

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

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CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

For The Year Ended December 31, 2023

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Stirling-Rawdon 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 Stirling-Rawdon. 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.

 

December 3, 2024

Mayor

CAO-Treasurer

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Stirling-Rawdon

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Stirling-Rawdon 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, change in net debt 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.

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
December 5, 2024

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2023

	2023	2022
	\$	\$
FINANCIAL ASSETS		
Cash	1,974,254	3,083,948
Accounts receivable	2,816,879	1,906,468
Taxes receivable	1,466,660	1,290,474
TOTAL FINANCIAL ASSETS	6,257,793	6,280,890
LIABILITIES		
Accounts payable and accrued liabilities	2,043,305	2,139,128
Deferred revenue - obligatory reserve funds (note 6)	939,313	1,457,568
Deferred revenue - other	58,117	70,657
Long term debt (note 7)	5,047,183	2,049,782
Landfill closure and post-closure liability	-	2,186,800
Asset retirement obligation (note 15)	3,471,477	-
Retirement benefits payable (note 4)	185,752	195,824
TOTAL LIABILITIES	11,745,147	8,099,759
NET DEBT	(5,487,354)	(1,818,869)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 8)	37,931,115	30,611,478
Prepaid expenses	34,974	28,601
TOTAL NON-FINANCIAL ASSETS	37,966,089	30,640,079
ACCUMULATED SURPLUS (note 9)	32,478,735	28,821,210

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
REVENUES			
Property taxation	5,945,465	6,064,732	5,548,042
User charges	2,598,127	2,857,582	2,890,075
Government of Canada	272,229	221,581	213,353
Province of Ontario	1,421,874	1,286,276	1,311,690
Other municipalities	432,184	490,357	338,844
Penalties and interest on taxes	150,000	175,175	157,450
Investment income	51,500	148,761	77,260
Donations	4,500	10,187	5,806
Other revenue	2,774	108,558	3,088
Development charges earned (note 6)	-	644,027	966,697
Canada Community-Building Fund (note 6)	500,000	500,000	860,000
TOTAL REVENUES	11,378,653	12,507,236	12,372,305
EXPENSES			
General government	972,733	1,072,759	893,195
Protection services	2,560,567	2,463,712	2,135,848
Transportation services	3,874,373	4,030,337	3,784,370
Environmental services	1,869,205	2,146,716	1,571,476
Health services	60,470	55,578	38,980
Recreation and cultural services	1,030,007	1,109,364	1,135,241
Planning and development	138,995	158,045	47,559
Change in landfill liability	-	(2,186,800)	(1,142,500)
TOTAL EXPENSES	10,506,350	8,849,711	8,464,169
ANNUAL SURPLUS	<u>872,303</u>	3,657,525	3,908,136
ACCUMULATED SURPLUS - beginning of year		28,821,210	24,913,074
ACCUMULATED SURPLUS - end of year		32,478,735	28,821,210

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
ANNUAL SURPLUS	872,303	3,657,525	3,908,136
Amortization of tangible capital assets	1,203,430	1,477,845	1,209,932
Purchase of tangible capital assets	(5,370,045)	(5,479,928)	(4,719,545)
Loss/(gain) on disposal of tangible capital assets	-	53,075	66,927
Proceeds on sale of tangible capital assets	-	1,199	66,722
Change in prepaid expenses	-	(6,373)	4,181
CHANGE IN NET DEBT	(3,294,312)	(296,657)	536,353
NET DEBT - beginning of year	(3,278,058)	(1,818,869)	(2,355,222)
ADJUSTMENT ON ADOPTION OF THE ASSET RETIREMENT OBLIGATION STANDARD (note 15)	-	(3,371,828)	-
NET DEBT - beginning of year, as restated	(3,278,058)	(5,190,697)	(2,355,222)
NET DEBT - end of year	(6,572,370)	(5,487,354)	(1,818,869)

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023	2022
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	3,657,525	3,908,136
Items not involving cash		
Amortization of tangible capital assets	1,477,845	1,209,932
Loss on disposal of tangible capital assets	53,075	66,927
Accretion expense	99,649	-
Change in landfill liability	(2,186,800)	(1,142,500)
Change in non-cash assets and liabilities		
Accounts receivable	(910,411)	(600,902)
Taxes receivable	(176,186)	(214,966)
Prepaid expenses	(6,373)	4,181
Accounts payable and accrued liabilities	(95,823)	499,137
Deferred revenue - obligatory reserve funds	(518,255)	(1,208,598)
Deferred revenue - other	(12,540)	(16,545)
Retirement benefits payable	(10,072)	(60,116)
Net change in cash from operating activities	1,371,634	2,444,686
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(5,479,928)	(4,719,545)
Proceeds on disposal of tangible capital assets	1,199	66,722
Net change in cash from capital activities	(5,478,729)	(4,652,823)
FINANCING ACTIVITIES		
Long term debt issued	3,393,674	-
Debt principal repayments	(396,273)	(384,292)
Net change in cash from financing activities	2,997,401	(384,292)
NET CHANGE IN CASH	(1,109,694)	(2,592,429)
CASH - beginning of year	3,083,948	5,676,377
CASH - end of year	1,974,254	3,083,948

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

The Township of Stirling-Rawdon 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:

- Stirling-Rawdon Public Library Board
- Stirling-Rawdon and District Recreation Centre Joint Arena Board
- Stirling-Rawdon Business Improvement Area

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	20 years
Buildings	50-75 years
Equipment	7-30 years
Vehicles	3-25 years
Roads and streetlights	10-40 years
Bridges and culverts	50-75 years
Water and sewer system	75 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 STIRLING-RAWDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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.

