

**The Corporation of the  
Township of Lake of Bays  
Consolidated Financial Statements  
For the year ended December 31, 2020**

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## Independent Auditor's Report

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To the Members of Council, Residents and Ratepayers of  
The Corporation of the Township of Lake of Bays

### Opinion

We have audited the consolidated financial statements of The Corporation of the Township of Lake of Bays (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, 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 financial position of the Municipality as at December 31, 2020, and its results of operations, its change in net financial assets, and its 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 Municipality 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 these 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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 an opinion. Reasonable assurance is a high level of assurance, but 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 Municipality'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 Municipality'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 Municipality 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 statement represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity 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 finding, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Huntsville, Ontario  
April 20, 2021

**The Corporation of the Township of Lake of Bays  
Consolidated Statement of Financial Position**

| December 31                                | 2020                 | 2019                 |
|--|----------------------|----------------------|
| <b>Financial assets</b>                    |                      |                      |
| Cash                                       | \$ 4,887,851         | \$ 3,567,765         |
| Restricted cash (Note 1)                   | 381,356              | 486,713              |
| Taxes receivable                           | 1,721,320            | 1,723,794            |
| Accounts receivable                        | 169,378              | 410,778              |
|  | <b>7,159,905</b>     | <b>6,189,050</b>     |
| <b>Liabilities</b>                         |                      |                      |
| Accounts payable and accrued liabilities   | 1,259,476            | 1,358,415            |
| Tax revenue received in advance            | 2,002,447            | 1,783,657            |
| Deferred revenue (Note 1)                  | 381,356              | 486,713              |
| Long-term debt (Note 2)                    | 1,262,396            | 1,595,434            |
| Due to trust funds                         | 3,146                | 877                  |
|  | <b>4,908,821</b>     | <b>5,225,096</b>     |
| <b>Net financial assets</b>                | <b>2,251,084</b>     | <b>963,954</b>       |
| <b>Non-financial assets</b>                |                      |                      |
| Tangible capital assets (Note 3)           | 24,073,418           | 24,537,742           |
| Prepaid expenses and inventory of supplies | 199,605              | 153,049              |
|  | <b>24,273,023</b>    | <b>24,690,791</b>    |
| <b>Accumulated surplus (Note 4)</b>        | <b>\$ 26,524,107</b> | <b>\$ 25,654,745</b> |

On behalf of Council:

\_\_\_\_\_ Treasurer

\_\_\_\_\_ Mayor

**The Corporation of the Township of Lake of Bays  
Consolidated Statement of Operations**

| <b>For the year ended December 31</b>         | (Note 5)<br>Budget<br>2020 | Actual<br>2020       | Actual<br>2019       |
|---|----------------------------|----------------------|----------------------|
| <b>Revenue</b>                                |                            |                      |                      |
| Taxation (Note 6)                             | \$ 5,631,018               | \$ 5,696,531         | \$ 5,596,164         |
| Government transfers - Federal                | 30,000                     | 29,235               | 46,237               |
| Government transfers - Provincial             | 964,474                    | 1,194,369            | 1,077,248            |
| Government transfers - Municipal              | 307                        | 1,457                | 763                  |
| User fees and service charges                 | 691,605                    | 1,157,233            | 1,057,867            |
| Permits, licenses and fines                   | 625,050                    | 688,249              | 685,011              |
| Gain on sale of tangible capital assets       | -                          | 2,606                | 15,163               |
| Investment income                             | 38,600                     | 63,528               | 115,130              |
| Interest and penalty on taxes                 | 235,000                    | 230,377              | 238,818              |
| Donations                                     | 8,400                      | 9,096                | 26,412               |
| Other grants                                  | -                          | 1,609                | 6,780                |
| Obligatory reserve funds used (Note 1)        | 214,500                    | 259,812              | 211,040              |
|   | <u>8,438,954</u>           | <u>9,334,102</u>     | <u>9,076,633</u>     |
| <b>Expenses</b>                               |                            |                      |                      |
| General government                            | 1,587,850                  | 1,586,789            | 1,498,078            |
| Protection services                           | 1,298,597                  | 1,348,039            | 1,276,464            |
| Transportation services                       | 3,489,596                  | 3,463,040            | 3,452,580            |
| Environmental services                        | 10,457                     | 11,551               | 9,591                |
| Health services                               | 70,183                     | 61,532               | 60,390               |
| Recreation and cultural services              | 1,321,543                  | 1,393,153            | 1,269,651            |
| Planning and development                      | 582,969                    | 600,636              | 574,488              |
|   | <u>8,361,195</u>           | <u>8,464,740</u>     | <u>8,141,242</u>     |
| <b>Annual surplus</b>                         | 77,759                     | 869,362              | 935,391              |
| <b>Accumulated surplus, beginning of year</b> | <u>25,654,745</u>          | <u>25,654,745</u>    | <u>24,719,354</u>    |
| <b>Accumulated surplus, end of year</b>       | <u>\$ 25,732,504</u>       | <u>\$ 26,524,107</u> | <u>\$ 25,654,745</u> |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Corporation of the Township of Lake of Bays  
Consolidated Statement of Change in Net Financial Assets**

