

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

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

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

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

TABLE OF CONTENTS

	Page Number
MANAGEMENT REPORT	
INDEPENDENT AUDITOR'S REPORT	
CONSOLIDATED FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Remeasurement Gains and Losses	3
Statement of Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 21
Schedule of Tangible Capital Assets	22
Schedules of Segment Disclosure	23 - 24
TRUST FUNDS	
Independent Auditor's Report	25
Statement of Financial Position	27
Statement of Continuity	27
Notes to the Financial Statements	28
LOCAL BOARD	
Otonabee-South Monaghan Township Public Library Board	29 - 41



The Corporation of the
Township of Otonabee-South Monaghan

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

For The Year Ended December 31, 2023

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.

A handwritten signature in blue ink, appearing to read "Joe Taylor", written over a horizontal line.

Mayor

A handwritten signature in blue ink, written over a horizontal line.

Treasurer

January 29, 2025

Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

INDEPENDENT AUDITOR'S REPORT

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

T: (705) 742-3418
F: (705) 742-9775

www.bakertilly.ca

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, 2023, the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, 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, 2023, 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 29, 2025

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2023

	2023 \$	2022 \$
FINANCIAL ASSETS		
Cash (note 2)	5,184,711	6,091,552
Investments (note 4)	5,710,265	6,690,785
Accounts receivable	3,545,488	934,876
Taxes receivable	687,417	566,964
Long-term debt assumed by Otonabee NP Housing Corporation (note 7)	941,825	972,380
TOTAL FINANCIAL ASSETS	16,069,706	15,256,557
LIABILITIES		
OILC advance payable (note 19)	1,000,000	-
Accounts payable and accrued liabilities	3,162,861	3,842,413
Deferred revenue - obligatory reserve funds (note 6)	2,577,290	2,221,682
Deferred revenue - other (note 5)	181,164	294,882
Long-term debt (note 7)	2,224,032	2,435,254
Landfill closure and post-closure liability (note 22)	-	190,000
Asset retirement obligations (note 21)	617,269	-
Employee future benefits (note 8)	414,400	416,800
TOTAL LIABILITIES	10,177,016	9,401,031
NET FINANCIAL ASSETS	5,892,690	5,855,526
NON-FINANCIAL ASSETS		
Tangible capital assets (note 9)	22,152,562	17,717,241
Inventories of materials and supplies	43,248	31,671
Prepaid expenses	478,529	414,747
TOTAL NON-FINANCIAL ASSETS	22,674,339	18,163,659
	28,567,029	24,019,185
Comprised of:		
Accumulated surplus (note 10)	27,922,279	24,019,185
Accumulated remeasurement gains	644,750	-
	28,567,029	24,019,185

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, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
REVENUES			
Property taxation	7,416,829	7,571,781	7,171,093
User charges	1,119,661	1,104,422	1,521,842
Government of Canada	403,000	483,722	-
Province of Ontario	3,080,098	2,843,938	787,720
Other municipalities	3,000	22,665	441
Penalties and interest on taxes	70,000	88,775	94,337
Investment income	85,025	628,355	365,034
Donations	6,100	60,524	10,037
Other grants	-	3,244	2,479
Landfill compensation	335,208	321,213	307,665
Other	-	37,821	38,984
Development charges earned (note 6)	56,400	44,400	78,935
Parkland fees earned (note 8)	35,000	35,000	-
Canada Community-Building Fund earned (note 6)	241,500	202,478	-
Gain on disposal of tangible capital assets	-	61,336	35,225
TOTAL REVENUES	12,851,821	13,509,674	10,413,792
EXPENSES			
General government	1,721,558	1,779,154	1,657,206
Protection services	2,529,791	2,426,095	2,280,107
Transportation services	2,794,208	3,309,724	2,962,866
Environmental services	766,453	939,458	647,429
Health services	31,824	36,382	27,033
Social housing	-	37,821	38,984
Recreation and cultural services	907,830	938,393	829,949
Planning and development	150,199	139,553	71,197
TOTAL EXPENSES	8,901,863	9,606,580	8,514,771
ANNUAL SURPLUS	<u>3,949,958</u>	3,903,094	1,899,021
ACCUMULATED SURPLUS - beginning of year		24,019,185	22,120,164
ACCUMULATED SURPLUS - end of year		27,922,279	24,019,185

