

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED FINANCIAL STATEMENTS

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CORPORATION OF THE TOWNSHIP OF CRAMAHE

For The Year Ended December 31, 2023

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Cramahe 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 Cramahe. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

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

Mayor

Treasurer

June 24, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Cramahe

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Cramahe 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 financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2023, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

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
May 28, 2026



CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2023

	2023 \$	2022 \$
FINANCIAL ASSETS		
Cash (note 2)	12,188,137	10,146,825
Accounts receivable	1,245,933	1,207,481
Taxes receivable	1,806,184	1,362,962
Land held for sale	695,669	695,669
TOTAL FINANCIAL ASSETS	15,935,923	13,412,937
LIABILITIES		
Accounts payable and accrued liabilities	3,538,186	1,929,925
Deferred revenue - obligatory reserve funds (note 5)	3,556,864	2,959,482
Deferred revenue - other (note 6)	176,214	159,116
Long term debt (note 7)	3,405,908	3,605,131
Asset retirement obligations (note 18)	1,734,160	-
TOTAL LIABILITIES	12,411,332	8,653,654
NET FINANCIAL ASSETS	3,524,591	4,759,283
NON-FINANCIAL ASSETS		
Tangible capital assets (note 8)	32,243,205	29,573,230
Inventories of materials and supplies	16,649	16,649
Prepaid expenses	22,579	8,997
TOTAL NON-FINANCIAL ASSETS	32,282,433	29,598,876
ACCUMULATED SURPLUS (note 9)	35,807,024	34,358,159

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2023

	Budget 2023 \$ (Note 13)	Actual 2023 \$	Actual 2022 \$
REVENUES			
Property taxation	7,355,932	7,270,073	6,817,143
User charges	1,908,680	2,502,172	2,114,515
Government of Canada	2,800	13,466	4,011
Province of Ontario	1,408,378	1,111,313	1,098,380
Penalties and interest on taxes	140,000	223,469	158,929
Investment income	25,000	363,614	159,907
Donations	2,025	5,041	2,174
Sale of land held for resale	440,000	-	-
Contributed assets	-	-	44,653
Development charges earned (note 5)	5,500	5,500	83,361
Canada Community-Building Fund earned (note 5)	340,000	310,000	390,261
Gain/(loss) on disposal of tangible capital assets	-	(125,970)	(142,812)
TOTAL REVENUES	11,628,315	11,678,678	10,730,522
EXPENSES			
General government	1,570,164	1,457,897	1,576,337
Protection services	2,198,958	2,082,637	2,191,363
Transportation services	2,978,791	3,505,680	3,278,828
Environmental services	1,465,276	1,549,163	1,305,278
Health services	13,550	13,800	18,078
Recreation and cultural services	1,397,375	1,358,221	1,253,343
Planning and development	332,270	262,415	211,284
TOTAL EXPENSES	9,956,384	10,229,813	9,834,511
ANNUAL SURPLUS	<u>1,671,931</u>	1,448,865	896,011
ACCUMULATED SURPLUS - beginning of year		34,358,159	33,462,148
ACCUMULATED SURPLUS - end of year		35,807,024	34,358,159

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2023

	Budget 2023 \$ (Note 13)	Actual 2023 \$	Actual 2022 \$
ANNUAL SURPLUS	1,671,931	1,448,865	896,011
Amortization of tangible capital assets	1,330,599	1,749,183	1,330,599
Purchase of tangible capital assets	(4,131,270)	(2,881,665)	(1,979,337)
Loss (gain) on disposal of tangible capital assets	-	125,970	142,812
Proceeds on sale of tangible capital assets	-	-	131,495
Contributed tangible capital assets	-	-	(44,653)
Change in prepaid expenses	-	(13,582)	(8,772)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(1,128,740)	428,771	468,155
NET FINANCIAL ASSETS - beginning of year	4,759,283	4,759,283	4,291,128
ADJUSTMENT ON ADOPTION OF THE ASSET RETIREMENT OBLIGATION STANDARD (note 17)	-	(1,663,463)	-
NET FINANCIAL ASSETS - beginning of year, as restated	4,759,283	3,095,820	4,291,128
NET FINANCIAL ASSETS - end of year	3,630,543	3,524,591	4,759,283