Property 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.

Canada Community-Building Fund, development charges and parkland fees are 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.

(g) Deferred Revenue

Deferred revenue represents user charges and fees and government transfers 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 STIRLING-RAWDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(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 amortization of tangible capital assets are based on estimates of useful life and residual values; and
- The amounts recorded for retirement benefit payable and the amount of retirement benefit costs charged to operations depend on certain economic assumptions and estimates.

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.

(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.

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.

The liability relating to landfill sites 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 (c).

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

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
Accounts receivable	Amortized Cost
Taxes receivable	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.

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 STIRLING-RAWDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2023, requisitions were made by the County of Hastings 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 \$
Property taxes	1,026,736	1,690,715
Taxation from other governments	-	3,095
Amounts requisitioned and remitted	1,026,736	1,693,810

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

3. TRUST FUNDS

Trust funds administered by the Township amounting to \$308,178 (2022 - \$321,035) 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.

4. RETIREMENT BENEFITS PAYABLE

The Township provides retirement benefits to retired municipal police employees until they reach the age of 70 which will require payment in future periods. The total discounted future cash flows for retirement benefits is estimated at \$185,752 (2022 - \$195,834). The liability for the retirement benefits payable has been calculated using current market costs to provide these benefits to the retirees until each employee reaches the age of 70 with a discount factor of 4.38% and inflation of 3%. This liability is expected to continue until 2037 or until the retirees are deceased.

5. 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 \$195,627 (2022 - \$156,336).

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

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	29,911	29,911
Development charges	739,553	1,090,883
Canada Community-Building Fund	169,849	336,774
	939,313	1,457,568

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

	2023	2022
	\$	\$
Balance - beginning of year	1,457,568	2,666,166
Add amounts received:		
Development charges received	292,697	285,708
Canada Community-Building Fund funding received	313,150	302,935
Interest	19,925	29,456
	625,772	618,099
Less transfer to operations:		
Development charges earned	644,027	966,697
Canada Community-Building fund funding earned	500,000	860,000
	1,144,027	1,826,697
Balance - end of year	939,313	1,457,568

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

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 debenture repayable in blended semi-annual installments of \$74,064 with interest at 2.05%, due September 2026	428,869	566,092
Ontario Infrastructure and Lands Corporation debenture repayable in blended semi-annual installments of \$62,347 with interest at 2.45%, due May 2027	415,805	528,242
Bank of Montreal term loan repayable in blended monthly installments of \$15,553 with interest at 4.51%, due November 2023. Renewed in 2023 for monthly payments of \$16,206 with interest at 6.27% due November 2028	808,835	955,448
Ontario Infrastrucutre and Lands Corporation debenture repayable in blended semi-annual installments of \$215,950 with interest at 4.83% due May 2034	3,393,674	-
	5,047,183	2,049,782

- (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 \$65,677 (2022 - \$75,786).
- (d) The long term debt reported in (a) of this note is repayable as follows based on the current repayment terms:

	Principal \$	Interest \$	Total \$
2024	537,088	146,162	683,250
2025	696,278	202,923	899,201
2026	725,877	173,324	899,201
2027	545,693	143,032	688,725
2028	477,814	115,931	593,745
	2,982,750	781,372	3,764,122
2029 and subsequent years	2,064,433	311,020	2,375,453
	5,047,183	1,092,392	6,139,575

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

8. TANGIBLE CAPITAL ASSETS

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

	2023	2022
	\$	\$
General		
Land	4,181,586	1,027,298
Land improvements	1,010,624	1,017,254
Buildings	8,215,231	7,586,389
Equipment	1,244,847	1,086,634
Vehicles	1,802,532	1,713,556
Infrastructure		
Roads and streetlights	9,432,303	9,731,779
Bridges and culverts	2,290,750	1,340,969
Water and sewer system	5,033,057	5,027,905
	33,210,930	28,531,784
Assets under construction	4,720,185	2,079,694
	37,931,115	30,611,478

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 capitalized (2022 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2023	2022
	\$	\$
General government	1,599,084	1,625,952
Protection services	2,376,135	2,237,126
Transportation services	17,387,004	14,640,714
Environmental services	13,650,599	9,108,841
Recreation and cultural services	2,913,037	2,992,319
Planning and development	5,256	6,526
	37,931,115	30,611,478

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

9. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2023	2022
	\$	\$
Surplus/(Deficit)		
Township	345,491	(26,159)
Unfunded landfill closure and post-closure liability	-	(2,186,800)
Unfunded retirement benefits liability	(185,752)	(195,824)
Long term debt supporting operations	(808,835)	(955,448)
Library	4,749	1,142
Arena	(9,698)	(29,554)
Business Improvement Area	4,017	8,720
	<u>(650,028)</u>	<u>(3,383,923)</u>
Invested In Capital Assets		
Tangible capital assets - net book value	37,931,115	30,611,478
Long term debt	(4,238,348)	(1,094,334)
Unfunded capital (note 10(b))	(508,720)	(822,572)
Unexpended capital	612,457	-
Unfunded asset retirement obligations	(3,471,477)	-
	<u>30,325,027</u>	<u>28,694,572</u>
Surplus	<u>29,674,999</u>	<u>25,310,649</u>
Reserves		
Working funds	400,046	400,045
Efficiency funding	10,724	37,640
Library operations	3,000	3,000
Business Improvement Area	6,700	6,700
Total Reserves	<u>420,470</u>	<u>447,385</u>
Reserve Funds		
Future capital	2,383,266	3,063,176
	<u>32,478,735</u>	<u>28,821,210</u>