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the Year Ended December 31, 2023

	Actual 2023 \$	Actual 2022 \$
ACCUMULATED REMEASUREMENT GAINS AND LOSSES		
- beginning of year	-	-
Unrealized gain/(loss) on portfolio investments during the year	276,627	-
Adjustment on adoption of the financial instruments standard (note 22)	368,123	-
ACCUMULATED REMEASUREMENT GAINS AND LOSSES		
- end of year	644,750	-

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
ANNUAL SURPLUS	3,949,958	3,903,094	1,899,021
Amortization of tangible capital assets	1,174,238	1,232,449	1,174,236
Purchase of tangible capital assets	(4,974,800)	(5,449,899)	(1,636,883)
Gain on disposal of tangible capital assets	-	(61,336)	(35,225)
Proceeds on sale of tangible capital assets	-	86,815	35,225
Change in inventories of materials and supplies	-	(11,577)	11,122
Change in prepaid expenses	-	(63,782)	(68,653)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	149,396	(364,236)	1,378,843
NET FINANCIAL ASSETS - beginning of year	5,855,526	5,855,526	4,476,683
ADJUSTMENT ON ADOPTION OF THE ASSET RETIREMENT OBLIGATION STANDARD (note 22)	-	(243,350)	-
ADJUSTMENT ON ADOPTION OF THE FINANCIAL INSTRUMENTS STANDARD (note 22)	-	368,123	-
NET FINANCIAL ASSETS - beginning of year, as restated	5,855,526	5,980,299	4,476,683
INCREASE IN ACCUMULATED REMEASUREMENT GAINS	-	276,627	-
NET FINANCIAL ASSETS - end of year	6,004,922	5,892,690	5,855,526

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, 2023

	2023 \$	2022 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	3,903,094	1,899,021
Items not involving cash		
Amortization of tangible capital assets	1,232,449	1,174,236
Gain on disposal of tangible capital assets	(61,336)	(35,225)
Change in landfill post-closure liability	(190,000)	(69,000)
Change in employee future benefits	(2,400)	8,800
Asset retirement obligations for closed landfill site and gravel pit	373,919	-
Change in non-cash assets and liabilities		
Accounts receivable	(2,610,612)	(250,937)
Taxes receivable	(120,453)	13,005
Inventories of materials and supplies	(11,577)	11,122
Prepaid expenses	(63,782)	(68,653)
Accounts payable and accrued liabilities	(679,552)	138,585
Deferred revenue - obligatory reserve funds	355,608	366,362
Deferred revenue - other	(113,718)	277,793
Net change in cash from operating activities	2,011,640	3,465,109
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(5,449,899)	(1,636,883)
Proceeds on disposal of tangible capital assets	86,815	35,225
Net change in cash from capital activities	(5,363,084)	(1,601,658)
INVESTING ACTIVITIES		
Purchase of investments	(108,153)	(174,921)
Disposal of investments	1,733,423	-
Net change in cash from investing activities	1,625,270	(174,921)
FINANCING ACTIVITIES		
Debt principal repayments	(211,222)	(203,299)
Decrease in long-term debt assumed by Otonabee NP Housing Corporation	30,555	29,392
OILC advance	1,000,000	-
Net change in cash from financing activities	819,333	(173,907)
NET CHANGE IN CASH	(906,841)	1,514,623
CASH - beginning of year	6,091,552	4,576,929
CASH - end of year	5,184,711	6,091,552

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, 2023

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, 2023

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 year the goods and services are provided, with the exception of building permits that 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, 2023

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 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.