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023 \$	2022 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	1,448,865	896,011
Items not involving cash		
Amortization of tangible capital assets	1,749,183	1,330,599
Loss on disposal of tangible capital assets	125,970	142,812
Contributed capital assets	-	(44,653)
Accretion expense	70,697	-
Change in non-cash assets and liabilities		
Accounts receivable	(38,452)	(805,889)
Taxes receivable	(443,222)	(436,246)
Prepaid expenses	(13,582)	(8,772)
Accounts payable and accrued liabilities	1,608,261	620,975
Deferred revenue - obligatory reserve funds	597,382	493,324
Deferred revenue - other	17,098	103,906
Net change in cash from operating activities	5,122,200	2,292,067
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,881,665)	(1,979,337)
Proceeds on disposal of tangible capital assets	-	131,495
Net change in cash from capital activities	(2,881,665)	(1,847,842)
FINANCING ACTIVITIES		
Debt principal repayments	(199,223)	(192,162)
NET CHANGE IN CASH	2,041,312	252,063
CASH - beginning of year	10,146,825	9,894,762
CASH - end of year	12,188,137	10,146,825

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

The Township of Cramahe 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:

- Cramahe Township Public Library Board

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

(b) Trust Funds

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

(c) Tangible Capital Assets

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

Land improvements	10 - 50 years
Buildings and facilities	10 - 50 years
Machinery and equipment	5 - 15 years
Vehicles	7 - 20 years
Roads	10 - 40 years
Water and sewer	15 - 90 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 CRAMAHE

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.

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.

Sales of land held for resale are recognized as revenue in the year the title passes to the purchaser.

Canada Community-Building Fund, parkland and development charges 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.

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Deferred Revenue

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

(h) Use of Estimates

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

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

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 gravel pits has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in sanitary sewer systems and buildings owned by the Township has also been recognized based on estimated future expenses for remediation or disposal.

The liability 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).

(j) Inventory Held for Resale

Inventory held for resale, which consists primarily of land, is stated at cost, with cost of land being the purchase price plus the cost to prepare the land for resale.

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(k) 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 CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

2. CASH

Cash is recorded at amortized cost and includes a high interest savings account with a book value of \$2,836,181 (2022 - \$2,694,603) and market value of \$2,836,181 (2022 - \$2,694,603).

3. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF NORTHUMBERLAND

During 2023, requisitions were made by the County of Northumberland and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Amounts requisitioned and remitted	1,799,125	4,688,795

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

4. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$1,000,000 a revolving line of credit. Any balance borrowed will accrue interest at the bank's prime lending rate. Council authorized the temporary borrowing limit by By-law 2023-32. At December 31, 2023 there was no balance outstanding (2022 - \$Nil).

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

5. 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	167,484	142,074
Development charges	2,312,542	1,733,363
Canada Community-Building Fund	1,076,838	1,084,045
	3,556,864	2,959,482

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

	2023	2022
	\$	\$
Balance - beginning of year	2,959,482	2,466,158
Add amounts received:		
Development charges	474,161	674,240
Canada Community-Building Fund	210,313	201,550
Interest	203,537	66,956
Parkland fees	24,871	24,200
	912,882	966,946
Less transfer to operations:		
Development charges	5,500	83,361
Canada Community-Building Fund	310,000	390,261
	315,500	473,622
Balance - end of year	3,556,864	2,959,482

CORPORATION OF THE TOWNSHIP OF CRAMAHE

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

6. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2023	2022
	\$	\$
Ontario Community Infrastructure Fund	165,475	133,844
Other	10,739	25,272
	176,214	159,116

The continuity of deferred revenue - other is as follows:

	2023	2022
	\$	\$
Balance - beginning of year	159,116	55,210
Ontario Community Infrastructure Fund	192,817	226,844
Other	-	47,175
Interest	2,052	-
	194,869	274,019
Less transfer to operations:		
Covid recovery	-	18,124
Safe Restart Funding	-	34,400
Ontario Community Infrastructure Fund	163,237	93,000
Other	14,534	24,589
	177,771	170,113
Balance - end of year	176,214	159,116