| <b>For the year ended December 31</b>                        | (Note 5)<br>Budget<br>2020 | Actual<br>2020 | Actual<br>2019 |
|--|----------------------------|----------------|----------------|
| <b>Annual surplus</b>  | \$ 77,759                  | \$ 869,362     | \$ 935,391     |
| Acquisition of tangible capital assets (Note 3)              | (1,948,400)                | (1,461,065)    | (3,398,436)    |
| Amortization of tangible capital assets (Note 3)             | 1,749,999                  | 1,918,064      | 1,784,284      |
| Gain on sale of tangible capital assets (Note 12)            | -                          | (2,606)        | (15,163)       |
| Proceeds on sale of tangible capital assets                  | -                          | 9,931          | 24,500         |
|  | (120,642)                  | 1,333,686      | (669,424)      |
| Consumption of prepaid expenses and<br>inventory of supplies | -                          | (46,556)       | (36,192)       |
| <b>Net change in net financial assets</b>                    | (120,642)                  | 1,287,130      | (705,616)      |
| <b>Net financial assets, beginning of year</b>               | 963,954                    | 963,954        | 1,669,570      |
| <b>Net financial assets, end of year</b>                     | \$ 843,312                 | \$ 2,251,084   | \$ 963,954     |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Corporation of the Township of Lake of Bays  
Consolidated Statement of Cash Flows**

| <b>For the year ended December 31</b>       | <b>2020</b>             | <b>2019</b>             |
|---|-------------------------|-------------------------|
| <b>Operating transactions</b>               |                         |                         |
| Annual surplus                              | \$ 869,362              | \$ 935,391              |
| Items not involving cash                    |                         |                         |
| Amortization of tangible capital assets     | 1,918,064               | 1,784,284               |
| Gain on sale of tangible capital assets     | (2,606)                 | (15,163)                |
| Changes in non-cash operating balances      |                         |                         |
| Taxes receivable                            | 2,474                   | (110,164)               |
| Accounts receivable                         | 241,400                 | (31,529)                |
| Due from trust funds                        | 2,269                   | 1,034                   |
| Accounts payable and accrued liabilities    | (98,939)                | 396,674                 |
| Tax revenue received in advance             | 218,790                 | 657,207                 |
| Prepaid expenses and inventory of supplies  | (46,556)                | (36,192)                |
|   | <u>3,104,258</u>        | <u>3,581,542</u>        |
| <b>Capital transactions</b>                 |                         |                         |
| Acquisition of tangible capital assets      | (1,461,065)             | (3,398,436)             |
| Proceeds on sale of tangible capital assets | 9,931                   | 24,500                  |
|   | <u>(1,451,134)</u>      | <u>(3,373,936)</u>      |
| <b>Financing transactions</b>               |                         |                         |
| Proceeds from issuance of long-term debt    | 150,000                 | 760,000                 |
| Repayment of long-term debt                 | (483,038)               | (373,470)               |
|   | <u>(333,038)</u>        | <u>386,530</u>          |
| <b>Increase in cash during the year</b>     | <b>1,320,086</b>        | <b>594,136</b>          |
| <b>Cash, beginning of year</b>              | <b><u>3,567,765</u></b> | <b><u>2,973,629</u></b> |
| <b>Cash, end of year</b>                    | <b>\$ 4,887,851</b>     | <b>\$ 3,567,765</b>     |

**Supplementary Information**

During the year, the Municipality paid cash interest in the amount of \$46,486 (2019 - \$37,766).