In addition, the Township's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets in conjunction with estimates of expected asset retirement costs, as well as the timing and duration of these retirement costs.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Investments:	
ONE fund investments	Fair Value
Guaranteed investment certificates	Amortized Cost
Credit union shares	Amortized Cost
Accounts receivable	Amortized Cost
Taxes receivable	Amortized Cost
OILC advance payable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Long-term debt	Amortized Cost

Fair value category: The Township manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(k) Asset Retirement Obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible 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 for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in several of the buildings owned by the Township has also been recognized based on estimated future expenses for remediation or disposal. A liability for the retirement of other Township assets has been recorded based on the estimate of future costs.

The liability recorded for the closed landfill is discounted using a present value calculation, and adjusted yearly for accretion expense and any amounts paid. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in (h).

2. CASH

Cash consists of the following:

	2023	2022
	\$	\$
Unrestricted	4,322,002	5,533,634
Restricted	862,709	557,918
	5,184,711	6,091,552

3. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF PETERBOROUGH

During 2023, 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	2,290,382	4,437,763

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

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

4. INVESTMENTS

Investments consist of the following:

	2023 \$	2022 \$
Investments held at amortized cost		
Guaranteed investment certificates, interest rates from 1.50% to 2.25%, maturing from June 2024 to August 2026	1,425,346	-
Guaranteed investment certificates, interest rates from 0.30% to 1.80%, maturing from April 2023 to August 2026	-	3,185,734
ONE fund - bond portfolio	-	1,407,900
ONE fund - equity portfolio	-	1,384,188
Kawartha Credit Union shares	659,000	659,000
Affinity shares	56,380	53,963
	2,140,726	6,690,785
Investments held at market value		
ONE fund - equity portfolio	2,244,245	-
ONE fund - bond portfolio	1,325,294	-
	3,569,539	-
	5,710,265	6,690,785

Book cost of ONE fund - equity portfolio and ONE fund - bond portfolio are \$1,418,775 and \$1,504,236 respectively at December 31, 2023.

Kawartha Credit Union and Affinity shares are not traded in an active market and are therefore carried at amortized cost.

5. DEFERRED REVENUE - OTHER

The balance is comprised of the following:

	2023 \$	2022 \$
Ontario Community Infrastructure Fund	178,656	176,245
Municipal Modernization Program	-	112,190
Library and Community Centre	2,508	6,447
	181,164	294,882

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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:

	2023	2022
	\$	\$
Parkland	64,704	91,037
Development charges	1,918,365	1,576,301
Canada Community-Building Fund	548,003	494,030
Recoverable police force fees	46,218	60,314
	2,577,290	2,221,682

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

	2023	2022
	\$	\$
Balance - beginning of year	2,221,682	1,855,320
Add amounts received:		
Parkland fees	7,488	10,530
Development charges	379,202	200,976
Canada Community-Building Fund	220,737	211,540
Recoverable police force fees	11	1,475
Interest	45,247	20,776
	652,685	445,297
Less transfer to operations:		
Parkland fees earned	35,000	-
Development charges earned	44,400	78,935
Canada Community-Building Fund earned	202,478	-
Recoverable police force fees earned	15,199	-
	297,077	78,935
Balance - end of year	2,577,290	2,221,682

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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:

	2023 \$	2022 \$
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.	1,012,961	1,067,018
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.	269,246	395,856
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).	941,825	972,380
	2,224,032	2,435,254

- (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 \$111,973 (2022 - \$94,688).
- (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 \$
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	100,520	55,840	156,360
2029 and subsequent years	1,485,106	376,376	1,861,482
	2,224,032	702,502	2,926,534

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

8. EMPLOYEE FUTURE BENEFITS

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

	2023	2022
	\$	\$
Accrued benefit obligation	305,000	286,300
Unamortized actuarial gain	109,400	130,500
Liability at December 31	414,400	416,800

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:

	2023	2022
	\$	\$
Current year benefit cost	23,700	29,700
Interest cost	13,800	9,900
Amortization of actuarial gains	(21,100)	(15,400)
Annual expense	16,400	24,200

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

9. TANGIBLE CAPITAL ASSETS

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

	2023	2022
	\$	\$
General		
Land	690,645	690,645
Land improvements	450,472	299,752
Buildings	7,990,830	4,256,187
Machinery and equipment	1,543,946	1,519,327
Vehicles	2,018,685	2,228,323
Infrastructure		
Roads and bridges	7,538,627	7,837,194
Water systems	1,919,357	700,800
	22,152,562	17,532,228
Assets under construction	-	185,013
	22,152,562	17,717,241

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

During the year there were no write-downs of assets (2022 - \$Nil) and no interest was capitalized (2022 - \$Nil).

