

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

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Independent Auditor's Report

To the Members of Council of
The Corporation of the Township of Georgian Bay

Opinion

We have audited the consolidated financial statements of The Corporation of the Township of Georgian Bay (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statements of operations, changes 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 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 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 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 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 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 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 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 statements 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 Municipality 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.

Chartered Professional Accountants, Licensed Public Accountants

Bracebridge, Ontario
July 12, 2021

**The Corporation of the Township of Georgian Bay
Consolidated Statement of Financial Position**

December 31	2020	2019
Financial assets		
Cash	\$ 6,199,319	\$ 5,579,386
Restricted cash (Note 1)	1,459,552	1,372,188
Taxes receivable (Note 2)	1,914,972	1,715,418
Other receivables	1,460,433	491,703
Land held for resale	51,390	51,390
	<u>11,085,666</u>	<u>9,210,085</u>
Liabilities		
Accounts payable and accrued liabilities	1,844,326	835,853
Tax revenue received in advance	196,799	170,809
Deferred revenue (Note 1)	1,543,068	1,393,625
Long-term liabilities (Note 4)	2,693,089	2,911,837
	<u>6,277,282</u>	<u>5,312,124</u>
Net financial assets	<u>4,808,384</u>	<u>3,897,961</u>
Non-financial assets		
Tangible capital assets (Note 5)	20,808,384	19,027,119
Inventories held for consumption (Note 6)	197,318	228,727
Prepaid expenses	232,436	212,175
	<u>21,238,138</u>	<u>19,468,021</u>
Total accumulated surplus (Note 7)	<u>\$ 26,046,522</u>	<u>\$ 23,365,982</u>

On behalf of Council:

Mayor Peter Koetsier

Signed with ConsignO Cloud
(2021/07/20)

Verify with [verifio.com](https://www.verifio.com) or Adobe Reader.



The Corporation of the Township of Georgian Bay Consolidated Statement of Operations

For the year ended December 31	(Note 10) Budget 2020	Actual 2020	Actual 2019
Revenue			
Property taxes (Note 11)	\$ 6,202,644	\$ 6,231,986	\$ 5,902,434
User fees	1,390,477	1,317,724	1,646,242
Government transfers - Federal (Note 12)	1,085,991	1,127,125	166,767
Government transfers - Ontario (Note 12)	2,111,572	2,018,752	1,741,011
Investment income	151,000	93,495	142,996
Miscellaneous revenues (Note 13)	841,366	100,844	370,617
	11,783,050	10,889,926	9,970,067
Expenses (Notes 14 & 15)			
Operations - parks, recreation and culture	1,669,116	1,245,599	1,422,722
Planning and economic development	815,652	685,352	869,958
Fire services, emergency management and by-law services	1,267,635	1,091,539	1,070,433
Building and septic inspection services	748,319	524,019	598,137
Operations - roads, streetlights and environmental services	2,622,941	2,268,405	2,365,175
General government and administration	2,967,286	2,394,472	2,458,345
	10,090,949	8,209,386	8,784,770
Annual surplus	1,692,101	2,680,540	1,185,297
Accumulated surplus, beginning of year	23,365,982	23,365,982	22,180,685
Accumulated surplus, end of year	\$ 25,058,083	\$ 26,046,522	\$ 23,365,982

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

**The Corporation of the Township of Georgian Bay
Consolidated Statement of Changes in Net Financial Assets**

For the year ended December 31	(Note 10) Budget 2020	Actual 2020	Actual 2019
Annual surplus	\$ 1,692,101	\$ 2,680,540	\$ 1,185,297
Acquisition of tangible capital assets	(4,905,508)	(3,363,646)	(2,003,586)
Amortization of tangible capital assets (Note 14)	2,200,901	1,474,586	1,431,501
Loss on sale of tangible capital assets	-	97,305	17,018
Proceeds on sale of tangible capital assets	-	10,490	49,440
	<u>(1,012,506)</u>	<u>899,275</u>	<u>679,670</u>
Consumption (acquisition) of inventories held for consumption	-	31,409	(34,599)
Acquisition of prepaid expenses	-	(20,261)	(20,662)
	<u>-</u>	<u>11,148</u>	<u>(55,261)</u>
Increase in net financial assets	(1,012,506)	910,423	624,409
Net financial assets , beginning of year	<u>3,897,961</u>	<u>3,897,961</u>	<u>3,273,552</u>
Net financial assets , end of year	<u>\$ 2,885,455</u>	<u>\$ 4,808,384</u>	<u>\$ 3,897,961</u>