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## The Corporation of the Township of Lake of Bays Summary of Significant Accounting Policies

**December 31, 2020**

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**Management Responsibility  
for the Financial Statements**

The consolidated financial statements of The Corporation of the Township of Lake of Bays ("Municipality") are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards. The Corporation of the Township of Lake of Bays is a municipality in the province of Ontario. The Municipality provides services such as general government services, protection to persons and property, transportation and roadways, recreation, public works, planning, parks and recreation.

**Reporting Entity**

The reporting entity includes the Municipality and all entities that are controlled by the Municipality.

All controlled entities are consolidated in the Municipality's financial statements according to the Municipality's percentage ownership. Inter-organizational balances and transactions are eliminated upon consolidation.

Entities fully consolidated in the Municipality's financial statements include:

|   |      |
|---|------|
| Libraries (Dwight and Baysville)                    | 100% |
| Cemeteries (Franklin, Sinclair, Ridout, and McLean) | 100% |

**Basis of Accounting**

The financial statements have been prepared using Canadian public sector accounting standards.

**Use of Estimates**

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these consolidated financial statements are the determination of the estimated useful life of tangible capital assets and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.



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## The Corporation of the Township of Lake of Bays Summary of Significant Accounting Policies

**December 31, 2020**

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**Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

|                               |                |
|-------------------------------|----------------|
| Facilities                    | 10 to 40 years |
| Roads and bridges             | 10 to 75 years |
| Equipment, fleet and vehicles | 3 to 15 years  |

**Non-financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the consolidated change in net financial assets for the year.

**Inventory of Supplies**

Inventory of supplies are recorded at the lower of cost and net realizable value. Inventory of materials is recorded at the lower of average cost and net realizable value.

**Deferred Revenue**

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose.

**Post Retirement Benefits**

The Municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records as a pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

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**The Corporation of the Township of Lake of Bays  
Summary of Significant Accounting Policies**

**December 31, 2020**

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**Revenue Recognition**

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.

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

Fees and user charges, licenses, permits and rents are recognized as revenue when the services are provided and there is reasonable assurance of collection.

**Government Transfers**

Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

**District and School Boards**

The Municipality collects taxation revenue on behalf of the school boards and the District Municipality of Muskoka. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the District Municipality of Muskoka are not reflected in these consolidated financial statements.

**Trusts Under Administration**

Trusts administered by the Municipality are not included in these financial statements. The trust balances are disclosed in Note 10.

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**The Corporation of the Township of Lake of Bays**  
**Notes to Consolidated Financial Statements**

**December 31, 2020**

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**1. Restricted Cash and Deferred Revenue**

|                          | 2020       | 2019       |
|--------------------------|------------|------------|
| Obligatory reserve funds |            |            |
| Federal gas tax          | \$ 10,807  | \$ 114,054 |
| Development Charges Act  | 313,549    | 306,176    |
| Parkland                 | 57,000     | 66,483     |
|                          | \$ 381,356 | \$ 486,713 |

The net change during the year in the deferred revenue balances is made up as follows:

|                                     | Federal<br>Gas Tax | Development<br>Charges Act | Parkland  |
|-------------------------------------|--------------------|----------------------------|-----------|
| Deferred revenue, beginning of year | \$ 114,054         | \$ 306,176                 | \$ 66,483 |
| Funds received during the year      | 96,075             | 4,254                      | 49,514    |
| Interest earned                     | 678                | 3,119                      | 815       |
| Funds used during the year          | (200,000)          | -                          | (59,812)  |
| Deferred revenue, end of year       | \$ 10,807          | \$ 313,549                 | \$ 57,000 |

The above funds held as deferred revenue are restricted in their use by their respective legislation.