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

	2023	2022
	\$	\$
General government	533,755	430,873
Protection services	3,545,734	3,637,770
Transportation services	9,923,728	10,154,334
Environmental services	1,956,387	740,566
Health services	228,874	31,417
Recreation and cultural services	5,964,084	2,722,281
	22,152,562	17,717,241

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

10. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2023 \$	2022 \$
Surplus/(Deficit)		
Stewart Hall	4,761	4,761
Unfunded employee future benefits liability	(414,400)	(416,800)
Unfunded landfill post-closure liability	-	(190,000)
	(409,639)	(602,039)
Invested In Capital Assets		
Tangible capital assets - net book value	22,152,562	17,717,241
Long-term debt related to tangible capital assets	(1,282,207)	(1,462,874)
Unfunded asset retirement obligations	(617,269)	-
Unfunded capital - Otonabee Memorial Community Centre	(1,848,718)	-
	18,404,368	16,254,367
Surplus	17,994,729	15,652,328
Reserves		
Working funds	764,583	778,437
General	4,358,523	2,851,290
Community improvements	3,417	3,417
Fire	1,135,864	856,519
Policing	124,787	108,094
Transportation services	718,938	554,078
Waste management and recycling	562,191	608,841
Parks and recreation programs	61,533	115,194
Arena	-	107,320
Planning	165,542	121,406
Public property	428,351	387,961
Building department	685,932	683,813
Keene Farmers Market	618	618
Waterworks	115,465	442,355
Cemeteries	24,749	17,806
Otonabee-South Monaghan Township Public Library Board	62,196	54,678
Total Reserves	9,212,689	7,691,827

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

10. ACCUMULATED SURPLUS, continued

	2023	2022
	\$	\$
Reserve Funds		
Waste management	655,778	615,947
Waste management general purpose	59,083	59,083
Total Reserve Funds	714,861	675,030
	27,922,279	24,019,185

(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, 2023 is \$1,715 (2022 - \$28,332).

11. EXPENSES BY OBJECT

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

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
Salaries and benefits	3,338,959	3,199,327	3,030,123
Interest charges	48,945	111,973	94,688
Materials	2,554,708	3,046,787	2,614,612
Contracted services	1,684,611	1,795,987	1,522,618
Rents and financial	16,750	136,783	4,359
External transfers	83,652	83,274	74,135
Amortization	1,174,238	1,232,449	1,174,236
	8,901,863	9,606,580	8,514,771

12. 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 2023 Annual Report disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets of \$131,983 million indicating an actuarial deficit of \$4,202 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 2023 were \$181,050 (2022 - \$164,320).

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

13. TRUST FUNDS

Trust funds administered by the Township amounting to \$418,347 (2022 - \$396,002) 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.

14. 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 2023-02. At December 31, 2023 there was no balance outstanding (2022 - \$Nil).

15. 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.

16. 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 \$217,933 (2022 - \$230,933).

17. BUDGET FIGURES

The budget, approved by the Township, for 2023 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.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

18. 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

19. OILC ADVANCE PAYABLE

During the year the Township received \$1,000,000 (2022 - \$nil) from Ontario Infrastructure and Lands Corporation (OILC) as a construction advance for an ongoing community centre capital project. The variable interest rate at December 31, 2023 is 5.58%. The Township has an approved borrowing limit of \$3,000,000 for this project from OILC.

Subsequent to year end, the construction advance was converted to a debenture in the amount of \$999,555 maturing August 1, 2044. The debenture is repayable over 20 years in semi-annual blended payments of \$38,919 at 4.73% interest. Payments commence February 1, 2025.

20. FINANCIAL INSTRUMENTS

The Township is exposed to the following risks in respect of certain of the financial instruments held:

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise.