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

9. ACCUMULATED SURPLUS, continued

(b) Unfunded capital projects will be funded from future property taxation, long term debt and user charges. Unfunded capital projects consist of the following:

	2023	2022
	\$	\$
Sewer/lagoon expansion downtown project	-	(225,213)
Springbrook Road	(383,440)	(468,441)
Swinburne Lane	(125,280)	(128,918)
	(508,720)	(822,572)

10. 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	2,931,190	3,331,439	2,866,085
Interest charges	75,744	65,380	75,786
Materials	4,414,024	4,152,756	3,821,229
Contracted services	1,688,743	1,703,303	1,009,414
Rents and financial	55,410	114,905	47,698
External transfers	137,809	137,808	509,598
Amortization	1,203,430	1,477,845	1,209,932
Loss on disposal of tangible capital assets	-	53,075	66,927
Change in landfill closure and post closure costs	-	(2,186,800)	(1,142,500)
	10,506,350	8,849,711	8,464,169

11. 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 Debt. 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 STIRLING-RAWDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

12. SEGMENTED INFORMATION

The Township of Stirling-Rawdon 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.

Water and Sewer

This function is responsible for providing water and sewer services to the Township.

Other Environmental Services

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

Health Services

The health services function consists of external transfers to the local medical centre and the operation and maintenance of the local cemetery.

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 STIRLING-RAWDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

13. CHANGES IN ACCOUNTING POLICIES

The Township has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

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. The adoption of this standard did not have an impact on the Township's consolidated 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 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 \$2,186,800 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 \$3,321,651 to opening asset retirement obligation liability

Asbestos Obligation

- An increase of \$50,177 to the buildings tangible capital asset account and a corresponding increase to the opening asset retirement obligation liability.

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

14. 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 Township has interest rate exposure on its mortgages and investments. This exposure is low as the mortgages have a fixed interest rate.

(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.

The Township reduces its exposure to credit risk by creating an allowance for bad debts when applicable. The Township monitors and assesses the collectability of accounts receivable based on past experience to derive a net realizable value.

(c) Liquidity risk

Liquidity risk is the risk that the Township cannot repay its obligations when they become due to its creditors.

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

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

15. ASSET RETIREMENT OBLIGATION

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

(a) Landfill obligation

The Township owns and operates two landfill sites. The liability for the been recognized under PS 3280 – Asset Retirement Obligations. The costs have been estimated based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years after the closure date using a discount rate of 4.38% and an inflation rate of 3%.

(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 January 1, 2023.

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

Asset Retirement Obligation	Landfill \$	Asbestos removal \$	Total \$
Opening balance - January 1, 2023	-	-	-
Adjustment on adoption of the asset retirement obligation standard	3,321,651	50,177	3,371,828
Opening balance, as restated	3,321,651	50,177	3,371,828
Accretion expense	99,649	-	99,649
Closing balance	3,421,300	50,177	3,471,477

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2023

	General					Infrastructure			Assets Under Construction \$	Totals \$
	Land \$	Land Improvements \$	Buildings \$	Equipment \$	Vehicles \$	Roads and Streetlights \$	Bridges and Culverts \$	Water and Sewer System \$		
COST										
Balance, beginning of year	1,027,298	1,559,344	11,063,568	2,306,863	3,292,954	18,281,323	2,696,451	6,029,888	2,079,694	48,337,383
Add: additions during the year	-	75,346	822,378	309,485	262,295	285,914	997,252	86,767	3,318,161	6,157,598
Less: disposals during the year	-	79,994	-	13,803	-	-	-	-	677,670	771,467
Asset retirement obligation	3,321,651	-	50,177	-	-	-	-	-	-	3,371,828
Balance, end of year	4,348,949	1,554,696	11,936,123	2,602,545	3,555,249	18,567,237	3,693,703	6,116,655	4,720,185	57,095,342
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	542,090	3,477,179	1,220,229	1,579,398	8,549,544	1,355,482	1,001,983	-	17,725,905
Add: additions during the year	167,363	27,702	243,713	151,272	173,319	585,390	47,471	81,615	-	1,477,845
Less: disposals during the year	-	25,720	-	13,803	-	-	-	-	-	39,523
Balance, end of year	167,363	544,072	3,720,892	1,357,698	1,752,717	9,134,934	1,402,953	1,083,598	-	19,164,227
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	4,181,586	1,010,624	8,215,231	1,244,847	1,802,532	9,432,303	2,290,750	5,033,057	4,720,185	37,931,115

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

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 \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues									
Property taxation	-	1,737,359	3,783,322	-	-	50,470	438,886	54,695	6,064,732
User charges	31,011	866,937	17,559	1,435,300	206,818	12,183	256,639	31,135	2,857,582
Government transfers - operating	908,800	2,702	-	-	-	-	8,810	-	920,312
Government transfers - capital	-	-	181,331	406,214	-	-	-	-	587,545
Other municipalities	-	306,213	-	-	-	-	184,144	-	490,357
Penalties and interest on taxes	175,175	-	-	-	-	-	-	-	175,175
Investment income	142,168	-	-	-	-	-	6,009	584	148,761
Donations	-	-	-	-	-	-	9,682	505	10,187
Other grants	93,244	-	-	-	-	-	15,314	-	108,558
Development charges earned	-	90,256	283,571	179,757	-	-	90,443	-	644,027
Canada Community-Building Fund earned	-	-	500,000	-	-	-	-	-	500,000
Total revenues	1,350,398	3,003,467	4,765,783	2,021,271	206,818	62,653	1,009,927	86,919	12,507,236
Expenses									
Salaries and benefits	633,146	955,616	829,075	394,566	63,163	2,992	451,231	1,650	3,331,439
Interest charges	10,398	31,820	12,257	10,905	-	-	-	-	65,380
Materials	290,067	471,016	2,086,849	603,506	84,686	12,991	456,239	147,402	4,152,756
Contracted services	112,280	718,576	231,764	181,169	340,474	37,789	73,528	7,723	1,703,303
Rents and financial	-	11,216	2,234	-	99,649	1,806	-	-	114,905
External transfers	-	137,808	-	-	-	-	-	-	137,808
Amortization	26,868	137,660	815,083	190,617	177,981	-	128,366	1,270	1,477,845
Loss (gain) on disposal of tangible capital assets	-	-	53,075	-	-	-	-	-	53,075
Change in landfill closure and post closure costs	-	-	-	-	(2,186,800)	-	-	-	(2,186,800)
Total expenses	1,072,759	2,463,712	4,030,337	1,380,763	(1,420,847)	55,578	1,109,364	158,045	8,849,711
Net surplus/(deficit)	277,639	539,755	735,446	640,508	1,627,665	7,075	(99,437)	(71,126)	3,657,525