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

The Corporation of the Township of Georgian Bay Consolidated Statement of Cash Flows

For the year ended December 31	2020	2019
Operating transactions		
Annual surplus	\$ 2,680,540	\$ 1,185,297
Non-cash items		
Amortization of tangible capital assets	1,474,586	1,431,501
Loss on disposal of tangible capital assets	97,305	17,018
	<u>4,252,431</u>	<u>2,633,816</u>
Changes in non-cash assets and liabilities		
Taxes receivable	(199,554)	(100,831)
Other receivables	(968,731)	127,021
Accounts payable and accrued liabilities	1,008,474	(619,940)
Tax revenue received in advance	25,990	20,556
Deferred revenue	62,079	(33,111)
Inventories held for consumption	31,409	(34,599)
Prepaid expenses	(20,261)	(20,662)
	<u>4,191,837</u>	<u>1,972,250</u>
Capital transactions		
Proceeds on sale of tangible capital assets	10,490	49,440
Cash used to acquire tangible capital assets	(3,363,646)	(2,003,586)
	<u>(3,353,156)</u>	<u>(1,954,146)</u>
Financing transactions		
Debt repayment	(218,748)	(208,685)
Increase (decrease) in cash during the year	619,933	(190,581)
Cash and cash equivalents, beginning of year	5,579,386	5,769,967
Cash and cash equivalents, end of year	\$ 6,199,319	\$ 5,579,386

Supplementary Information

During the year, the Municipality paid cash interest in the amount of \$125,247 (2019 - \$135,321).

The Corporation of the Township of Georgian Bay

Summary of Significant Accounting Policies

December 31, 2020

Management's Responsibility for the Financial Statements

The consolidated financial statements of The Corporation of the Township of Georgian Bay ("Municipality") are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards. The Corporation of the Township of Georgian Bay 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, 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 consolidated financial statements according to the Municipality's percentage ownership except for entities that meet the definition of a government business enterprise or a government business partnership, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

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

Georgian Bay Library Board - 100%

Basis of Accounting

The consolidated 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 valuation allowance for taxes, trade and other receivables, the estimated useful life of tangible capital assets, accrued liabilities and taxation revenue related to supplementary taxes. Actual results could differ from management's best estimates as additional information becomes available in the future.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances, temporary borrowings and temporary investments in money market instruments with maturities of three months or less.

The Corporation of the Township of Georgian Bay Summary of Significant Accounting Policies

December 31, 2020

Restricted Revenue Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the purpose specified.

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 also provides certain extended health benefits to qualifying employees through an insurance provider which invoices the Municipality for the cost of the plan. The cost is recognized based on management's best estimate of the future premiums associated with these benefits.

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 revenues over expenses, provides the consolidated change in net financial assets for the year.

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:

Site improvements	10 to 25 years
Buildings	20 to 40 years
Transportation infrastructure	3 to 25 years
Vehicles	7 to 20 years
Machinery, equipment and furniture	4 to 25 years

Inventories Held for Consumption Inventories of supplies held for consumption are recorded at the lower of average cost and net realizable value.

The Corporation of the Township of Georgian Bay Summary of Significant Accounting Policies

December 31, 2020

Taxation Revenue

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. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

Revenue related to fees or services received in advance of the fee being earned or when the service is performed is deferred and recognized when the fee is earned or the service is performed.

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

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 consolidated financial statements.

The financial activity and position of the trust funds are reported separately on the schedule of trust funds balances and trust funds statement of continuity (Page 27).

**The Corporation of the Township of Georgian Bay
Summary of Significant Accounting Policies**

December 31, 2020

1. Restricted Cash and Deferred Revenue

Deferred revenue arises when revenues received are conditional upon eligible expenses being incurred and where amounts received in advance have not been fully expended on eligible expenses.