CORPORATION OF THE TOWNSHIP OF CRAMAHE

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 \$
OILC debenture, due November 15, 2049, repayable in blended semi-annual installments of \$43,173, interest rate fixed at 2.91% per annum.	1,567,212	1,607,080
OILC debenture, due September 15, 2047, repayable in blended semi-annual installments of \$53,312, interest rate fixed at 3.51% per annum.	1,719,848	1,764,915
Long term loan from CMHC, due November 1, 2024, repayable in blended annual installments of \$123,590, interest rate fixed at 3.99% per annum.	118,848	233,136
	3,405,908	3,605,131

- (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 \$117,337 (2022 - \$124,398).

- (d) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2024	206,548	110,012	316,560
2025	90,554	102,415	192,969
2026	93,503	99,466	192,969
2027	96,549	96,421	192,970
2028	99,695	93,275	192,970
2029 and subsequent years	2,819,059	1,020,056	3,839,115
	3,405,908	1,521,645	4,927,553

CORPORATION OF THE TOWNSHIP OF CRAMAHE

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 and land improvements	3,534,000	2,164,833
Buildings and facilities	4,286,546	4,346,727
Machinery and equipment	1,184,786	987,166
Vehicles	1,739,518	1,376,353
Infrastructure		
Roads	8,288,821	7,638,885
Water and sewer	12,612,150	12,640,400
	31,645,821	29,154,364
Assets under construction	597,384	418,866
	32,243,205	29,573,230

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).

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

	2023	2022
	\$	\$
General government	477,389	519,730
Protection services	2,614,680	2,663,753
Transportation services	12,368,834	9,679,593
Environmental services	13,027,609	13,032,857
Health services	131,235	131,332
Recreation and cultural services	3,074,583	2,997,090
Planning and development	548,875	548,875
	32,243,205	29,573,230

CORPORATION OF THE TOWNSHIP OF CRAMAHE

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)		
Community Police Services Board	10,547	10,547
Area rates	(15,988)	(9,048)
Land inventory held for resale	695,669	695,669
Colborne Creek - unfinanced	(169,881)	(169,881)
Sewer operations	-	(3,063)
	520,347	524,224
Invested In Capital Assets		
Tangible capital assets - net book value	32,243,205	29,573,230
Long term debt	(3,405,908)	(3,605,131)
Unfinanced capital (note 9(b))	(231,290)	(168,109)
Unfunded asset retirement obligation	(1,734,160)	-
	26,871,847	25,799,990
Surplus	27,392,194	26,324,214
Reserves		
Working funds	928,234	928,233
Sewer operations	53,273	5,432
Future capital	1,055,789	722,532
Waterworks operations	2,770,718	2,260,933
Community projects	3,018	3,018
Transportation services	1,901,742	2,349,888
Building	28,116	34,136
Fire services	327,581	162,548
Workplace Safety and Insurance Board	200,565	200,565
Planning and development operations	339,225	314,225
General government operations	174,912	325,310
Library operations	83,035	79,528
Police	259,397	259,397
Animal control	11,157	11,157
Benefit stabilization	208,833	208,833
Recreation	26,282	125,257
Cemetery	36,770	36,770
Total Reserves	8,408,647	8,027,762
Reserve Funds		
Library services	6,183	6,183
	35,807,024	34,358,159

CORPORATION OF THE TOWNSHIP OF CRAMAHE

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

9. ACCUMULATED SURPLUS, continued

(b) Unfinanced capital consists of the following:

	2023	2022
	\$	\$
County Road 2 watermain	-	(23,818)
Well rehabilitation	-	(20,982)
Gravity sewer extension	-	(21,398)
Colborne Library	(26,235)	(26,235)
Aluminum tank replacement	-	(60,319)
VFD blowers	-	(15,357)
Main Street revitalization	(59,618)	-
Ditching rehabilitation	(132,743)	-
Ontario Street	(12,694)	-
	(231,290)	(168,109)

10. 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 total contributions to OMERS in 2023 were \$344,704 (2022 - \$318,138) of which \$172,352 (2022 - \$159,069) was contributed by employees.

