	510,036	-	-	5,532	-	-	19,831	-	708,329
Government transfers - capital	-	-	78,383	-	-	-	-	-	-	78,383
Penalties and interest on taxes	89,383	-	-	-	-	-	-	-	-	89,383
Investment income	234,376	-	-	-	-	-	-	65	-	234,441
Donations	6,000	-	-	-	-	500	-	6,197	-	12,697
Other grants	-	-	-	-	-	-	-	5,824	-	5,824
Landfill compensation	-	-	-	-	422,051	-	-	-	-	422,051
Other	-	-	-	-	-	-	40,103	-	-	40,103
Developer contributions earned	-	-	243,000	-	-	-	-	73,068	-	316,068
Canada Community-Building Fund earned	-	-	329,151	-	-	-	-	-	-	329,151
Gain on disposal of tangible capital assets	-	455,239	71,234	-	-	-	-	-	-	526,473
Total revenues	2,381,043	3,289,353	2,919,850	401,569	577,573	31,757	40,103	893,107	145,377	10,679,732
Expenses										
Salaries and benefits	758,673	671,514	836,180	-	96,968	-	-	407,014	80,970	2,851,319
Interest charges	-	12,966	-	11,969	-	-	40,103	37,272	-	102,310
Materials	589,040	175,066	702,435	86,666	91,651	24,319	-	335,051	13,229	2,017,457
Contracted services	145,403	1,033,897	270,735	150,330	104,972	-	-	-	-	1,705,337
Rents and financial	5,232	-	-	-	-	-	-	308	-	5,540
External transfers	-	72,944	-	-	-	-	-	-	-	72,944
Amortization	11,072	173,026	981,023	82,575	-	390	-	100,238	-	1,348,324
Total expenses	1,509,420	2,139,413	2,790,373	331,540	293,591	24,709	40,103	879,883	94,199	8,103,231
Net surplus	871,623	1,149,940	129,477	70,029	283,982	7,048	-	13,224	51,178	2,576,501

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Otonabee-South Monaghan

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Township of Otonabee-South Monaghan (the Trust Funds), which comprise the statement of financial position as at December 31, 2022, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2022, and the continuity of the Trust Funds 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 Trust Funds 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 the 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 Trust Funds' 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 Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds' financial reporting process.

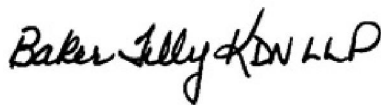
Auditor's Responsibilities for the Audit of the Financial Statements

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 Trust Funds' 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 Trust Funds' 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 Trust Funds 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.



Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
January 24, 2024

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2022

	Cemetery Care and Maintenance \$	Responsibility Agreements \$	Darling Trust \$	Assumed Cemetery Care and Maintenance \$	2022 Total \$	2021 Total \$
FINANCIAL ASSETS						
Cash	3,586	323,136	-	-	326,722	324,558
Investments (note 2)	22,045	7,140	2,872	5,563	37,620	38,564
Accrued interest	365	-	-	-	365	146
Due from Township	31,208	-	-	87	31,295	28,366
	57,204	330,276	2,872	5,650	396,002	391,634
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Due to Township	-	-	-	-	-	7,891
FUND BALANCES						
Capital	56,942	244,755	2,872	5,650	310,219	308,060
Income	262	85,521	-	-	85,783	75,683
	57,204	330,276	2,872	5,650	396,002	383,743
	57,204	330,276	2,872	5,650	396,002	391,634

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2022

	Cemetery Care and Maintenance \$	Responsibility Agreements \$	Darling Trust \$	Assumed Cemetery Care and Maintenance \$	2022 Total \$	2021 Total \$
BALANCES - beginning of year	55,139	320,176	2,778	5,650	383,743	374,805
RECEIPTS						
Interest earned	665	10,100	94	137	10,996	6,507
Interment fees	2,065	-	-	-	2,065	3,715
	2,730	10,100	94	137	13,061	10,222
EXPENSES						
Contribution to cemetery operations	665	-	-	137	802	1,284
BALANCES - end of year	57,204	330,276	2,872	5,650	396,002	383,743

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(a) Basis of Accounting

Revenue and expenses 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 receipt of goods or services and the creation of a legal obligation to pay.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Township's best information and judgment. Actual results could differ from these estimates.

