

**CORPORATION OF THE TOWNSHIP OF
NORTH KAWARTHA**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

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NORTH KAWARTHA**

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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 Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 14
Schedule of Tangible Capital Assets	15
Schedules of Segment Disclosure	16 - 17
TRUST FUND	
Independent Auditor's Report	18
Statement of Financial Position	20
Statement of Continuity	20
Notes to the Financial Statements	21
LOCAL BOARD	
North Kawartha Public Library	22 - 32



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www.northkawartha.ca

For The Year Ended December 31, 2022

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of North Kawartha are the responsibility of management and have been approved by Council.

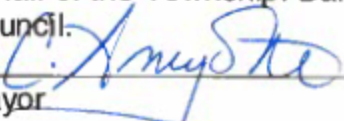
The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen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

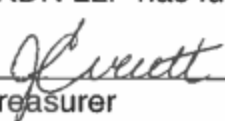
The Township maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted 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 North Kawartha. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

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


Mayor


Treasurer

August 13, 2024

INDEPENDENT AUDITOR'S REPORT**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of North Kawartha****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 North Kawartha and its local board (the Township), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2022, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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
August 26, 2024



CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash	5,751,712	9,590,102
Investments (note 5)	3,050,639	31,261
Accounts receivable	2,601,705	317,681
Taxes receivable	568,613	557,980
TOTAL FINANCIAL ASSETS	11,972,669	10,497,024
LIABILITIES		
Accounts payable and accrued liabilities	2,335,755	877,424
Deferred revenue - obligatory reserve funds (note 11)	120,528	194,395
Deferred revenue - other (note 12)	317,383	226,462
Landfill closure and post-closure liability (note 6)	686,200	657,000
Employee future benefits liability (note 13)	123,300	121,200
TOTAL LIABILITIES	3,583,166	2,076,481
NET FINANCIAL ASSETS	8,389,503	8,420,543
NON-FINANCIAL ASSETS		
Tangible capital assets (note 8)	27,062,492	24,692,129
Prepaid expenses	136,088	101,112
TOTAL NON-FINANCIAL ASSETS	27,198,580	24,793,241
ACCUMULATED SURPLUS (note 14)	35,588,083	33,213,784

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Property taxation	6,162,239	6,169,246	5,919,844
User charges	986,483	1,057,797	816,722
Government of Canada	1,299,722	1,217,870	37,451
Province of Ontario	1,841,655	2,000,420	1,136,662
Other municipalities	54,100	44,933	44,890
Penalties and interest on taxes	125,100	103,677	120,976
Investment income	68,000	245,010	70,447
Donations	1,000	3,304	3,864
Parkland fees earned	-	9,076	-
Canada Community-Building Fund earned	153,000	153,000	218,400
TOTAL REVENUES	10,691,299	11,004,333	8,369,256
EXPENSES			
General government	1,674,393	1,642,380	1,451,696
Protection services	2,357,930	2,192,656	2,160,083
Transportation services	2,104,716	2,130,222	1,962,808
Environmental services	609,826	594,537	435,030
Health services	35,855	36,620	30,679
Recreation and cultural services	1,758,097	1,760,216	1,457,241
Planning and development	253,140	273,403	197,246
TOTAL EXPENSES	8,793,957	8,630,034	7,694,783
ANNUAL SURPLUS	<u>1,897,342</u>	2,374,299	674,473
ACCUMULATED SURPLUS - beginning of year		33,213,784	32,539,311
ACCUMULATED SURPLUS - end of year		35,588,083	33,213,784

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL SURPLUS	1,897,342	2,374,299	674,473
Amortization of tangible capital assets	1,128,946	1,158,730	1,128,946
Purchase of tangible capital assets	(4,066,955)	(3,600,277)	(1,365,629)
Loss (gain) on disposal of tangible capital assets	-	65,310	18,490
Proceeds on sale of tangible capital assets	-	5,874	20,360
Change in prepaid expenses	-	(34,976)	(26,589)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(1,040,667)	(31,040)	450,051
NET FINANCIAL ASSETS - beginning of year	8,420,543	8,420,543	7,970,492
NET FINANCIAL ASSETS - end of year	7,379,876	8,389,503	8,420,543