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

11. EXPENSES BY OBJECT

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

	Budget 2023 \$ (note 13)	Actual 2023 \$	Actual 2022 \$
Salaries and benefits	3,341,456	3,178,583	3,216,511
Interest charges	70,224	117,337	124,398
Materials	2,908,016	2,799,617	3,204,768
Contracted services	2,116,442	2,147,098	1,782,396
Rents and financial	17,000	82,214	29,360
External transfers	172,647	155,781	146,479
Amortization	1,330,599	1,749,183	1,330,599
	9,956,384	10,229,813	9,834,511

12. TRUST FUNDS

Trust funds administered by the Township amounting to \$61,652 (2022 - \$63,975) 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.

13. BUDGET FIGURES

The budget, approved by the Township, for 2023 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements.

14. SUBSEQUENT EVENTS

Subsequent to year end, the Township entered into a financing agreement for the purpose of partially funding the purchase of a fire truck. Financing terms with Infrastructure Ontario include a 10-year loan at 4.44% in the principal amount of \$450,000.

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

15. SEGMENTED INFORMATION

The Township of Cramahe 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 includes maintenance of the Township's roads and bridges, winter control and street lighting.

Environmental Services

The environmental function is responsible for water and sewer operations and waste management services not covered by the County of Northumberland.

Health Services

The health services function includes the operation of the East Colborne cemetery.

Recreation and Cultural Services

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

Planning and Development

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

16. COMPARATIVE FIGURES

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

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

17. CHANGES IN ACCOUNTING POLICIES

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

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. The Statement of Remeasurement Gains and Losses has not been presented as the Township did not hold any financial instruments measured at fair value during the year.

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:

Asset Retirement Obligation

- An increase of \$1,663,463 to the tangible capital assets and a corresponding increase to the opening Asset retirement obligation liability.

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

18. ASSET RETIREMENT OBLIGATION

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

(a) Asbestos obligation

The Township owns and operates underground networks that are known to have asbestos, which represents a health hazard upon removal of the asset 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 assets as estimated at January 1, 2023. Estimated costs have been discounted to the present value using a discount rate of 4.25% per annum.

(b) Other

The Township owns and operates one gravel pit and multiple wells. The liability for the closure of these sites and the costs to return the property to its original state has been recognized under PS 3280 – Asset Retirement Obligations. The costs were based on presently known obligations that will exist at the estimated year of closure of the sites. These costs have been discounted to the present value using a discount rate of 4.25% per annum.

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

	Asbestos removal \$	Other \$	Total 2023 \$
Asset Retirement Obligation			
Opening balance	-	-	-
Adjustment on adoption of the asset retirement obligation standard	184,363	1,479,100	1,663,463
Accretion expense	7,835	62,862	70,697
Closing balance	192,198	1,541,962	1,734,160

19. FINANCIAL INSTRUMENTS

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

(a) Interest rate risk

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

(b) Credit risk

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

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

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2023

	General				Infrastructure		Assets Under Construction	Totals
	Land and land improvements \$	Buildings and facilities \$	Machinery and equipment \$	Vehicles \$	Roads \$	Water and sewer \$	\$	\$
COST								
Balance, beginning of year	2,679,592	8,029,720	1,711,539	4,512,712	17,979,866	16,381,469	418,866	51,713,764
Add: additions during the year	16,533	92,285	382,269	573,145	1,547,976	90,939	178,518	2,881,665
Less: disposals during the year	-	-	47,048	79,518	388,309	8,340	-	523,215
Asset retirement obligation	1,455,214	18,758	-	-	-	189,491	-	1,663,463
Balance, end of year	4,151,339	8,140,763	2,046,760	5,006,339	19,139,533	16,653,559	597,384	55,735,677
ACCUMULATED AMORTIZATION								
Balance, beginning of year	514,759	3,682,993	724,373	3,136,359	10,340,981	3,741,069	-	22,140,534
Add: additions during the year	102,580	171,224	179,071	209,979	779,579	306,750	-	1,749,183
Less: disposals during the year	-	-	41,470	79,517	269,848	6,410	-	397,245
Balance, end of year	617,339	3,854,217	861,974	3,266,821	10,850,712	4,041,409	-	23,492,472
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	3,534,000	4,286,546	1,184,786	1,739,518	8,288,821	12,612,150	597,384	32,243,205