(c) Revenue Recognition

Interment fees are recognized on the accrual basis of accounting which recognizes the revenues as they are earned. Investment income is recognized when earned.

2. INVESTMENTS

Investments include guaranteed investment certificates, term deposits, Universe Corp bond, and equity funds with various maturity dates between March 2023 to January 2028 and bearing interest between 1% to 7.2% per annum.

3. CARE AND MAINTENANCE FUNDS

The figures reported for the cemetery care and maintenance funds represent the trust fund activities for the Keene cemetery. The figures reported for the assumed cemetery care and maintenance funds represent the trust fund activities for the Dawson cemetery.

The Care and Maintenance Funds administered by the Township are funded by the sale of cemetery plots, monuments, markers and niches. These funds are invested and earnings derived there from are used to perform care and maintenance for the Township's cemeteries. The operations and investments of the Fund are undertaken by the Township in accordance with the regulations of the Funeral, Burial and Cremation Services Act, 2002.

4. RESPONSIBILITY AGREEMENTS

The figures reported for the responsibility agreements represent funds held from Kawartha Trails and Shady Acres for maintenance of water systems in these respective areas should the owners not fulfill their requirements.

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**

**OTONABEE-SOUTH MONAGHAN
TOWNSHIP PUBLIC LIBRARY BOARD**

FINANCIAL STATEMENTS

DECEMBER 31, 2022

INDEPENDENT AUDITOR'S REPORT

**To the Members of the Otonabee-South Monaghan Township
Public Library Board, the Members of Council, Inhabitants
and Ratepayers of the Corporation of the Township of
Otonabee-South Monaghan**

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Qualified Opinion

We have audited the financial statements of the Otonabee-South Monaghan Township Public Library Board of the Corporation of the Township of Otonabee-South Monaghan (the Board), which comprise the statement of financial position as at December 31, 2022, the statements of operations and accumulated surplus, change 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 Board as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

In common with many Public Library Boards, the Board derives revenue from user fees, donations and fundraising, 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 Board. Therefore, we were not able to determine whether any adjustments might be necessary to user fees, donations and fundraising revenue, annual surplus/(deficit), assets and accumulated surplus.

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 Board 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 opinion.

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

Management is responsible for the preparation and fair presentation of the 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

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

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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 Board'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 Board'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 Board 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
January 24, 2024

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2022

	2022 \$	2021 \$
FINANCIAL ASSETS		
Cash	19,936	32,536
Investments (note 2)	32,000	8,229
Accounts receivable	7,799	11,255
Due from Township (note 7)	-	6,068
TOTAL FINANCIAL ASSETS	59,735	58,088
LIABILITIES		
Accounts payable	6,821	11,597
Deferred revenue (note 3)	2,688	2,688
TOTAL LIABILITIES	9,509	14,285
NET FINANCIAL ASSETS	50,226	43,803
NON-FINANCIAL ASSETS		
Tangible capital assets (note 5)	63,981	63,444
Prepaid expenses	4,452	2,600
TOTAL NON-FINANCIAL ASSETS	68,433	66,044
ACCUMULATED SURPLUS (note 6)	118,659	109,847

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Municipal contributions - levy (note 7)	206,963	210,099	200,722
Municipal contributions - development charges (note 7)	8,000	7,935	6,068
Municipal contributions - occupancy (note 7)	-	15,993	13,572
Province of Ontario	19,268	19,268	19,268
Other grants	1,700	2,979	5,824
User fees	2,000	6,695	1,329
Interest	30	22	65
Donations and fundraising	7,200	10,577	6,527
TOTAL REVENUES	245,161	273,568	253,375
EXPENSES			
Salaries and benefits	193,741	192,549	179,341
Custodian	6,420	6,108	6,060
Telephone	5,900	4,973	4,910
Office, supplies, bank charges	6,850	4,204	7,960
Equipment	4,800	5,312	-
Resource and professional development	1,000	767	747
Program costs	4,050	7,718	2,326
Library collection costs	-	4,660	4,510
Amortization	23,135	22,472	23,135
Occupancy costs (note 7)	-	15,993	13,572
TOTAL EXPENSES	245,896	264,756	242,561
ANNUAL SURPLUS/(DEFICIT)	<u>(735)</u>	8,812	10,814
ACCUMULATED SURPLUS - beginning of year		109,847	99,033
ACCUMULATED SURPLUS - end of year		118,659	109,847