The value of equity securities changes with stock market conditions, which are affected by market conditions and a general economic outlook. The equity securities are also affected by the future outlook of the mutual funds and changes in interest rates (if applicable).

The Township is also exposed to interest rate risk with regard to its long-term debt. This risk exposure to the Township is low as the loans have fixed terms.

(b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

In the opinion of management the credit risk exposure to the Township is low and is not material.

(c) Market risk

The Township is exposed to certain market risks including changes in pricing and limited access to foreign markets.

In the opinion of management, the Township is not exposed to any significant liquidity or currency risk.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

21. ASSET RETIREMENT OBLIGATION

The Township's asset retirement obligation consists of the following:

(a) Landfill obligation

The Township owns and operates one closed landfill site. The liability for the post-closure costs for the site has been recognized under PS 3280 – Asset Retirement Obligations. The costs have been estimated based upon the presently known obligations using a discount rate of 4.5% and an inflation rate of 3%. There are 12 years of remaining monitoring costs; however, this timeframe could be extended based on the results of the monitoring.

(b) Asbestos obligation

The Township owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 – Asset Retirement Obligations, the Township recognized an obligation relating to the removal of the asbestos in these building as estimated at December 31, 2023.

(c) Gravel pit

The Township operates a gravel pit. The liability for the closure of this site and the costs to return the property to its original state has been recognized under PS 3280 – Asset Retirement Obligations. The costs were based on presently known obligations that will exist at the estimated year of closure of the site. These costs have not been discounted as the closure date cannot be reliably estimated.

Changes to the asset retirement obligation in the year are as follows:

	Landfill post-closure \$	Asbestos \$	Gravel pit \$	Total \$
Asset Retirement Obligation				
Opening balance - January 1, 2023	-	-	-	-
Adjustment on adoption of the asset retirement obligation standard	269,000	243,350	106,919	619,269
Opening balance, as restated	269,000	243,350	106,919	619,269
Remediation costs incurred	(23,000)	-	-	(23,000)
Accretion expense	21,000	-	-	21,000
Closing balance	267,000	243,350	106,919	617,269

22. CHANGES IN ACCOUNTING POLICIES

The Township has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

22. CHANGES IN ACCOUNTING POLICIES, continued

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the Township's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments.

In accordance with the provisions of this new standard, the Township reflected the following adjustments at January 1, 2023:

- A gain of \$368,123 to accumulated remeasurement gains/(losses) due to the unrealized gain of the Township investments previously recorded at cost and a corresponding increase to the Township's investments.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability.

In accordance with the provisions of this new standard, the Township reflected the following adjustments at January 1, 2023:

Landfill Obligation

- A decrease of \$190,000 to landfill closure and post-closure liability to remove the liability recognized to December 31, 2022 under the old standard and a corresponding increase of \$269,000 to opening asset retirement obligation liability.

Asbestos Obligation

- An increase of \$243,350 to the buildings tangible capital asset account and a corresponding increase to the asset retirement obligation liability.

Other Obligation

- An increase of \$106,919 to asset retirement obligation liability for gravel pits recorded representing the estimate of the obligation as of January 1, 2023.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2023

	General				Infrastructure		Assets Under Construction	Totals
	Land	Land Improvements	Buildings	Machinery and Equipment	Roads and Bridges	Water Systems		
	\$	\$	\$	\$	\$	\$	\$	\$
COST								
Balance, beginning of year	690,645	331,835	5,603,325	3,265,486	24,180,964	1,995,970	185,013	40,281,956
Add: additions during the year	-	159,409	3,641,750	252,662	202,478	1,301,650	(185,013)	5,449,899
Less: disposals during the year	-	-	-	78,099	-	-	-	127,233
Asset retirement obligation	-	-	243,350	-	-	-	-	243,350
Balance, end of year	690,645	491,244	9,488,425	3,440,049	24,383,442	3,297,620	-	45,847,972
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	32,083	1,347,138	1,746,159	16,343,770	1,295,170	-	22,564,715
Add: additions during the year	-	8,689	150,457	202,564	501,045	83,093	-	1,232,449
Less: disposals during the year	-	-	-	52,620	-	-	-	101,754
Balance, end of year	-	40,772	1,497,595	1,896,103	16,844,815	1,378,263	-	23,695,410
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	690,645	450,472	7,990,830	1,543,946	7,538,627	1,919,357	-	22,152,562