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	2,374,299	674,473
Items not involving cash		
Amortization of tangible capital assets	1,158,730	1,128,946
Loss on disposal of tangible capital assets	65,310	18,490
Change in landfill closure and post-closure liability	29,200	(99,000)
Change in employee future benefits liability	2,100	4,000
Change in non-cash assets and liabilities		
Accounts receivable	(2,284,024)	(94,241)
Taxes receivable	(10,633)	266,722
Prepaid expenses	(34,976)	(26,589)
Accounts payable and accrued liabilities	1,458,331	66,265
Deferred revenue - obligatory reserve funds	(73,867)	(57,890)
Deferred revenue - other	90,921	61,619
Net change in cash from operating activities	2,775,391	1,942,795
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(3,600,277)	(1,365,629)
Proceeds on disposal of tangible capital assets	5,874	20,360
Net change in cash from capital activities	(3,594,403)	(1,345,269)
INVESTING ACTIVITIES		
Purchase of investments	(3,050,845)	(32)
Proceeds on disposal of investments	31,467	-
Net change in cash from investing activities	(3,019,378)	(32)
NET CHANGE IN CASH	(3,838,390)	597,494
CASH - beginning of year	9,590,102	8,992,608
CASH - end of year	5,751,712	9,590,102

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

The Township of North Kawartha 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:

- North Kawartha Public Library

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) 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	10-25 years
Buildings	20-50 years
Roads and bridges	20-100 years
Machinery and equipment	3-15 years
Vehicles	3-25 years
Computer hardware and software	1-10 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.

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) 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 is recognized in the period in which the related expenditures are recorded.

(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.

(f) 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.

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) 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 fiscal year the services are performed.

(h) Use of estimates

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

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

2. 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 \$500,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate plus 0.50% per annum. At December 31, 2022 there was no balance outstanding (2021 - \$Nil).

3. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF PETERBOROUGH

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

	School Boards \$	County \$
Amounts requisitioned and remitted	2,743,148	6,227,841

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



CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

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

4. TRUST FUNDS

Trust funds administered by the Township amounting to \$710 (2021 - \$718) 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.

5. INVESTMENTS

Investments consist of:

	2022	2021
	\$	\$
Guaranteed investment certificates with interest rates from 4.30% to 5.34%, maturing from March 2023 to June 2023	3,050,639	-
Mutual funds	-	31,261
	3,050,639	31,261

6. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The estimated liability for landfill closure and post-closure costs is \$686,200 (2021 - \$657,000) for the 8 closed sites owned by the Township using an inflation rate of 3.0% and a discount rate of 4.5%. The closure costs include final cover, vegetation and additional monitoring wells. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. The landfill closure and post-closure liability will be funded from reserves and taxation. There are no specific assets designated for settling this liability.

7. PENSION AGREEMENTS

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

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

The Township's required contributions to OMERS in 2022 were \$219,121 (2021 - \$200,254).



CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

8. TANGIBLE CAPITAL ASSETS

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

	2022	2021
	\$	\$
General		
Land	1,723,706	1,723,706
Land improvements	216,682	238,940
Buildings	11,831,810	12,280,045
Vehicles	2,025,111	2,049,683
Machinery and equipment	613,175	581,647
Computer hardware and software	7,263	11,128
Infrastructure		
Roads and bridges	7,825,238	7,511,947
	24,242,985	24,397,096
Assets under construction	2,819,507	295,033
	27,062,492	24,692,129

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

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

	2022	2021
	\$	\$
General government	1,322,154	1,371,322
Protection services	1,606,551	1,703,432
Transportation services	12,792,555	10,202,971
Environmental services	497,067	444,406
Health services	125,569	120,615
Recreation and cultural services	10,718,596	10,849,383
	27,062,492	24,692,129

9. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

10. CONTINGENT LIABILITIES

The Township, in the course of its operations, is often named in lawsuits the outcomes of which are indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

11. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

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

	2022	2021
	\$	\$
Parkland	32,819	35,686
Canada Community-Building Fund	87,709	158,709
	120,528	194,395

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

	2022	2021
	\$	\$
Balance - beginning of year	194,395	252,285
Add amounts received:		
Parkland fees	5,600	4,200
Canada Community-Building Fund	78,622	154,203
Interest	3,987	2,107
	88,209	160,510
Less transfer to operations:		
Parkland fees earned	9,076	-
Canada Community-Building Fund	153,000	218,400
	162,076	218,400
Balance - end of year	120,528	194,395