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

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 \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues									
Property taxation	303,976	1,328,294	3,215,256	-	-	28,650	616,837	55,029	5,548,042
User charges	34,359	1,012,982	11,606	1,417,163	179,437	16,974	196,511	21,043	2,890,075
Government transfers - operating	913,242	5,351	-	-	-	-	8,810	-	927,403
Government transfers - capital	-	-	211,162	380,896	-	-	5,582	-	597,640
Other municipalities	-	204,402	-	-	-	-	134,442	-	338,844
Penalties and interest on taxes	157,450	-	-	-	-	-	-	-	157,450
Investment income	74,720	-	-	-	-	-	2,203	337	77,260
Donations	-	-	-	-	-	-	5,806	-	5,806
Other grants	-	-	-	-	-	-	3,088	-	3,088
Development charges earned	-	-	551,899	414,798	-	-	-	-	966,697
Canada Community-Building Fund earned	-	-	860,000	-	-	-	-	-	860,000
Total revenues	1,483,747	2,551,029	4,849,923	2,212,857	179,437	45,624	973,279	76,409	12,372,305
Expenses									
Salaries and benefits	580,406	724,817	737,322	351,832	54,503	2,003	414,052	1,150	2,866,085
Interest charges	11,459	35,084	14,962	13,676	-	-	605	-	75,786
Materials	212,658	413,284	2,030,261	476,890	109,699	1,456	533,482	43,499	3,821,229
Contracted services	61,804	295,921	154,405	103,122	296,785	35,521	60,216	1,640	1,009,414
Rents and financial	-	47,547	-	151	-	-	-	-	47,698
External transfers	-	509,598	-	-	-	-	-	-	509,598
Amortization	26,868	122,834	767,256	153,818	11,000	-	126,886	1,270	1,209,932
Loss (gain) on disposal of tangible capital assets	-	(13,237)	80,164	-	-	-	-	-	66,927
Change in landfill closure and post closure costs	-	-	-	-	(1,142,500)	-	-	-	(1,142,500)
Total expenses	893,195	2,135,848	3,784,370	1,099,489	(670,513)	38,980	1,135,241	47,559	8,464,169
Net surplus/(deficit)	590,552	415,181	1,065,553	1,113,368	849,950	6,644	(161,962)	28,850	3,908,136

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Stirling-Rawdon

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Township of Stirling-Rawdon (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.

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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
December 5, 2024

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2023

	Cemetery Perpetual Care \$	Cemetery Monument Care \$	Wellman's Cemetery Perpetual Care \$	Twelfth Line Cemetery \$	Mount Nebo Cemetery Monument Mtce \$	Mount Nebo Cemetery Perpetual Care \$	2023 Total \$	2022 Total \$
FINANCIAL ASSETS								
Investments (note 3)	186,763	33,066	40,402	11,199	10,335	25,693	307,458	320,315
<u>Due from Township</u>	720	-	-	-	-	-	720	720
	187,483	33,066	40,402	11,199	10,335	25,693	308,178	321,035
FUND BALANCES								
Capital	158,278	28,347	39,710	10,996	10,275	25,543	273,149	289,414
<u>Operating</u>	29,205	4,719	692	203	60	150	35,029	31,621
	187,483	33,066	40,402	11,199	10,335	25,693	308,178	321,035

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
STIRLING-RAWDON**



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

	Cemetery Perpetual Care \$	Cemetery Monument Care \$	Wellman's Cemetery Perpetual Care \$	Twelfth Line Cemetery \$	Mount Nebo Cemetery Monument Mtce \$	Mount Nebo Cemetery Perpetual Care \$	2023 Total \$	2022 Total \$
BALANCES - beginning of year	196,955	32,862	41,399	11,174	11,184	27,461	321,035	315,971
RECEIPTS								
Investment income	4,250	3,017	797	603	207	864	9,738	4,895
Perpetual care fees	-	-	-	-	-	-	-	650
Transfer from Wellman's cemetery	-	-	2,920	-	-	-	2,920	-
Transfer from Township	3,556	-	-	-	-	-	3,556	-
	7,806	3,017	3,717	603	207	864	16,214	5,545
EXPENSES								
Unrealized loss	17,278	2,813	3,372	578	557	1,389	25,987	-
Transfer to Township	-	-	-	-	499	1,243	1,742	481
Transfer to Wellman's cemetery	-	-	1,342	-	-	-	1,342	-
	17,278	2,813	4,714	578	1,056	2,632	29,071	481
BALANCES - end of year	187,483	33,066	40,402	11,199	10,335	25,693	308,178	321,035

The accompanying notes are an integral part of these financial statements



CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

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

1. PURPOSE OF TRUST FUNDS

The Cemetery Perpetual Care Fund administered by the Township is funded by the sale of cemetery plots and niches. These funds are invested and earnings derived there from are used to perform perpetual care maintenance to 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.