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**The Corporation of the Township of Lake of Bays**  
**Notes to Consolidated Financial Statements**

**December 31, 2020**

**2. Long-Term Debt**

The balance of long-term debt reported on the consolidated statement of financial position is made up of the following:

|  | 2020                | 2019                |
|--|---------------------|---------------------|
| Demand loan payable, secured by equipment, repayable \$4,438 monthly including interest at 2.51% per annum, maturing December 2021 | \$ 52,405           | \$ 103,772          |
| Demand loan payable, secured by equipment, repayable \$4,311 monthly including interest at 2.98% per annum, maturing December 2022 | 100,114             | 148,073             |
| Demand loan payable, secured by equipment, repayable \$4,040 monthly including interest at 3.88% per annum, maturing December 2023 | 137,124             | 179,385             |
| Demand loan payable, secured by equipment, repayable \$4,407 monthly including interest at 3.88% per annum, maturing December 2023 | 149,590             | 195,692             |
| Demand loan payable, secured by equipment, repayable \$1,653 monthly including interest at 3.88% per annum, maturing December 2023 | 56,096              | 73,385              |
| Demand loan payable, secured by equipment, repayable \$5,397 monthly including interest at 3.04% per annum, maturing December 2024 | 243,579             | 300,000             |
| Demand loan payable, secured by equipment, repayable \$4,947 monthly including interest at 3.04% per annum, maturing December 2024 | 223,281             | 275,000             |
| Demand loan payable, secured by equipment, repayable \$3,328 monthly including interest at 3.04% per annum, maturing December 2024 | 150,207             | 185,000             |
| Demand loan payable, secured by equipment, repayable \$2,648 including interest at 2.29% per annum, maturing December 2025         | 150,000             | -                   |
| Demand loan payable, matured during the year   | -                   | 42,632              |
| Demand loan payable, matured during the year   | -                   | 30,825              |
| Debentures payable to District Municipality of Muskoka, matured during the year  | -                   | 61,670              |
|  | <b>\$ 1,262,396</b> | <b>\$ 1,595,434</b> |

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**The Corporation of the Township of Lake of Bays**  
**Notes to Consolidated Financial Statements**

**December 31, 2020**

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**2. Long-Term Liabilities (continued)**

Long-term debt payments for the next five years are due as follows:

|      |    |                  |
|------|----|------------------|
| 2021 | \$ | 387,623          |
| 2022 |    | 346,054          |
| 2023 |    | 305,371          |
| 2024 |    | 191,959          |
| 2025 |    | <u>31,389</u>    |
|      | \$ | <u>1,262,396</u> |

Interest expense in the amount of \$46,486 (2019 - \$37,766) relating to the above long-term liabilities has been recognized in the consolidated statement of operations.

The Municipality has a revolving demand facility agreement with Royal Bank of Canada. The amount available under the facility is \$3,000,000 to finance general operating requirements. The interest rate on this facility is prime less 0.50% per annum. At December 31, 2020, the Municipality had not drawn on this facility.

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**The Corporation of the Township of Lake of Bays**  
**Notes to Consolidated Financial Statements**

**December 31, 2020**

**3. Tangible Capital Assets**

|  | Land         | Facilities    | Equipment,<br>Fleet and<br>Vehicles | Roads<br>and Bridges | 2020<br>Total | 2019<br>Total |
|--|--------------|---------------|-------------------------------------|----------------------|---------------|---------------|
| Cost, beginning of year                        | \$ 2,615,639 | \$ 12,121,515 | \$ 7,810,738                        | \$ 23,808,531        | \$ 46,356,423 | \$ 43,297,294 |
| Additions                                      | -            | 109,761       | 220,612                             | 1,130,692            | 1,461,065     | 3,398,436     |
| Disposals                                      | -            | -             | (96,480)                            | -                    | (96,480)      | (339,307)     |
| Cost, end of year                              | 2,615,639    | 12,231,276    | 7,934,870                           | 24,939,223           | 47,721,008    | 46,356,423    |
| Accumulated amortization,<br>beginning of year | -            | 3,931,104     | 5,185,626                           | 12,701,951           | 21,818,681    | 20,364,367    |
| Amortization                                   | -            | 342,980       | 473,955                             | 1,101,129            | 1,918,064     | 1,784,284     |
| Disposals                                      | -            | -             | (89,155)                            | -                    | (89,155)      | (329,970)     |
| Accumulated amortization,<br>end of year       | -            | 4,274,084     | 5,570,426                           | 13,803,080           | 23,647,590    | 21,818,681    |
| Net carrying amount, end of year               | \$ 2,615,639 | \$ 7,957,192  | \$ 2,364,444                        | \$ 11,136,143        | \$ 24,073,418 | \$ 24,537,742 |