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

12. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2022	2021
	\$	\$
Cannabis Legalization	21,162	21,162
Safe Restart Agreement	34,352	43,317
Ontario Community Infrastructure Funds	122,380	67,045
Municipal Modernization Service Delivery	-	19,197
COVID-19 Financial Relief	71,836	71,836
Electric car charging	50,000	-
Ontario Trillium Fund	8,041	-
Other	9,612	3,905
	317,383	226,462

The continuity of deferred revenue - other is as follows:

	2022	2021
	\$	\$
Balance - beginning of year	226,462	164,843
Ontario Community Infrastructure Fund	121,335	53,624
Municipal Modernization Service Delivery	31,213	35,840
Cannabis Legalization	-	5,000
Other	27,966	3,020
COVID-19 Financial Relief	-	71,836
Electric car charging	50,000	-
Ontario Trillium Fund	78,400	-
	308,914	169,320
Safe Restart Agreement	8,965	9,562
Municipal Modernization Service Delivery	50,411	53,691
Ontario Community Infrastructure Fund	66,000	40,203
Other	22,258	4,245
Ontario Trillium Fund	70,359	-
	217,993	107,701
Balance - end of year	317,383	226,462

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

13. EMPLOYEE FUTURE BENEFITS PAYABLE

The Township provides certain employee amounts that will require funding in future periods. The liability for employee future benefits is \$123,300 (2021 - \$121,200).

The Township sponsors benefit plans to pay costs of medical and dental benefits for eligible employees after they retire and their eligible dependents. All benefits are provided upon retirement subject to 50 percent cost sharing and continue for a period of 10 years, but not beyond the age of 67, at which time the Township ceases to contribute towards the cost of the premiums.

The actuarial valuation as at December 31, 2021 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 was 9 years. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows:

Actuarial assumptions

Discount rate	2.10%
Dental trend rate	4.00%
Extended health care trend rate - initial	6.59%
- ultimate	4.00%
- year ultimate reached	2041

The continuity of employee future benefits payable is as follows:

	2022	2021
	\$	\$
Accrued benefit obligation at January 1	114,200	107,200
Unamortized actuarial gains	7,000	10,000
Employee future benefits payable at January 1	121,200	117,200
Current year benefit cost	11,500	11,300
Interest on post-employment benefit liability	2,500	2,400
Amortized actuarial gain	(3,000)	(3,000)
Less: benefit payments	(8,900)	(6,700)
Employee future benefits payable at December 31	123,300	121,200

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

14. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2022	2021
	\$	\$
Surplus/(Deficit)		
Employee future benefits liability	(123,300)	(121,200)
Unfunded landfill closure and post-closure costs	(686,200)	(657,000)
	(809,500)	(778,200)
Invested In Capital Assets		
Tangible capital assets - net book value	27,062,492	24,692,129
Surplus	26,252,992	23,913,929
Reserves		
Working funds	1,577,131	1,577,131
General	3,217,238	3,523,463
Future capital	4,455,737	4,053,212
Libraries	82,350	146,049
Building	2,635	-
Total Reserves	9,335,091	9,299,855
	35,588,083	33,213,784

15. EXPENSES BY OBJECT

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

	Budget 2022	Actual 2022	Actual 2021
	\$	\$	\$
	(Unaudited)		
Salaries and benefits	3,695,678	3,419,152	3,202,394
Materials	2,508,870	2,492,232	2,007,078
Contracted services	1,380,651	1,390,941	1,246,721
Rents and financial	8,350	10,508	9,148
External transfers	89,462	93,161	82,006
Amortization	1,128,946	1,158,730	1,128,946
Loss (gain) on disposal of tangible capital assets	(18,000)	65,310	18,490
	8,793,957	8,630,034	7,694,783

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

16. SEGMENTED INFORMATION

The Township of North Kawartha 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.

Transportation Services

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

Environmental Services

This function is responsible for providing waste collection and disposal services to ratepayers.

Health Services

The health services function consists of the activities of the medical centre.