The Cemetery Monument Care Fund administered by the Township is funded by the sale of cemetery monuments. These funds are invested and earnings derived there from are used to perform monument care maintenance to the Township's cemeteries. The operations and investments of the Fund are undertaken by the Township in accordance with the regulations of the Cemeteries Act.

The Wellman's Cemetery Perpetual Care Fund administered by the Township is funded by the sale of Wellman's cemetery plots and niches. These funds are invested and earnings derived there from are used to perform perpetual care maintenance to the Wellman's Cemetery. The operations and investments of the Fund are undertaken by the Township in accordance with the regulations of the Cemeteries Act.

The Twelfth Line Cemetery Perpetual Care Fund administered by the Township is funded by the sale of Twelfth Line cemetery plots and niches. These funds are invested and earnings derived there from are used to perform perpetual care maintenance to the Twelfth Line Cemetery. The operations and investments of the Fund are undertaken by the Township in accordance with the regulations of the Cemeteries Act.

The Mount Nebo Cemetery Monument Maintenance and Perpetual Care Funds administered by the Township is funded by the sale of Mount Nebo cemetery plots and niches. These funds are invested and earnings derived there from are used to perform perpetual care maintenance to the Mount Nebo Cemetery. The operations and investments of the Fund are undertaken by the Township in accordance with the regulations of the Cemeteries Act.

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

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

2. 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.

3. INVESTMENTS

Investments consist of the following:

	2023 Market Value \$	2022 Cost \$
Scotiabank Bond Common Trust Fund		
Cemetery Perpetual Care	186,763	196,236
Cemetery Monument Care	33,066	32,861
Wellman's Cemetery Perpetual Care	40,402	41,399
Twelfth Line Cemetery	11,199	11,174
Mount Nebo Cemetery Monument Mtce	10,335	11,184
Mount Nebo Cemetery Perpetual Care	25,693	27,461
	307,458	320,315

**CORPORATION OF THE TOWNSHIP OF
STIRLING-RAWDON**

STIRLING-RAWDON PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2023

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

We have audited the financial statements of the Stirling-Rawdon Public Library Board of the Corporation of the Township of Stirling-Rawdon (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/(net debt) 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 charges, donations and Good Food Box program, 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 Good Food Box program revenue, annual 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
December 5, 2024

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

STIRLING-RAWDON PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2023

	2023	2022
	\$	\$
FINANCIAL ASSETS		
Cash	4,784	5,888
Accounts receivable	18,606	4,020
Due from Township (note 5)	11,071	20,830
TOTAL FINANCIAL ASSETS	34,461	30,738
LIABILITIES		
Accounts payable	9,769	5,014
Deferred revenue	10,000	12,540
TOTAL LIABILITIES	19,769	17,554
NET FINANCIAL ASSETS	14,692	13,184
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	206,834	217,482
Prepaid expenses	336	905
TOTAL NON-FINANCIAL ASSETS	207,170	218,387
ACCUMULATED SURPLUS (note 3)	221,862	231,571

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

STIRLING-RAWDON 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 (note 5)	195,952	195,952	180,157
Province of Ontario	8,810	8,810	8,810
Other grants	2,774	15,314	3,088
Donations	3,000	8,182	4,306
Investment income	200	1,258	320
User charges	4,100	5,429	5,856
Good Food Box program	-	7,150	2,255
TOTAL REVENUES	214,836	242,095	204,792
EXPENSES			
Salaries and benefits	160,000	164,177	152,226
Office and administration (note 5)	28,746	27,639	11,614
Training	1,845	1,820	970
Insurance (note 5)	9,990	9,769	9,157
Maintenance and utilities	19,450	17,730	19,339
Periodicals and audio/visual	2,600	2,921	2,631
Good Food Box program	-	7,150	2,255
Amortization	20,057	20,598	20,057
TOTAL EXPENSES	242,688	251,804	218,249
ANNUAL DEFICIT	<u>(27,852)</u>	(9,709)	(13,457)
ACCUMULATED SURPLUS - beginning of year		231,571	245,028
ACCUMULATED SURPLUS - end of year		221,862	231,571

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

STIRLING-RAWDON PUBLIC LIBRARY BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(NET DEBT) For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
ANNUAL DEFICIT	(27,852)	(9,709)	(13,457)
Amortization of tangible capital assets	20,057	20,598	20,057
Acquisition of tangible capital assets	(9,000)	(9,950)	(8,355)
Change in prepaid expenses	-	569	(663)
CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)	(16,795)	1,508	(2,418)
NET FINANCIAL ASSETS - beginning of year	13,184	13,184	15,602
NET FINANCIAL ASSETS/(NET DEBT) - end of year	(3,611)	14,692	13,184

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

STIRLING-RAWDON PUBLIC LIBRARY BOARD STATEMENT OF CASH FLOWS For the Year Ended December 31, 2023

	2023	2022
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(9,709)	(13,457)
Items not involving cash		
Amortization of tangible capital assets	20,598	20,057
Change in non-cash assets and liabilities		
Accounts receivable	(14,586)	(736)
Due from Township	9,759	(18,431)
Prepaid expenses	569	(663)
Accounts payable	4,755	1,397
Deferred revenue	(2,540)	12,540
Net change in cash from operating activities	8,846	707
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(9,950)	(8,355)
NET CHANGE IN CASH	(1,104)	(7,648)
CASH - beginning of year	5,888	13,536
CASH - end of year	4,784	5,888

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

STIRLING-RAWDON 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 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.