The Municipality holds various works of art and historical treasures. These items are not recognized as tangible capital assets in the consolidated financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

**The Corporation of the Township of Lake of Bays**  
**Notes to Consolidated Financial Statements**

**December 31, 2020**

**4. Accumulated Surplus**

The Municipality segregates its accumulated surplus in the following categories:

|  | 2020          | 2019          |
|--|---------------|---------------|
| <b>Reserves</b>  |               |               |
| Working capital  | \$ 9,814      | \$ 9,814      |
| Cultural reserve   | 5,000         | -             |
| Disaster reserve   | 100,000       | -             |
| OLRA   | 430,476       | 469,486       |
| Fire boat  | 7,521         | 7,521         |
| Fire   | 357,762       | 322,815       |
| Fire drug awareness  | 700           | 1,400         |
| Elections  | 47,138        | 37,741        |
| Building department  | 335,517       | 257,282       |
| Development charges background study   | 40,000        | 40,000        |
| Parks reserve  | 99,000        | -             |
| LoB Fish Habitat   | 7,290         | 7,290         |
| Library  | -             | 7,003         |
| Youth fund   | 6,443         | 1,943         |
| A. Daniels Fish  | 3,135         | 3,135         |
| Pit rehabilitation   | 151,200       | 126,246       |
| Gravel   | -             | 62,379        |
| Green  | 302           | 302           |
| Tourism/economic development fund  | 13,509        | 13,509        |
| General surplus reserve  | 708,918       | 258,918       |
| Roads  | 83,400        | 120,000       |
| Fire station 20  | 100           | 100           |
| Fire station 30  | 14,189        | 14,189        |
| Fire station 40  | 2,208         | 7,867         |
| Fire station 50  | 37            | 37            |
| Land sale  | 4,948         | 4,948         |
| Planning aerial photo  | 38,355        | 46,040        |
| WSIB schedule 2  | 266,545       | 238,482       |
| Heritage   | 23,506        | 23,506        |
| Future projects reserve  | 150,689       | 689           |
|  | 2,907,702     | 2,082,642     |
| Capital outlay financed by long-term liabilities and to be recovered in future years | (1,262,396)   | (1,595,434)   |
| Investment in tangible capital assets  | 24,073,418    | 24,537,742    |
| Surplus  | 805,383       | 629,795       |
|  | \$ 26,524,107 | \$ 25,654,745 |

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**The Corporation of the Township of Lake of Bays**  
**Notes to Consolidated Financial Statements**

**December 31, 2020**

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**4. Accumulated Surplus (continued)**

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserves represent amounts set aside by bylaw or council resolution for specific purposes.

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**5. Budget**

The Financial Plan (Budget) By-Law adopted by Council on December 17, 2019. The budget was prepared on a modified accrual basis while Canadian public sector accounting standards now require a full accrual basis. Council has reviewed and approved the 2020 Report on Excluded Expenses as required by Ontario Regulation 284/09 which expressly permits municipalities to exclude amortization expense from the budget. The budget approved by Council represents a balanced budget from a cash flow perspective and therefore includes budgeted transfers from prior year's reserves and reduction of long-term debt. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the Financial Plan adopted by Council on December 17, 2019 with adjustments as follows:

|   | <u>2020</u>             |
|---|-------------------------|
| Financial Plan (Budget) By-law surplus for the year | \$ -                    |
| Add:  |                         |
| Capital expenditures                                | 1,948,400               |
| Transfers to reserves                               | 57,149                  |
| Debt repayment                                      | 489,589                 |
| Less:   |                         |
| Amortization of tangible capital assets             | (1,750,000)             |
| Transfers from reserves                             | (482,379)               |
| Proceeds from long-term debt                        | <u>(185,000)</u>        |
| <b>Budget surplus per statement of operations</b>   | <b>\$ <u>77,759</u></b> |

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations for comparative purposes. The 2020 budget amounts for the Municipality approved by Council have been restated to conform to the basis of preparation of the revenues and expenses on the consolidated statement of operations.