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2023

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	606,843	2,031,346	2,673,005	-	-	1,739,059	219,820	7,270,073
User charges	62,789	230,355	5,500	1,980,029	3,854	181,665	37,980	2,502,172
Government transfers - operating	616,600	37,644	232,751	-	-	76,598	-	963,593
Government transfers - capital	-	-	161,186	-	-	-	-	161,186
Penalties and interest on taxes	223,469	-	-	-	-	-	-	223,469
Investment income	363,614	-	-	-	-	-	-	363,614
Donations	1,500	-	-	-	-	3,541	-	5,041
Development charges earned	-	-	-	-	-	5,500	-	5,500
Canada Community-Building Fund earned	-	-	310,000	-	-	-	-	310,000
Gain/(loss) on disposal of tangible capital assets	-	(5,579)	(117,961)	(2,430)	-	-	-	(125,970)
Total revenues	1,874,815	2,293,766	3,264,481	1,977,599	3,854	2,006,363	257,800	11,678,678
Expenses								
Salaries and benefits	816,345	506,889	1,021,413	139,832	-	625,744	68,360	3,178,583
Interest charges	-	61,557	46,478	9,302	-	-	-	117,337
Materials	322,842	299,177	1,031,822	495,570	13,800	562,227	74,179	2,799,617
Contracted services	210,307	990,291	229,667	579,505	-	26,728	110,600	2,147,098
Rents and financial	5,585	-	68,576	8,053	-	-	-	82,214
External transfers	50,236	96,309	-	-	-	(40)	9,276	155,781
Amortization	52,582	128,414	1,107,724	316,901	-	143,562	-	1,749,183
Total expenses	1,457,897	2,082,637	3,505,680	1,549,163	13,800	1,358,221	262,415	10,229,813
Net surplus/(deficit)	416,918	211,129	(241,199)	428,436	(9,946)	648,142	(4,615)	1,448,865

CORPORATION OF THE TOWNSHIP OF CRAMAHE

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

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	855,665	1,958,563	2,652,530	-	-	1,160,984	189,401	6,817,143
User charges	96,870	228,590	10,587	1,540,254	1,402	145,042	91,770	2,114,515
Government transfers - operating	690,824	23,364	251,269	-	-	43,934	-	1,009,391
Government transfers - capital	-	-	93,000	-	-	-	-	93,000
Penalties and interest on taxes	158,929	-	-	-	-	-	-	158,929
Investment income	159,907	-	-	-	-	-	-	159,907
Donations	-	-	-	-	-	2,174	-	2,174
Contributed assets	-	44,653	-	-	-	-	-	44,653
Development charges earned	-	-	75,000	-	-	8,361	-	83,361
Canada Community-Building Fund earned	-	-	286,497	103,764	-	-	-	390,261
Gain/(loss) on disposal of tangible capital assets	(167,395)	-	24,583	-	-	-	-	(142,812)
Total revenues	1,794,800	2,255,170	3,393,466	1,644,018	1,402	1,360,495	281,171	10,730,522
Expenses								
Salaries and benefits	858,695	509,360	901,534	169,186	-	620,884	156,852	3,216,511
Interest charges	-	63,098	47,613	13,687	-	-	-	124,398
Materials	577,348	347,850	1,263,424	520,688	12,478	446,324	36,656	3,204,768
Contracted services	81,898	1,054,584	315,789	298,036	-	20,677	11,412	1,782,396
Rents and financial	7,184	-	22,176	-	-	-	-	29,360
External transfers	-	91,639	15,966	-	5,600	26,910	6,364	146,479
Amortization	51,212	124,832	712,326	303,681	-	138,548	-	1,330,599
Total expenses	1,576,337	2,191,363	3,278,828	1,305,278	18,078	1,253,343	211,284	9,834,511
Net surplus/(deficit)	218,463	63,807	114,638	338,740	(16,676)	107,152	69,887	896,011

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Cramahe

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Township of Cramahe (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.