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 charges and the Good Food Box program fees are recognized as revenue in the year the goods and services are provided.

Donations are recognized when the amounts are received.

(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 and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

**STIRLING-RAWDON PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) 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
Accounts receivable	Amortized Cost
Due from Township	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 STIRLING-RAWDON

STIRLING-RAWDON PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) 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:

Buildings	50 years
Books	7 years
Computers	5 years
Furniture	5 to 20 years

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

(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 and Reserve Funds

Certain amounts, as approved by the Board, 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.

(g) Inter-Entity Transactions

The Stirling-Rawdon Public Library Board is a Board of the Township of Stirling-Rawdon 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.

(h) Deferred Revenue

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

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

STIRLING-RAWDON PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

2. TANGIBLE CAPITAL ASSETS

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

	Buildings \$	Books \$	Furniture \$	2023 Totals \$	2022 Totals \$
COST					
Balance, beginning of year	536,900	58,034	13,508	608,442	608,444
Add: additions during the year	-	9,950	-	9,950	8,355
Less: disposals during the year	-	6,160	-	6,160	8,357
Balance, end of year	536,900	61,824	13,508	612,232	608,442
ACCUMULATED AMORTIZATION					
Balance, beginning of year	345,504	34,190	11,266	390,960	379,260
Add: additions during the year	10,640	9,958	-	20,598	20,057
Less: disposals during the year	-	6,160	-	6,160	8,357
Balance, end of year	356,144	37,988	11,266	405,398	390,960
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	180,756	23,836	2,242	206,834	217,482

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2023 \$	2022 \$
Surplus		
Operations	4,749	1,142
Invested In Capital Assets		
Tangible capital assets - net book value	206,834	217,482
Surplus	211,583	218,624
Reserve		
Working funds	3,000	3,000
Reserve Fund		
Future capital	7,279	9,947
	221,862	231,571

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

**STIRLING-RAWDON PUBLIC LIBRARY BOARD
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2023**

4. 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/(Net Debt). 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.

5. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Township of Stirling-Rawdon. 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:		
Insurance	9,769	9,157
Office and administration	2,921	2,631
	12,690	11,788

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

- Accounting, administrative and payroll services
- Rental of land
- Other occupancy costs

All balances with the Township of Stirling-Rawdon 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 STIRLING-RAWDON

STIRLING-RAWDON PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

6. 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.

7. DEFERRED REVENUE

Deferred revenue consists of funding received in 2022 that will be spent in the future on establishing a 'Makerspace' passive programming area within the library.

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

STIRLING-RAWDON PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

8. 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) 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 Board is not exposed to any significant market rate, interest rate, liquidity or currency risk.

**CORPORATION OF THE TOWNSHIP OF
STIRLING-RAWDON**

**STIRLING-RAWDON AND DISTRICT RECREATION CENTRE JOINT
ARENA BOARD**

FINANCIAL STATEMENTS

DECEMBER 31, 2023

INDEPENDENT AUDITOR'S REPORT

**To the Members of the Stirling-Rawdon and District
Recreation Centre Joint Arena Board, the Members of
Council, Inhabitants and Ratepayers of the Corporation of
the Township of Stirling-Rawdon**

Qualified Opinion

We have audited the financial statements of the Stirling-Rawdon and District Recreation Centre Joint Arena Board of the Corporation of the Township of Stirling-Rawdon (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/(net debt) 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 Municipal boards, the Board derives revenue from user charges and donations, 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 and donations 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.

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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
December 5, 2024

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

STIRLING-RAWDON AND DISTRICT RECREATION CENTRE JOINT ARENA BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2023

	2023	2022
	\$	\$
FINANCIAL ASSETS		
Cash	89,547	25,262
Accounts receivable	83,481	95,167
TOTAL FINANCIAL ASSETS	173,028	120,429
LIABILITIES		
Asset retirement obligation (note 9)	5,218	-
Accounts payable	26,341	25,842
Due to Township of Stirling-Rawdon (note 5)	113,176	95,932
TOTAL LIABILITIES	144,735	121,774
NET FINANCIAL ASSETS/(NET DEBT)	28,293	(1,345)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	1,201,509	1,261,454
ACCUMULATED SURPLUS (note 3)	1,229,802	1,260,109

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

STIRLING-RAWDON AND DISTRICT RECREATION CENTRE JOINT ARENA BOARD STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
REVENUES			
Municipal contributions (note 5)	298,402	298,402	223,681
Federal grant	-	-	5,582
Other grants	500	-	-
User charges			
Ice rentals	180,000	192,651	152,482
Canteen rentals	4,336	4,956	3,097
Curling club rentals	25,000	19,907	16,244
Other fees and charges	19,691	18,687	12,912
Investment income	1,000	4,751	1,883
Donations	1,500	1,500	1,500
TOTAL REVENUES	530,429	540,854	417,381
EXPENSES			
Salaries and benefits	220,000	231,251	219,529
Utilities	124,000	129,042	114,750
Maintenance (note 5)	42,755	56,068	49,892
Office and administration	5,000	4,652	4,217
Insurance (note 5)	48,000	46,948	43,293
Other	14,300	38,037	321
Amortization	64,865	65,163	64,865
TOTAL EXPENSES	518,920	571,161	496,867
ANNUAL SURPLUS/(DEFICIT)	<u>11,509</u>	(30,307)	(79,486)
ACCUMULATED SURPLUS - beginning of year		1,260,109	1,339,595
ACCUMULATED SURPLUS - end of year		1,229,802	1,260,109