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities and programs 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 NORTH KAWARTHIA

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2022

	General						Infrastructure	Assets Under Construction	Totals
	Land	Land Improvements	Buildings	Vehicles	Machinery and Equipment	Computer Hardware and Software	Roads and Bridges		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST									
Balance, beginning of year	1,723,706	473,548	18,345,419	4,734,060	1,766,275	153,480	14,748,659	295,033	42,240,180
Add: additions during the year	-	-	-	179,505	122,034	-	774,264	2,524,474	3,600,277
Less: disposals during the year	-	-	7,632	24,724	11,853	-	179,177	-	223,386
Balance, end of year	1,723,706	473,548	18,337,787	4,888,841	1,876,456	153,480	15,343,746	2,819,507	45,617,071
ACCUMULATED AMORTIZATION									
Balance, beginning of year	-	234,608	6,065,374	2,684,377	1,184,628	142,352	7,236,712	-	17,548,051
Add: additions during the year	-	22,258	444,228	201,055	90,506	3,865	396,818	-	1,158,730
Less: disposals during the year	-	-	3,625	21,702	11,853	-	115,022	-	152,202
Balance, end of year	-	256,866	6,505,977	2,863,730	1,263,281	146,217	7,518,508	-	18,554,579
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,723,706	216,682	11,831,810	2,025,111	613,175	7,263	7,825,238	2,819,507	27,062,492

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2022

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	1,231,601	268,414	2,876,311	516,106	-	1,164,174	112,640	6,169,246
User charges	222,376	436,157	4,112	45,372	32,399	189,877	127,504	1,057,797
Government transfers - operating	1,075,983	29,291	2,100	1,147	22,615	152,408	-	1,283,544
Government transfers - capital	-	-	1,934,746	-	-	-	-	1,934,746
Other municipalities	-	21,444	23,489	-	-	-	-	44,933
Penalties and interest on taxes	103,677	-	-	-	-	-	-	103,677
Investment income	244,157	-	-	-	-	853	-	245,010
Donations	-	-	-	-	-	3,304	-	3,304
Parkland fees earned	-	-	-	-	-	9,076	-	9,076
Canada Community-Building Fund earned	-	-	153,000	-	-	-	-	153,000
Total revenues	2,877,794	755,306	4,993,758	562,625	55,014	1,519,692	240,144	11,004,333
Expenses								
Salaries and benefits	1,032,979	687,855	692,818	154,507	-	767,120	83,873	3,419,152
Materials	549,823	338,022	741,537	11,800	23,590	637,930	189,530	2,492,232
Contracted services	1,188	934,572	31,784	410,367	13,030	-	-	1,390,941
Rents and financial	8,486	-	-	1,037	-	985	-	10,508
External transfers	8,000	85,161	-	-	-	-	-	93,161
Amortization	41,904	147,046	598,773	16,826	-	354,181	-	1,158,730
Loss (gain) on disposal of tangible capital assets	-	-	65,310	-	-	-	-	65,310
Total expenses	1,642,380	2,192,656	2,130,222	594,537	36,620	1,760,216	273,403	8,630,034
Net surplus/(deficit)	1,235,414	(1,437,350)	2,863,536	(31,912)	18,394	(240,524)	(33,259)	2,374,299

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2021

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	1,258,198	1,824,951	1,277,308	495,353	-	980,974	83,060	5,919,844
User charges	197,724	326,666	8,491	48,671	31,738	76,097	127,335	816,722
Government transfers - operating	1,040,525	19,064	8,873	-	264	20,730	-	1,089,456
Government transfers - capital	-	-	84,657	-	-	-	-	84,657
Other municipalities	-	20,000	24,890	-	-	-	-	44,890
Penalties and interest on taxes	120,976	-	-	-	-	-	-	120,976
Investment income	70,415	-	-	-	-	32	-	70,447
Donations	-	-	-	-	100	3,764	-	3,864
Canada Community-Building Fund earned	-	-	218,400	-	-	-	-	218,400
Total revenues	2,687,838	2,190,681	1,622,619	544,024	32,102	1,081,597	210,395	8,369,256
Expenses								
Salaries and benefits	1,005,240	691,891	612,385	150,936	-	654,128	87,814	3,202,394
Materials	386,882	280,126	729,943	17,172	20,073	463,450	109,432	2,007,078
Contracted services	1,749	960,888	15,857	257,621	10,606	-	-	1,246,721
Rents and financial	8,133	-	-	-	-	1,015	-	9,148
External transfers	3,800	78,206	-	-	-	-	-	82,006
Amortization	45,892	155,580	579,525	9,301	-	338,648	-	1,128,946
Loss (gain) on disposal of tangible capital assets	-	(6,608)	25,098	-	-	-	-	18,490
Total expenses	1,451,696	2,160,083	1,962,808	435,030	30,679	1,457,241	197,246	7,694,783
Net surplus/(deficit)	1,236,142	30,598	(340,189)	108,994	1,423	(375,644)	13,149	674,473