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2023

	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	2,137,289	2,043,919	2,444,783	-	201,799	8,500	-	653,152	82,339	7,571,781
User charges	30,039	599,208	9,525	135,541	64,955	12,019	-	253,135	-	1,104,422
Government transfers - operating	731,493	15,811	-	-	-	-	-	20,437	-	767,741
Government transfers - capital	-	-	-	1,062,570	-	-	-	1,497,349	-	2,559,919
Other municipalities	-	-	-	-	22,665	-	-	-	-	22,665
Penalties and interest on taxes	88,775	-	-	-	-	-	-	-	-	88,775
Investment income	627,607	-	-	-	-	-	-	748	-	628,355
Donations	-	-	-	-	-	-	-	60,524	-	60,524
Other grants	-	-	-	-	-	-	-	3,244	-	3,244
Landfill compensation	-	-	-	-	321,213	-	-	-	-	321,213
Other	-	-	-	-	-	-	37,821	-	-	37,821
Development charges earned	-	17,400	-	-	-	-	-	27,000	-	44,400
Parkland fees earned	-	-	-	-	-	-	-	35,000	-	35,000
Canada Community-Building Fund earned	-	-	202,478	-	-	-	-	-	-	202,478
Gain on disposal of tangible capital assets	558	7,700	52,575	-	-	-	-	503	-	61,336
Total revenues	3,615,761	2,684,038	2,709,361	1,198,111	610,632	20,519	37,821	2,551,092	82,339	13,509,674
Expenses										
Salaries and benefits	761,492	812,830	1,026,792	-	100,168	-	-	449,745	48,300	3,199,327
Interest charges	-	7,810	-	7,209	-	-	37,821	59,133	-	111,973
Materials	841,466	285,070	1,187,855	227,365	78,539	25,989	-	309,250	91,253	3,046,787
Contracted services	148,186	1,038,346	192,107	174,054	243,294	-	-	-	-	1,795,987
Rents and financial	5,404	-	106,919	-	23,000	-	-	1,460	-	136,783
External transfers	-	83,274	-	-	-	-	-	-	-	83,274
Amortization	22,606	198,765	796,051	85,829	-	10,393	-	118,805	-	1,232,449
Total expenses	1,779,154	2,426,095	3,309,724	494,457	445,001	36,382	37,821	938,393	139,553	9,606,580
Net surplus/(deficit)	1,836,607	257,943	(600,363)	703,654	165,631	(15,863)	-	1,612,699	(57,214)	3,903,094

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	16,321	1,041,573	8,755	125,378	44,917	14,532	-	270,366	-	1,521,842
Government transfers - operating	589,312	2,725	-	-	-	-	-	20,843	-	612,880
Government transfers - capital	-	-	95,069	-	-	-	-	79,771	-	174,840
Other municipalities	-	-	-	-	441	-	-	-	-	441
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
Development charges earned	-	43,000	28,000	-	-	-	-	7,935	-	78,935
Gain on disposal of tangible capital assets	-	35,225	-	-	-	-	-	-	-	35,225
Total revenues	2,916,889	3,116,166	2,546,077	125,378	570,462	21,532	38,984	976,124	102,180	10,413,792
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	708,149	244,511	1,153,217	132,266	54,500	27,033	-	258,705	36,231	2,614,612
Contracted services	189,933	1,039,795	20,604	192,538	79,748	-	-	-	-	1,522,618
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	1,657,206	2,280,107	2,962,866	417,293	230,136	27,033	38,984	829,949	71,197	8,514,771
Net surplus/(deficit)	1,259,683	836,059	(416,789)	(291,915)	340,326	(5,501)	-	146,175	30,983	1,899,021

Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

T: (705) 742-3418
F: (705) 742-9775

www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers 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, 2023, 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, 2023, 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.