The balance of deferred revenue reported on the consolidated statement of financial position is made up of the following:

	2020	2019
Deferred revenue	\$ 83,516	\$ 21,437
Deferred revenue - obligatory reserve funds		
Development Charges Act	1,266,713	1,140,179
Cash in Lieu of Parkland	192,839	176,139
Federal Gas Tax	-	55,870
	1,459,552	1,372,188
	\$ 1,543,068	\$ 1,393,625
 Obligatory reserve funds supported by:		
Restricted cash	\$ 1,459,552	\$ 1,372,188

The Corporation of the Township of Georgian Bay Summary of Significant Accounting Policies

December 31, 2020

1. Restricted Cash and Deferred Revenue (continued)

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

	Development Charges Act	Cash in Lieu of Parkland	Federal Gas Tax	Total
Deferred revenue - obligatory reserve funds , beginning of year	\$ 1,140,179	\$ 176,139	\$ 55,870	\$ 1,372,188
Funds received during the year	124,307	14,587	75,810	214,704
Interest earned	12,227	2,113	865	15,205
Funds used during the year	(10,000)	-	(132,545)	(142,545)
Deferred revenue - obligatory reserve funds , end of year	\$ 1,266,713	\$ 192,839	\$ -	\$ 1,459,552

The interest earned is included as investment income on the consolidated statement of operations. The Development Charges Act, Cash in Lieu of Parkland and Federal Gas Tax funds used during the year of \$10,000 and \$nil totalling 10,000 are included in miscellaneous revenues (Note 13), and \$132,545 is included in government transfers - Federal on the consolidated statement of operations.

The above funds held as deferred revenue are restricted in their use by their respective legislation. Funds held under the Development Charges Act are recorded by the following components: Community Services, Fire Protection, Public Works - Building and Fleet, Public Works - Roads and Related and General Government.

2. Taxes Receivable

The Municipality is responsible for levying, collecting and remitting taxes imposed by School Boards and the District Municipality of Muskoka. In addition to general levies, the Municipality also levies waste management, hospital, water and sewer levies on behalf of the District of Muskoka. Of the total taxes imposed of \$20,807,294 as shown in (Note 11), the Municipality only retains \$6,231,986. At December 31, 2020, the Municipality had tax receivables of \$1,914,972 of which approximately 25% relates to the Municipality's share of tax revenues.

	2020	2019
Taxes receivable	\$ 1,940,654	\$ 1,741,216
Less: valuation allowance	(25,682)	(25,798)
	\$ 1,914,972	\$ 1,715,418

The Corporation of the Township of Georgian Bay Summary of Significant Accounting Policies

December 31, 2020

3. Temporary Borrowings

The Municipality has an operating facility agreement with TD Canada Trust. The amount available under the facility is \$8,000,000 from January 1 to September 30 of each year and \$4,000,000 from October 1 to December 31 of each year to finance general operating requirements. The interest rate on this facility is TD Bank prime less 0.75%. At December 31, 2020, the Municipality had drawn \$nil (2019 - \$nil) on the credit capacity under this facility.

The Corporation of the Township of Georgian Bay Summary of Significant Accounting Policies

December 31, 2020

4. Long-Term Liabilities

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

	2020	2019
Debenture payable District Municipality of Muskoka, payable \$40,985 semi-annually including interest at 5.340%, due July 2026	\$ 416,121	\$ 473,560
Debenture payable District Municipality of Muskoka, payable \$37,321 semi-annually including interest at 4.835%, due April 2027	412,102	464,896
Debenture payable District Municipality of Muskoka, payable \$40,621 semi-annually including interest at 5.233%, due December 2027	471,096	525,541
Debenture payable District Municipality of Muskoka, payable \$53,070 semi-annually including interest at 3.630%, due November 2038	1,393,770	1,447,840
	\$ 2,693,089	\$ 2,911,837

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

Year	Gross	Interest	Net
2021	\$ 343,995	\$ 114,689	\$ 229,306
2022	343,995	103,610	240,385
2023	343,995	91,985	252,010
2024	343,995	79,786	264,209
2025	343,995	66,986	277,009
Thereafter	1,736,245	306,075	1,430,170
	\$ 3,456,220	\$ 763,131	\$ 2,693,089

These debentures relate to financing portions of the Administration facility, Public Works/Fire Hall facility, Port Severn bridge sidewalk and MacTier storm sewer projects.