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

STIRLING-RAWDON AND DISTRICT RECREATION CENTRE JOINT ARENA BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(NET DEBT) For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
ANNUAL SURPLUS/(DEFICIT)	11,509	(30,307)	(79,486)
Amortization of tangible capital assets	64,865	65,163	64,865
CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)	76,374	34,856	(14,621)
NET FINANCIAL ASSETS/(NET DEBT) - beginning of year	(1,345)	(1,345)	13,276
ADJUSTMENT ON ADOPTION OF THE ASSET RETIREMENT OBLIGATION STANDARD (note 7)	-	(5,218)	-
NET FINANCIAL ASSETS/(NET DEBT) - beginning of year, as restated	(1,345)	(6,563)	13,276
NET FINANCIAL ASSETS/(NET DEBT) - end of year	75,029	28,293	(1,345)

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

STIRLING-RAWDON AND DISTRICT RECREATION CENTRE JOINT ARENA BOARD

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023	2022
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(30,307)	(79,486)
Items not involving cash		
Amortization of tangible capital assets	65,163	64,865
Change in non-cash assets and liabilities		
Accounts receivable	11,686	(41,482)
Accounts payable	499	10,458
Due to Township of Stirling-Rawdon	17,244	(64,613)
NET CHANGE IN CASH	64,285	(110,258)
CASH - beginning of year	25,262	135,520
CASH - end of year	89,547	25,262

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

STIRLING-RAWDON AND DISTRICT RECREATION CENTRE JOINT ARENA 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 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.

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 charges are recognized as revenue in the year the goods and services are provided.

Donations are recognized when the amounts are received.

Investment income is recorded when earned.

(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 and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

In addition, the Board'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 STIRLING-RAWDON

**STIRLING-RAWDON AND DISTRICT RECREATION CENTRE JOINT ARENA BOARD
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2023**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) 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
Accounts receivable	Amortized Cost
Accounts payable	Amortized Cost
Due to Township of Stirling-Rawdon	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 STIRLING-RAWDON

**STIRLING-RAWDON AND DISTRICT RECREATION CENTRE JOINT ARENA BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) 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:

Building	75 years
Equipment	15 - 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.

(e) 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.

(f) 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.

(g) Reserves and Reserve Funds

Certain amounts, as approved by the Board, 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.

(h) Inter-Entity Transactions

The Stirling-Rawdon and District Recreation Centre Joint Arena Board is a Board of the Township of Stirling-Rawdon 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.

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

STIRLING-RAWDON AND DISTRICT RECREATION CENTRE JOINT ARENA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(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.

The liability for the removal of asbestos in the building owned by the Board has been recognized based on estimated future expenses for remediation or disposal.

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 (d).

2. TANGIBLE CAPITAL ASSETS

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

	Land	Building	Equipment	2023 Totals	2022 Totals
	\$	\$	\$	\$	\$
COST					
Balance, beginning of year	94,150	1,642,021	625,258	2,361,429	2,361,429
Add: Asset retirement obligation	-	5,218	-	5,218	-
Balance, end of year	94,150	1,647,239	625,258	2,366,647	2,361,429
ACCUMULATED AMORTIZATION					
Balance, beginning of year	-	750,725	349,250	1,099,975	1,035,110
Add: additions during the year	-	40,043	25,120	65,163	64,865
Balance, end of year	-	790,768	374,370	1,165,138	1,099,975
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	94,150	856,471	250,888	1,201,509	1,261,454

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

STIRLING-RAWDON AND DISTRICT RECREATION CENTRE JOINT ARENA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2023	2022
	\$	\$
Deficit		
Operations	(9,698)	(29,554)
Invested In Capital Assets		
Tangible capital assets - net book value	1,201,509	1,261,454
Unfunded asset retirement obligations	(5,218)	-
	1,196,291	1,261,454
Surplus	1,186,593	1,231,900
Reserve Fund		
Future capital	43,209	28,209
	1,229,802	1,260,109

4. 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/(Net Debt). The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

**STIRLING-RAWDON AND DISTRICT RECREATION CENTRE JOINT ARENA BOARD
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2023**

5. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Township of Stirling-Rawdon.

As part of the budgeting process, the Township approves a contribution to the Board. For 2023, the contribution was \$114,258 (2022 - \$83,491) which is included in municipal contributions on the Statement of Operations and Accumulated Surplus.

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

	2023	2022
	\$	\$
Allocated costs:		
Insurance	46,948	43,293
Water and sewer	12,778	14,665
	59,726	57,958

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

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

6. CONTRACTUAL RIGHTS

Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. The Board has contractual rights to receive revenue from a shared cost agreements.

The Board has a shared cost agreement with The Stirling Curling Club for certain costs. The agreement entitles the Board to future revenues equal to the utilities, caretaking, capital repairs, fire insurance, liability insurance, and refrigeration equipment for the curling portion of the recreation centre for the year. The total future revenues cannot be reasonably estimated as they are dependent upon the actual costs for the curling portion of the recreation centre for any given year. This agreement is in effect until the parties amend or terminate the agreement as it has automatic 5 year renewals. Under this agreement, the revenues earned relating to the curling club for the year ended December 31, 2023 was \$19,907 (2022 - \$16,244).

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

STIRLING-RAWDON AND DISTRICT RECREATION CENTRE JOINT ARENA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

7. CHANGE IN ACCOUNTING POLICY

The Board has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

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.

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

Asbestos Obligation

- An increase of \$5,218 to the building tangible capital asset account and a corresponding increase to the opening asset retirement obligation liability.

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

STIRLING-RAWDON AND DISTRICT RECREATION CENTRE JOINT ARENA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

8. 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.