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**The Corporation of the Township of Lake of Bays  
Notes to Consolidated Financial Statements**

**December 31, 2020**

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**6. Operations of School Boards and the District of Muskoka**

During the year, the following taxation revenue was levied and remitted to the school boards and the District of Muskoka:

|                                 | <u>2020</u>         | <u>2019</u>         |
|---------------------------------|---------------------|---------------------|
| Taxation                        | \$ 21,003,237       | \$ 20,673,854       |
| Less: school board requisitions | (5,121,438)         | (5,212,291)         |
| Less: upper tier requisitions   | (10,185,268)        | (9,865,399)         |
|                                 | <u>\$ 5,696,531</u> | <u>\$ 5,596,164</u> |

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**7. Post Retirement Benefits**

OMERS provides pension services to more than 525,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2020. The results of this valuation disclosed total actuarial liabilities of \$113,055 million in respect of benefits accrued for service with actuarial assets at that date of \$109,844 million indicating an actuarial deficit of \$3,211 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 Municipality does not recognize any share of the OMERS pension surplus or deficit.

Contributions made by the Municipality to OMERS for 2020 were \$283,058 (2019 - \$246,352).

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**8. Contingent Liability**

During 2014, the Government of Ontario expanded regulations to include six additional cancers presumed to be work-related for firefighters under the Workplace Safety and Insurance Act. This change is retroactive to January 1, 1960. During the years 1996 to 2004, the Municipality was a schedule 2 employer for WSIB, meaning that the Municipality self-insured for WSIB benefits. This change in regulations may give rise to liabilities of the Municipality for work-related cancers incurred by firefighters during this time. The Municipality is assessing the impact of this change and is unable to determine whether a liability exists at year end. Consequently, no provision has been made in these financial statements for any liability that may result.

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**The Corporation of the Township of Lake of Bays**  
**Notes to Consolidated Financial Statements**

**December 31, 2020**

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**9. Commitments**

The Municipality is liable for a Workplace Safety and Insurance Board (WSIB) claim when it was a "schedule 2" employer. The Municipality is required to make payments each year until 2029. Based on updated estimates from WSIB, the total payments remaining for this claim are approximately \$209,263. WSIB invoices the Municipality for this claim annually based on the initial claim amount. Actual payments will be reflected in the consolidated statement of operations in the period in which the payment is invoiced by WSIB. Payments made in 2020 were \$23,251 (2019 - \$28,064).

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**10. Trust Funds**

The trust funds administered by the Municipality amounting to \$208,022 (2019 - \$215,837) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations. At December 31, 2020, the trust fund balances are as follows:

|                               | <u>2020</u>       | <u>2019</u>       |
|-------------------------------|-------------------|-------------------|
| Cemetery Care and Maintenance | \$ 192,508        | \$ 199,901        |
| Planning costs recoverable    | 15,514            | 15,936            |
|                               | <u>\$ 208,022</u> | <u>\$ 215,837</u> |

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**11. Impacts of COVID-19**

The impact of COVID-19 in Canada and on the global economy is ongoing. As the impacts of COVID-19 continue, there could be further impact on the Municipality, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Municipality's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Municipality is not known. COVID-19 restrictions, at times, has caused the closure of the Township office, parks and recreation venues (including arenas, community centres, libraries etc.). The Municipality's ability to continue delivering non-essential services and employ related staff, will depend on the legislative mandates from the various levels of government. The Municipality will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

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## The Corporation of the Township of Lake of Bays Notes to Consolidated Financial Statements

**December 31, 2020**

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### **12. Segmented Information**

The Entity is a diversified municipal government institution that provides a wide range of services to its citizens such as fire and community services. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

#### **General Government**

General government accounts for the revenues and expenses that relate to the operations of the Municipality itself and cannot be directly attributed to any specific segment.

#### **Protection Services**

Protection is comprised of fire protection, by-law enforcement services and emergency planning. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers.

#### **Transportation and Environmental Services**

Transportation is responsible for the seasonal maintenance of roads, winter control, storm sewer maintenance and streetlighting.