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

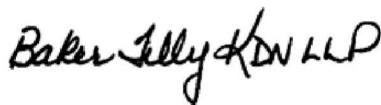
Auditor's Responsibilities for the Audit of the Financial Statements

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 29, 2025

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2023

	Cemetery Care and Maintenance \$	Responsibility Agreements \$	Darling Trust \$	Assumed Cemetery Care and Maintenance \$	2023 Total \$	2022 Total \$
FINANCIAL ASSETS						
Cash	4,015	350,250	-	-	354,265	326,722
Investments (note 2)	3,505	-	2,620	5,575	11,700	37,620
Accrued interest	-	-	-	118	118	365
Due from Township	51,734	-	373	157	52,264	31,295
	59,254	350,250	2,993	5,850	418,347	396,002
FUND BALANCES						
Capital	58,992	244,755	2,993	5,850	312,590	310,219
Income	262	105,495	-	-	105,757	85,783
	59,254	350,250	2,993	5,850	418,347	396,002

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2023

	Cemetery Care and Maintenance \$	Responsibility Agreements \$	Darling Trust \$	Assumed Cemetery Care and Maintenance \$	2023 Total \$	2022 Total \$
BALANCES - beginning of year	57,204	330,276	2,872	5,650	396,002	383,743
RECEIPTS						
Interest earned	1,074	20,015	121	130	21,340	10,996
Interment fees	2,050	-	-	200	2,250	2,065
	3,124	20,015	121	330	23,590	13,061
EXPENSES						
Contribution to cemetery operations	1,074	-	-	130	1,204	802
Service charges	-	41	-	-	41	-
	1,074	41	-	130	1,245	802
BALANCES - end of year	59,254	350,250	2,993	5,850	418,347	396,002

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, 2023

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 2024 to January 2028 and bearing interest between 2.35% to 7.20% 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, 2023

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 Township of Otonabee-South
Monaghan**

Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

T: (705) 742-3418
F: (705) 742-9775

www.bakertilly.ca

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, 2023, 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, 2023, 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) and cash flows from operations for the years ended December 31, 2023 and 2022, and assets and accumulated surplus as at December 31, 2023 and 2022. Our opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this scope limitation.

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.

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 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 29, 2025

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2023

	2023 \$	2022 \$
FINANCIAL ASSETS		
Cash	44,485	19,936
Investments (note 2)	19,178	32,000
Accounts receivable	7,550	7,799
TOTAL FINANCIAL ASSETS	71,213	59,735
LIABILITIES		
Accounts payable	10,384	6,821
Deferred revenue (note 3)	2,508	2,688
TOTAL LIABILITIES	12,892	9,509
NET FINANCIAL ASSETS	58,321	50,226
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	68,824	63,981
Prepaid expenses	3,875	4,452
TOTAL NON-FINANCIAL ASSETS	72,699	68,433
ACCUMULATED SURPLUS (note 6)	131,020	118,659

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, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
REVENUES			
Municipal contributions - levy (note 7)	219,820	219,820	210,099
Municipal contributions - development charges (note 7)	8,000	8,131	7,935
Municipal contributions - occupancy (note 7)	-	15,570	15,993
Province of Ontario	19,268	19,268	19,268
Other grants	2,051	3,924	2,979
User fees	1,780	7,445	6,695
Interest	25	748	22
Donations and fundraising	5,900	13,395	10,577
TOTAL REVENUES	256,844	288,301	273,568
EXPENSES			
Salaries and benefits	208,843	206,408	192,549
Custodian	7,400	7,213	6,108
Telephone	6,000	3,513	4,973
Office, supplies, bank charges	6,550	6,175	4,204
Equipment	1,700	6,182	5,312
Resource and professional development	1,000	289	767
Program costs	6,391	6,702	7,718
Library collection costs	-	1,138	4,660
Amortization	22,472	22,750	22,472
Occupancy costs (note 7)	-	15,570	15,993
TOTAL EXPENSES	260,356	275,940	264,756
ANNUAL SURPLUS/(DEFICIT)	<u>(3,512)</u>	12,361	8,812
ACCUMULATED SURPLUS - beginning of year		118,659	109,847
ACCUMULATED SURPLUS - end of year		131,020	118,659