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL SURPLUS/(DEFICIT)	(735)	8,812	10,814
Amortization of tangible capital assets	23,135	22,472	23,135
Acquisition of tangible capital assets	(29,650)	(23,009)	(21,888)
Change in prepaid expenses	-	(1,852)	225
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(7,250)	6,423	12,286
NET FINANCIAL ASSETS - beginning of year	43,803	43,803	31,517
NET FINANCIAL ASSETS - end of year	36,553	50,226	43,803

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	2022 \$	2021 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	8,812	10,814
Items not involving cash		
Amortization of tangible capital assets	22,472	23,135
Change in non-cash assets and liabilities		
Accounts receivable	3,456	(7,488)
Due from Township	6,068	(6,068)
Prepaid expenses	(1,852)	225
Accounts payable	(4,776)	(14,168)
Deferred revenue	-	(2,183)
Net change in cash from operating activities	34,180	4,267
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(23,009)	(21,888)
INVESTING ACTIVITIES		
Redemption of investments	8,229	8,191
Purchase of investments	(32,000)	(8,229)
Net change in cash from investing activities	(23,771)	(38)
NET CHANGE IN CASH	(12,600)	(17,659)
CASH - beginning of year	32,536	50,195
CASH - end of year	19,936	32,536

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

User fees, donations and fundraising are recognized as revenue in the year amounts are received or become receivable if collection is reasonably assured.

(b) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Board's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Board's significant estimates include:

- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Books and periodicals	7 years
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Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

(d) Deferred Revenue

Deferred revenue represents grants which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Non-Financial Assets

Tangible capital assets and other non-financial assets are accounted for as assets by the Board because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Board unless they are sold.

(f) Reserves

Certain amounts, as approved by the Board, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective fund when approved.

(g) Inter-Entity Transactions

The Otonabee-South Monaghan Township Public Library Board is a Board of the Township of Otonabee-South Monaghan and is consolidated with the Township's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Township.

2. INVESTMENTS

Investments consist of a term deposit with a maturity date of February 16, 2023 and bearing interest at 0.50% per annum.

3. DEFERRED REVENUE

Deferred revenue consists of the following:

	2022	2021
	\$	\$
Capacity Fund	923	923
Older Adult Centres' Association of Ontario - senior's literacy	636	636
Improving Library Digital Services	1,129	1,129
	2,688	2,688

4. BUDGET FIGURES

The operating budget approved by the Board for 2022 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

5. TANGIBLE CAPITAL ASSETS

The net book value of the Board's tangible capital assets are:

	2022 Books and Periodicals \$	2021 Books and Periodicals \$
COST		
Balance, beginning of year	161,947	158,423
Add: additions during the year	23,009	21,888
Less: disposals during the year	27,650	18,364
Balance, end of year	157,306	161,947
ACCUMULATED AMORTIZATION		
Balance, beginning of year	98,503	93,732
Add: additions during the year	22,472	23,135
Less: disposals during the year	27,650	18,364
Balance, end of year	93,325	98,503
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	63,981	63,444

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

6. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022 \$	2021 \$
Invested In Capital Assets		
Tangible capital assets - net book value	63,981	63,444
Surplus	63,981	63,444
Reserves		
Capital improvements	5,733	5,733
Technology	12,262	10,262
Book purchases	13,284	10,784
Liz Coleman	3,312	3,162
Human resources	8,693	7,493
Community outreach	4,954	4,454
Government grants	50	50
Collection designated funds	465	465
Programming projects	5,925	4,000
Total Reserves	54,678	46,403
	118,659	109,847

7. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Township of Otonabee-South Monaghan.

As part of the budgeting process, the Township approves a contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus.

Details of the inter-entity expense transactions are as follows:

	2022 \$	2021 \$
Allocated costs:		
Occupancy costs	15,993	13,572

In addition, the following services are provided to the Board by the Township at no cost:

- Professional services
- Rental of buildings

All balances with the Township of Otonabee-South Monaghan have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.