#### **Health Services**

Included in health services is the maintenance and upkeep of the municipally controlled cemeteries.

#### **Recreation and Cultural Services**

Recreational programs and cultural programs like skating lessons are provided at arenas, aquatic centres and community centres. Also, the Municipality provides library services to assist with its citizens' informational needs.

#### **Planning and Development**

This department provides a number of services including township and economic planning, maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers are measured on the basis of budgeted amounts.

Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

|          |   |
|----------|---|
| Taxation | allocated to those segments that are funded by these amounts based on the net surplus for the year. |
|----------|---|

**The Corporation of the Township of Lake of Bays**  
**Notes to Consolidated Financial Statements**

**December 31, 2020**

**12. Segmented Information (continued)**

| <b>For the year ended December 31</b>      | <b>General<br/>Government</b> | <b>Protection<br/>Services</b> | <b>Transportation<br/>Services</b> | <b>Environmental<br/>Services</b> | <b>Health<br/>Services</b> | <b>Recreation<br/>and Cultural<br/>Services</b> | <b>Planning and<br/>Development</b> | <b>2020<br/>Total</b> |
|--|-------------------------------|--------------------------------|------------------------------------|-----------------------------------|----------------------------|---|-------------------------------------|-----------------------|
| <b>Revenue</b>                             |                               |                                |                                    |                                   |                            |   |                                     |                       |
| Taxation                                   | \$ 869,239                    | \$ 621,453                     | \$ 2,873,328                       | \$ 7,551                          | \$ 52,806                  | \$ 1,206,313                                    | \$ 65,841                           | \$ 5,696,531          |
| Government transfers                       | 1,144,897                     | 22,938                         | -                                  | 4,000                             | -                          | 23,991  | 29,235                              | 1,225,061             |
| User fees and service charges              | 75,987                        | 98,529                         | 389,712                            | -                                 | 6,812                      | 80,633  | 505,560                             | 1,157,233             |
| Permits, licenses and fines                | 71,431                        | 604,119                        | -                                  | -                                 | -                          | 12,699  | -                                   | 688,249               |
| Gain on sale of tangible capital assets    | 2,606                         | -                              | -                                  | -                                 | -                          | -   | -                                   | 2,606                 |
| Interest and penalties on tax arrears      | 230,377                       | -                              | -                                  | -                                 | -                          | -   | -                                   | 230,377               |
| Other                                      | 61,614                        | 1,000                          | -                                  | -                                 | 1,914                      | 9,705   | -                                   | 74,233                |
| Obligatory reserve fund revenue recognized | -                             | -                              | 200,000                            | -                                 | -                          | 59,812  | -                                   | 259,812               |
|  | <b>2,456,151</b>              | <b>1,348,039</b>               | <b>3,463,040</b>                   | <b>11,551</b>                     | <b>61,532</b>              | <b>1,393,153</b>                                | <b>600,636</b>                      | <b>9,334,102</b>      |
| <b>Expenses</b>                            |                               |                                |                                    |                                   |                            |   |                                     |                       |
| Salaries and benefits                      | 1,244,682                     | 632,012                        | 842,649                            | 5,306                             | 35,371                     | 708,705   | 528,990                             | 3,997,715             |
| Goods and services                         | 126,580                       | 388,657                        | 607,050                            | 4,863                             | 23,024                     | 396,742   | 34,395                              | 1,581,311             |
| Contracted services                        | 156,207                       | 246,839                        | 426,427                            | 1,382                             | -                          | 50,856  | 35,031                              | 916,742               |
| Interest                                   | -                             | 7,676                          | 38,810                             | -                                 | -                          | -   | -                                   | 46,486                |
| Amortization                               | 54,897                        | 72,855                         | 1,548,104                          | -                                 | 3,137                      | 236,850   | 2,220                               | 1,918,063             |
| Other                                      | 4,423                         | -                              | -                                  | -                                 | -                          | -   | -                                   | 4,423                 |
|  | <b>1,586,789</b>              | <b>1,348,039</b>               | <b>3,463,040</b>                   | <b>11,551</b>                     | <b>61,532</b>              | <b>1,393,153</b>                                | <b>600,636</b>                      | <b>8,464,740</b>      |
|  | <b>\$ 869,362</b>             | <b>\$ -</b>                    | <b>\$ -</b>                        | <b>\$ -</b>                       | <b>\$ -</b>                | <b>\$ -</b>                                     | <b>\$ -</b>                         | <b>\$ 869,362</b>     |