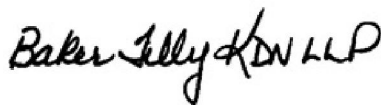
Auditor's Responsibilities for the Audit of the Financial Statements

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.



Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
May 28, 2026

CORPORATION OF THE TOWNSHIP OF CRAMAHE

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2023

	Cemetery Care and Maintenance \$	Forestry Program \$	2023 Total \$	2022 Total \$
FINANCIAL ASSETS				
Investments (note 2)	47,184	11,025	58,209	61,241
Accounts receivable	2,904	539	3,443	2,734
	50,088	11,564	61,652	63,975
FUND BALANCES	50,088	11,564	61,652	63,975

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

	Cemetery Care and Maintenance \$	Forestry Program \$	2023 Total \$	2022 Total \$
BALANCES - beginning of year	52,952	11,023	63,975	62,635
RECEIPTS				
Investment income	1,876	541	2,417	1,562
Care and maintenance receipts	225	-	225	1,310
	2,101	541	2,642	2,872
EXPENSES				
Administration fee	622	-	622	622
Transfer to operations	1,249	-	1,249	910
Capital loss	94	-	94	-
Unrealized loss	3,000	-	3,000	-
	4,965	-	4,965	1,532
BALANCES - end of year	50,088	11,564	61,652	63,975

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

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

(b) Use of Estimates

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

2. INVESTMENTS

Included in investments are the following:

	2023 \$	2022 \$
Investments recorded at amortized cost:		
1-year GIC maturing January 17, 2024, interest at 5.35%	11,025	-
1-year GIC maturing January 17, 2023, interest at 0.5%	-	10,970
Scotiabank Bond Common Trust Fund	-	14,970
Scotiabank Corporate Bond Common Trust Fund	-	35,301
	11,025	61,241
Investments recorded at market value:		
Scotiabank Bond Common Trust Fund	14,944	-
Scotiabank Corporate Bond Common Trust Fund	32,234	-
	47,178	-
	58,203	61,241

CORPORATION OF THE TOWNSHIP OF CRAMAHE

TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

3. CARE AND MAINTENANCE FUND

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

**CORPORATION OF THE TOWNSHIP OF
CRAMAHE**

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2023

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

INDEPENDENT AUDITOR'S REPORT

**To the Members of the Cramahe Township Public Library Board,
the Members of Council, Inhabitants and Ratepayers of the
Corporation of the Township of Cramahe**

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Qualified Opinion

We have audited the financial statements of the Cramahe Township Public Library Board of the Corporation of the Township of Cramahe (the Board), which comprise the statement of financial position as at December 31, 2023, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

In common with many Public Library Boards, the Board derives revenue from donations, fees and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Board. Therefore, we were not able to determine whether any adjustments might be necessary to donations, fees and fundraising revenue, annual surplus/(deficit) and cash flows from operations for the years ended December 31, 2023 and 2022, and assets and accumulated surplus as at December 31, 2023 and 2022. Our opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this scope limitation.

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

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

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

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

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

ASSURANCE • TAX • ADVISORY

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

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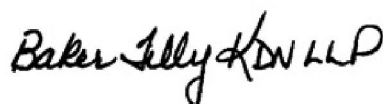
Auditor's Responsibilities for the Audit of the Financial Statements

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.



Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
May 28, 2026

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2023

	2023 \$	2022 \$
FINANCIAL ASSETS		
Cash	174,691	144,949
Accounts receivable	3,749	3,749
TOTAL FINANCIAL ASSETS	178,440	148,698
LIABILITIES		
Due to Township (note 5)	80,866	48,869
Deferred revenue	8,362	22,894
TOTAL LIABILITIES	89,228	71,763
NET FINANCIAL ASSETS	89,212	76,935
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	149,955	149,142
Prepaid expenses	-	8,772
TOTAL NON-FINANCIAL ASSETS	149,955	157,914
ACCUMULATED SURPLUS (note 3)	239,167	234,849