INDEPENDENT AUDITOR'S REPORT**To the Board of Directors of Corporation of the
Township of North Kawartha****T: (705) 742-3418**
F: (705) 742-9775**www.bakertilly.ca***Opinion*

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund'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 Trust Fund'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 Trust Fund 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
August 26, 2024

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

**TRUST FUND
STATEMENT OF FINANCIAL POSITION
At December 31, 2022**

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash	710	718
FUND BALANCE	710	718

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

	2022	2021
	\$	\$
BALANCE - beginning of year	718	735
RECEIPTS		
Interest	12	3
EXPENSES		
Bank charges	20	20
BALANCE - end of year	710	718

The accompanying notes are an integral part of these financial statements



CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards 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.

2. CARE AND MAINTENANCE FUNDS

The figures reported are for the cemetery care and maintenance funds and represent the trust fund activities for the cemeteries in the Township.

The Care and Maintenance Funds administered by the Township are funded by the sale of cemetery plots and markers. 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.

**CORPORATION OF THE TOWNSHIP OF NORTH
KAWARTHA**

NORTH KAWARTHA PUBLIC LIBRARY

FINANCIAL STATEMENTS

DECEMBER 31, 2022

INDEPENDENT AUDITOR'S REPORT**To the Members of the North Kawartha Public Library, the
Members of Council, Inhabitants and Ratepayers of the
Corporation of the Township of North Kawartha****T: (705) 742-3418
F: (705) 742-9775****www.bakertilly.ca***Qualified Opinion*

We have audited the financial statements of the North Kawartha Public Library of the Corporation of the Township of North Kawartha (the Board), which comprise the statement of financial position as at December 31, 2022, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

In common with many Public Library Boards, the Board derives revenue from user charges, 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 charges, donations and fundraising revenue, annual surplus/(deficit) and cash flows from operations for the years ended December 31, 2022 and 2021 and assets and accumulated surplus as at December 31, 2022 and 2021. Our opinion on the financial statements for the year ended December 31, 2021 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.

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
August 26, 2024

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NORTH KAWARTHA PUBLIC LIBRARY STATEMENT OF FINANCIAL POSITION At December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash	168,421	171,711
Investments (note 2)	50,639	31,261
Accounts receivable	15,303	3,070
TOTAL FINANCIAL ASSETS	234,363	206,042
LIABILITIES		
Accounts payable	875	516
Deferred revenue	600	885
Due to Township of North Kawartha (note 5)	152,135	60,189
TOTAL LIABILITIES	153,610	61,590
NET FINANCIAL ASSETS	80,753	144,452
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	95,500	48,111
Prepaid expenses	1,597	1,597
TOTAL NON-FINANCIAL ASSETS	97,097	49,708
ACCUMULATED SURPLUS (note 4)	177,850	194,160

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NORTH KAWARTHA PUBLIC LIBRARY STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Province of Ontario	17,650	17,300	20,200
Municipal funding (note 5)			
Township contribution	268,521	268,521	262,001
Allocated costs	-	18,807	5,271
Donations and fundraising	16,500	20,246	19,513
User charges	3,150	3,403	1,888
Interest	-	853	32
Other grants	300	2,980	2,000
TOTAL REVENUES	306,121	332,110	310,905
EXPENSES			
Wages and benefits	214,021	211,620	196,587
Building maintenance and furnishings	25,810	27,706	24,916
Administration and programming	47,690	58,760	46,228
Amortization	14,802	29,322	14,802
Electronic media	2,750	2,205	2,738
Allocated costs (note 5)	-	18,807	5,271
TOTAL EXPENSES	305,073	348,420	290,542
ANNUAL SURPLUS/(DEFICIT)	<u>1,048</u>	(16,310)	20,363
ACCUMULATED SURPLUS - beginning of year		194,160	173,797
ACCUMULATED SURPLUS - end of year		177,850	194,160