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, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
ANNUAL SURPLUS/(DEFICIT)	(3,512)	12,361	8,812
Amortization of tangible capital assets	22,472	22,750	22,472
Acquisition of tangible capital assets	(32,600)	(27,593)	(23,009)
Change in prepaid expenses	-	577	(1,852)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(13,640)	8,095	6,423
NET FINANCIAL ASSETS - beginning of year	50,226	50,226	43,803
NET FINANCIAL ASSETS - end of year	36,586	58,321	50,226

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, 2023

	2023 \$	2022 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	12,361	8,812
Items not involving cash		
Amortization of tangible capital assets	22,750	22,472
Change in non-cash assets and liabilities		
Cash	(24,549)	-
Investments	12,822	-
Accounts receivable	249	3,456
Due from Township	-	6,068
Prepaid expenses	577	(1,852)
Accounts payable	3,563	(4,776)
Deferred revenue	(180)	-
Net change in cash from operating activities	27,593	34,180
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(27,593)	(23,009)
INVESTING ACTIVITIES		
Redemption of investments	45,530	8,229
Purchase of investments	(32,708)	(32,000)
Net change in cash from investing activities	12,822	(23,771)
NET CHANGE IN CASH	12,822	(12,600)
CASH - beginning of year	19,936	32,536
CASH - end of year	32,758	19,936

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, 2023

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) 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.

(d) 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.

(e) 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
-----------------------	---------

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

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, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Investments	Amortized Cost
Accounts receivable	Amortized Cost
Accounts payable	Amortized Cost

Fair value category: The Board manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in 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, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) 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.

(h) 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.

(i) Asset Retirement Obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible 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.

2. INVESTMENTS

Investments consist of a redeemable term deposit with a maturity date of February 16, 2024 and bearing interest at 2.00% per annum.

3. DEFERRED REVENUE

Deferred revenue consists of the following:

	2023	2022
	\$	\$
Capacity Fund	973	923
Older Adult Centres' Association of Ontario - senior's literacy	406	636
Improving Library Digital Services	1,129	1,129
	2,508	2,688

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, 2023

4. TANGIBLE CAPITAL ASSETS

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

	2023 Books and Periodicals \$	2022 Books and Periodicals \$
COST		
Balance, beginning of year	157,306	161,947
Add: additions during the year	27,593	23,009
Less: disposals during the year	25,650	27,650
Balance, end of year	159,249	157,306
ACCUMULATED AMORTIZATION		
Balance, beginning of year	93,325	98,503
Add: additions during the year	22,750	22,472
Less: disposals during the year	25,650	27,650
Balance, end of year	90,425	93,325
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	68,824	63,981

5. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Board assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Board is exposed to the following risks in respect of certain of the financial instruments held:

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise.

(b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

In the opinion of management the credit risk exposure to the organization is low and is not material.

In the opinion of management, the Board is not exposed to any significant market, liquidity or currency risk.

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, 2023

6. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2023 \$	2022 \$
Invested In Capital Assets		
Tangible capital assets - net book value	68,824	63,981
Surplus	68,824	63,981
Reserves		
Capital improvements	4,978	5,733
Technology	16,067	12,262
Book purchases	12,416	13,284
Liz Coleman	3,462	3,312
Human resources	8,893	8,693
Community outreach	4,141	4,954
Government grants	-	50
Professional fees	284	-
Health and safety	887	-
Collection designated funds	465	465
Programming projects	10,603	5,925
Total Reserves	62,196	54,678
	131,020	118,659

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:

	2023 \$	2022 \$
Allocated costs:		
Occupancy costs	15,570	15,993

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.

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, 2023

8. BUDGET FIGURES

The operating budget approved by the Board for 2023 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.

9. CHANGES IN ACCOUNTING POLICIES

The Board has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the Board's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The adoption of this standard did not have an impact on the Board's financial statements.