**The Corporation of the Township of Lake of Bays**  
**Notes to Consolidated Financial Statements**

**December 31, 2020**

**12. Segmented Information (continued)**

| <b>For the year ended December 31</b>      | <b>General<br/>Government</b> | <b>Protection<br/>Services</b> | <b>Transportation<br/>Services</b> | <b>Environmental<br/>Services</b> | <b>Health<br/>Services</b> | <b>Recreation<br/>and Cultural<br/>Services</b> | <b>Planning and<br/>Development</b> | <b>2019<br/>Total</b> |
|--|-------------------------------|--------------------------------|------------------------------------|-----------------------------------|----------------------------|---|-------------------------------------|-----------------------|
| <b>Revenue</b>                             |                               |                                |                                    |                                   |                            |   |                                     |                       |
| Taxation                                   | \$ 914,840                    | \$ 590,805                     | \$ 2,812,834                       | \$ 6,809                          | \$ 49,840                  | \$ 1,061,148                                    | \$ 159,888                          | \$ 5,596,164          |
| Government transfers                       | 1,012,182                     | 22,600                         | -                                  | 2,782                             | -                          | 23,297  | 63,387                              | 1,124,248             |
| User fees and service charges              | 60,347                        | 67,944                         | 464,746                            | -                                 | 6,731                      | 106,886   | 351,213                             | 1,057,867             |
| Permits, licenses and fines                | 70,808                        | 585,615                        | -                                  | -                                 | -                          | 28,588  | -                                   | 685,011               |
| Gain on sale of tangible capital assets    | 15,163                        | -                              | -                                  | -                                 | -                          | -   | -                                   | 15,163                |
| Interest and penalties on tax arrears      | 238,818                       | -                              | -                                  | -                                 | -                          | -   | -                                   | 238,818               |
| Other                                      | 121,311                       | 9,500                          | -                                  | -                                 | 3,819                      | 13,692  | -                                   | 148,322               |
| Obligatory reserve fund revenue recognized | -                             | -                              | 175,000                            | -                                 | -                          | 36,040  | -                                   | 211,040               |
|  | <b>2,433,469</b>              | <b>1,276,464</b>               | <b>3,452,580</b>                   | <b>9,591</b>                      | <b>60,390</b>              | <b>1,269,651</b>                                | <b>574,488</b>                      | <b>9,076,633</b>      |
| <b>Expenses</b>                            |                               |                                |                                    |                                   |                            |   |                                     |                       |
| Salaries and benefits                      | 1,148,702                     | 609,239                        | 778,463                            | 5,101                             | 34,831                     | 636,901   | 432,985                             | 3,646,222             |
| Goods and services                         | 150,053                       | 377,029                        | 666,571                            | 2,968                             | 22,422                     | 367,256   | 83,503                              | 1,669,802             |
| Contracted services                        | 145,186                       | 230,255                        | 547,183                            | 1,522                             | -                          | 19,509  | 55,132                              | 998,787               |
| Interest                                   | -                             | 3,214                          | 34,552                             | -                                 | -                          | -   | -                                   | 37,766                |
| Amortization                               | 49,756                        | 56,727                         | 1,425,811                          | -                                 | 3,137                      | 245,985   | 2,868                               | 1,784,284             |
| Other                                      | 4,381                         | -                              | -                                  | -                                 | -                          | -   | -                                   | 4,381                 |
|  | <b>1,498,078</b>              | <b>1,276,464</b>               | <b>3,452,580</b>                   | <b>9,591</b>                      | <b>60,390</b>              | <b>1,269,651</b>                                | <b>574,488</b>                      | <b>8,141,242</b>      |
|  | <b>\$ 935,391</b>             | <b>\$ -</b>                    | <b>\$ -</b>                        | <b>\$ -</b>                       | <b>\$ -</b>                | <b>\$ -</b>                                     | <b>\$ -</b>                         | <b>\$ 935,391</b>     |