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NORTH KAWARTHA PUBLIC LIBRARY STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL SURPLUS/(DEFICIT)	1,048	(16,310)	20,363
Amortization of tangible capital assets	14,802	29,322	14,802
Acquisition of tangible capital assets	(14,500)	(76,711)	(13,632)
Change in prepaid expenses	-	-	(1,146)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	1,350	(63,699)	20,387
NET FINANCIAL ASSETS - beginning of year	144,452	144,452	124,065
NET FINANCIAL ASSETS - end of year	145,802	80,753	144,452

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NORTH KAWARTHA PUBLIC LIBRARY STATEMENT OF CASH FLOWS For the Year Ended December 31, 2022

	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	(16,310)	20,363
Items not involving cash		
Amortization of tangible capital assets	29,322	14,802
Change in non-cash assets and liabilities		
Accounts receivable	(12,233)	(345)
Accounts payable	359	-
Deferred revenue	(285)	(1,245)
Due to Township	91,946	16,808
Prepaid expenses	-	(1,146)
Net change in cash from operating activities	92,799	49,237
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(76,711)	(13,632)
INVESTING ACTIVITIES		
Purchase of investments	(50,845)	(32)
Proceeds on disposal of investments	31,467	-
Net change in cash from investing activities	(19,378)	(32)
NET CHANGE IN CASH	(3,290)	35,573
CASH - beginning of year	171,711	136,138
CASH - end of year	168,421	171,711

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NORTH KAWARTHA PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Recognition of revenue and expenses

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

Government funding and other grants are 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 charges are recognized as revenue in the year the goods and services are provided.

Donations and fundraising are recognized when received or when receivable if collection is reasonably assured.

(b) Use of estimates

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

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

(c) Tangible capital assets

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

Furniture and fixtures	5 years
Leasehold improvements	25 years
Computers	5 years
Books	5 years

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

(d) Deferred revenue

Deferred revenue represents grants, 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 fiscal year the services are performed.

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NORTH KAWARTHA PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Non-financial assets

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

(f) Reserves

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

(g) Inter-Entity Transactions

The North Kawartha Public Library is a Board of the Township of North Kawartha and is consolidated with the Township's financial statements.

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

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

2. INVESTMENTS

At December 31, 2022, investments are held in a GIC with an interest rate of 4.3% maturing on March 18, 2023. In 2021, investments consisted of an RBC Mutual Funds Investment Account with a variable rate of return. Investments are measured at amortized cost.

	2022	2021
	\$	\$
GIC	50,639	-
Mutual funds	-	31,261
	<u>50,639</u>	<u>31,261</u>

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NORTH KAWARTHA PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

3. TANGIBLE CAPITAL ASSETS

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

	Furniture and fixtures \$	Leasehold improvements \$	Books \$	Computers \$	2022 Totals \$	2021 Totals \$
COST						
Balance, beginning of year	-	11,159	84,652	17,370	113,181	99,549
Add: additions during the year	64,026	-	12,685	-	76,711	13,632
Less: disposals during the year	-	-	11,853	-	11,853	-
Balance, end of year	64,026	11,159	85,484	17,370	178,039	113,181
ACCUMULATED AMORTIZATION						
Balance, beginning of year	-	2,901	44,799	17,370	65,070	50,268
Add: additions during the year	12,805	446	16,071	-	29,322	14,802
Less: disposals during the year	-	-	11,853	-	11,853	-
Balance, end of year	12,805	3,347	49,017	17,370	82,539	65,070
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS						
	51,221	7,812	36,467	-	95,500	48,111

4. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022 \$	2021 \$
Invested In Capital Assets		
Tangible capital assets - net book value	95,500	48,111
Surplus	95,500	48,111
Reserves		
Working fund	69,015	133,860
Library automation project	13,335	12,189
Total Reserves	82,350	146,049
	177,850	194,160

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NORTH KAWARTHA PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

5. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Township of North Kawartha.

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

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

	2022	2021
	\$	\$
Allocated costs:		
Committees	1,891	1,247
Occupancy	15,247	2,355
Professional fees	1,669	1,669
	18,807	5,271

In addition, the Township provides accounting and administrative services to the Board at no cost.

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

6. BUDGET FIGURES

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