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2023

	Budget 2023 \$ (Note 4)	Actual 2023 \$	Actual 2022 \$
REVENUES			
Township contributions (note 5)			
Municipal levy	291,959	275,992	285,064
Occupancy costs	-	2,212	11,493
Development charges earned	-	5,500	-
Provincial grants	21,818	44,657	19,552
L.E.A.F. Grant	-	-	20,371
Donations, fees and fundraising	3,025	5,399	3,172
Other	3,800	5,983	4,865
TOTAL REVENUES	320,602	339,743	344,517
EXPENSES			
Salaries and benefits	216,836	201,611	202,915
Supplies	6,400	32,821	27,481
Maintenance and utilities	30,570	31,034	36,973
Professional fees	9,250	8,370	7,389
Office and administration	22,721	19,806	15,141
Equipment and furnishings	2,350	4,025	3,484
Amortization	37,349	37,758	37,349
TOTAL EXPENSES	325,476	335,425	330,732
ANNUAL SURPLUS/(DEFICIT)	<u>(4,874)</u>	4,318	13,785
ACCUMULATED SURPLUS - beginning of year		234,849	221,064
ACCUMULATED SURPLUS - end of year		239,167	234,849

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2023

	Budget 2023 \$ (Note 4)	Actual 2023 \$	Actual 2022 \$
ANNUAL SURPLUS/(DEFICIT)	(4,874)	4,318	13,785
Amortization of tangible capital assets	37,349	37,758	37,349
Acquisition of tangible capital assets	(39,325)	(38,571)	(37,903)
Change in prepaid expenses	-	8,772	(8,772)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(6,850)	12,277	4,459
NET FINANCIAL ASSETS - beginning of year	76,935	76,935	72,476
NET FINANCIAL ASSETS - end of year	70,085	89,212	76,935

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD STATEMENT OF CASH FLOWS For the Year Ended December 31, 2023

	2023 \$	2022 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	4,318	13,785
Items not involving cash		
Amortization of tangible capital assets	37,758	37,349
Change in non-cash assets and liabilities		
Accounts receivable	-	900
Prepaid expenses	8,772	(8,772)
Due to Township	31,997	42,810
Deferred revenue	(14,532)	21,008
Net change in cash from operating activities	68,313	107,080
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(38,571)	(37,903)
NET CHANGE IN CASH	29,742	69,177
CASH - beginning of year	144,949	75,772
CASH - end of year	174,691	144,949

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Recognition of Revenue and Expenses

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

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

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

Donations and fundraising revenue is 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 of tangible capital assets are based on estimates of useful life and residual values.

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP 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 to Township	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 CRAMAHE

CRAMAHE TOWNSHIP 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:

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

(e) Deferred Revenue

Deferred revenue represents a grant which has been received, but for which the related services have yet to be performed. This amount will be recognized as revenue in the fiscal year the service is 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 Cramahe Township Public Library Board is a Board of the Township of Cramahe 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 CRAMAHE

CRAMAHE TOWNSHIP 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:

	2023 Books and Periodicals \$	2022 Books and Periodicals \$
COST		
Balance, beginning of year	267,210	262,112
Add: additions during the year	38,571	37,903
Less: disposals during the year	35,094	32,805
Balance, end of year	270,687	267,210
ACCUMULATED AMORTIZATION		
Balance, beginning of year	118,068	113,524
Add: additions during the year	37,758	37,349
Less: disposals during the year	35,094	32,805
Balance, end of year	120,732	118,068
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	149,955	149,142

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2023 \$	2022 \$
Invested In Capital Assets		
Tangible capital assets - net book value	149,955	149,142
Surplus	149,955	149,142
Reserves		
Operations	72,481	68,976
Capital	10,548	10,548
Total Reserves	83,029	79,524
Reserve Fund		
Literacy enhancements	6,183	6,183
	239,167	234,849

4. BUDGET FIGURES

The 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 amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements.

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY 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 Cramahe.

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:		
Maintenance	2,212	11,493
	2,212	11,493

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

All balances with the Township of Cramahe 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 CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

6. CHANGE IN ACCOUNTING POLICY

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

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

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

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

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

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

7. 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 interest rate, liquidity, market or currency risk.