(a) 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.

(b) Liquidity risk

Liquidity risk is the risk that the Board cannot repay its obligations when they become due to its creditors.

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

9. ASSET RETIREMENT OBLIGATION

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

(a) Asbestos obligation

The Board owns and operates a building that is 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 PS3280 – Asset retirement obligations, the Board recognized an obligation relating to the removal and post-removal care of the asbestos in these building as estimated at January 1, 2023.

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

	Asbestos \$	Total \$
Asbestos obligation		
Opening balance - January 1, 2023	-	-
Adjustment on adoption of the asset retirement obligation standard	5,218	5,218
Closing balance	5,218	5,218

**CORPORATION OF THE TOWNSHIP OF
STIRLING-RAWDON**

STIRLING-RAWDON BUSINESS IMPROVEMENT AREA

FINANCIAL STATEMENTS

DECEMBER 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of the Stirling-Rawdon Business Improvement Area, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Stirling-Rawdon

Qualified Opinion

We have audited the financial statements of the Stirling-Rawdon Business Improvement Area of the Corporation of the Township of Stirling-Rawdon (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 Business Improvement Area Board's, the Board derives revenue from donations and special events, 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 donations and special events revenue, annual 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.

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
December 5, 2024

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

STIRLING-RAWDON BUSINESS IMPROVEMENT AREA STATEMENT OF FINANCIAL POSITION At December 31, 2023

	2023	2022
	\$	\$
FINANCIAL ASSETS		
Cash	7,879	12,666
Accounts receivable	2,707	2,709
TOTAL FINANCIAL ASSETS	10,586	15,375
LIABILITIES		
Accounts payable	119	205
NET FINANCIAL ASSETS	10,467	15,170
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	5,256	6,526
Prepays	250	250
TOTAL NON-FINANCIAL ASSETS	5,506	6,776
ACCUMULATED SURPLUS (note 4)	15,973	21,946

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

STIRLING-RAWDON BUSINESS IMPROVEMENT AREA STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
REVENUES			
Municipal contributions (note 5)	7,500	7,500	7,500
Investment income	300	584	337
Special events	3,000	3,235	2,378
Donations	-	505	-
TOTAL REVENUES	10,800	11,824	10,215
EXPENSES			
Special events	10,250	6,740	3,026
Streetscape	2,500	2,500	-
Adversting and promotion	10,250	6,176	7,591
Administration	245	1,111	243
Amortization	1,270	1,270	1,270
TOTAL EXPENSES	24,515	17,797	12,130
ANNUAL DEFICIT	<u>(13,715)</u>	(5,973)	(1,915)
ACCUMULATED SURPLUS - beginning of year		21,946	23,861
ACCUMULATED SURPLUS - end of year		15,973	21,946

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

STIRLING-RAWDON BUSINESS IMPROVEMENT AREA STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
ANNUAL DEFICIT	(13,715)	(5,973)	(1,915)
Amortization of tangible capital assets	1,270	1,270	1,270
DECREASE IN NET FINANCIAL ASSETS	(12,445)	(4,703)	(645)
NET FINANCIAL ASSETS - beginning of year	15,170	15,170	15,815
NET FINANCIAL ASSETS - end of year	2,725	10,467	15,170

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

STIRLING-RAWDON BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023	2022
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(5,973)	(1,915)
Items not involving cash		
Amortization of tangible capital assets	1,270	1,270
Change in non-cash assets and liabilities		
Accounts receivable	2	(1,384)
Accounts payable	(86)	(2,180)
NET CHANGE IN CASH	(4,787)	(4,209)
CASH - beginning of year	12,666	16,875
CASH - end of year	7,879	12,666

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

STIRLING-RAWDON BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. NATURE OF ORGANIZATION

The Stirling-Rawdon Business Improvement Area, comprising those lands as described in the Village of Stirling By-Law 1434-97, was established for the improvement, beautification and maintenance of municipally owned lands, buildings and structures in the area, beyond that provided at the expense of the municipality, and for the promotion of the area as a business and shopping area.

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 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.

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.

Donations and special events revenue is recognized when the amounts are received.

(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 Board's best information and judgment. Actual results could differ from these estimates.

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

**STIRLING-RAWDON BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) 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
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 STIRLING-RAWDON

STIRLING-RAWDON BUSINESS IMPROVEMENT AREA NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) 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:

Equipment	5 - 20 years
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Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

(e) 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.

(f) Inter-Entity Transactions

The Stirling-Rawdon Business Improvement Area is a Board of the Township of Stirling-Rawdon 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. TANGIBLE CAPITAL ASSETS

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

	2023 Equipment \$	2022 Equipment \$
COST		
Balance, beginning of year	9,713	9,713
Balance, end of year	9,713	9,713
ACCUMULATED AMORTIZATION		
Balance, beginning of year	3,187	1,917
Add: additions during the year	1,270	1,270
Balance, end of year	4,457	3,187
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	5,256	6,526

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

**STIRLING-RAWDON BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

3. 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.

4. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2023	2022
	\$	\$
Surplus		
Operations	4,017	8,720
Invested In Capital Assets		
Tangible capital assets - net book value	5,256	6,526
Surplus	9,273	15,246
Reserve		
Working fund	6,700	6,700
	15,973	21,946

5. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Township of Stirling-Rawdon.

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.

There were no inter-entity expense transactions in 2023 and 2022.

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

CORPORATION OF THE TOWNSHIP OF STIRLING-RAWDON

STIRLING-RAWDON BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

6. CHANGE IN ACCOUNTING POLICY

The Board has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

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.

7. 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.

(a) 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 liquidity, interest rate, market rate or currency risk.