The annual principal and interest payments required to service the long-term liabilities of the Municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

The Corporation of the Township of Georgian Bay
Notes to Consolidated Financial Statements

December 31, 2020

5. Tangible Capital Assets

For the year ended December 31	Land, Site Improvements and Parks	Buildings	Transportation Infrastructure	Vehicles	Machinery Equipment and Furniture	Construction in Progress	2020 Total	2019 Total
Cost, beginning of year	\$ 6,372,633	\$ 9,675,545	\$ 20,407,519	\$ 4,898,814	\$ 1,887,473	\$ 2,289,970	\$ 45,531,954	\$ 43,890,975
Additions	-	135,000	917,149	476,652	136,717	1,698,128	3,363,646	2,003,586
Disposals	-	-	(693,027)	(261,905)	(424,577)	(22,089)	(1,401,598)	(362,607)
Transfers	(129,623)	292,294	2,040,667	31,297	(153,212)	(2,081,423)	-	-
Cost, end of year	6,243,010	10,102,839	22,672,308	5,144,858	1,446,401	1,884,586	47,494,002	45,531,954
Accumulated amortization, beginning of year	2,957,955	5,227,243	14,754,930	2,526,496	1,038,211	-	26,504,835	25,369,483
Amortization (recovery)	(19,107)	471,628	578,382	349,861	93,822	-	1,474,586	1,431,501
Disposals	-	-	(616,609)	(261,905)	(415,289)	-	(1,293,803)	(296,149)
Accumulated amortization, end of year	2,938,848	5,698,871	14,716,703	2,614,452	716,744	-	26,685,618	26,504,835
Net carrying amount, end of year	\$ 3,304,162	\$ 4,403,968	\$ 7,955,605	\$ 2,530,406	\$ 729,657	\$ 1,884,586	\$ 20,808,384	\$ 19,027,119

The net book value of tangible capital assets classified as work in progress is not being amortized because they are under construction is \$1,884,586 (2019 - \$2,289,970).

The Municipality holds an historical treasure pertaining to the David Milne Cottage. This item is not recognized as a tangible capital asset in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

The Corporation of the Township of Georgian Bay
Notes to Consolidated Financial Statements

December 31, 2020

6. Inventories Held for Consumption

	2020	2019
Recycled asphalt product	\$ 120,026	\$ 120,275
Sand and salt	55,677	75,825
Other	21,615	32,627
	\$ 197,318	\$ 228,727

7. Total Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2020	2019
Reserves		
Working funds	\$ 2,716,763	\$ 2,930,127
Departmental projects	2,484,404	1,523,953
Other	2,664,171	2,269,282
Library	63,315	63,315
	7,928,653	6,786,677
Capital outlay financed by long-term liabilities and to be recovered in future years	(2,693,089)	(2,911,837)
Investment in tangible capital assets	20,808,384	19,027,119
Surplus	2,574	464,023
	\$ 26,046,522	\$ 23,365,982

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

Reserves represent funds set aside by by-law or council resolution for specific purposes.

8. Contingencies

A number of claims have been filed against The Corporation of the Township of Georgian Bay requesting damages. These claims fall within the Municipality's insurance coverage. The ultimate outcome of these claims were not determinable at the time of issue of these consolidated financial statements. No provision for these claims has been recorded in these consolidated financial statements. Settlements in excess of insurance, if any, will be reflected in the period in which settlement occurs.

The Corporation of the Township of Georgian Bay

Notes to Consolidated Financial Statements

December 31, 2020

9. Impacts of COVID-19

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. 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. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. 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.

10. Budget

The Budget was adopted by Council on January 13, 2020. 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. In addition, the budget expensed all tangible capital expenses 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 January 13, 2020 with adjustments as follows:

	<u>2020</u>
Budget By-law deficit for the year	\$ -
Add:	
Capital expenditures	4,905,508
Debt repayment	208,748
Transfers to reserve funds	602,501
Less:	
Amortization	(2,200,901)
Transfers from reserve funds	(1,823,755)
Budget surplus per statement of operations	<u>\$ 1,692,101</u>

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 The Corporation of the Township of Georgian Bay approved by Council have been restated to conform to the basis of preparation of the revenues and expenses, including amortization on the consolidated statement of operations.

The Corporation of the Township of Georgian Bay Notes to Consolidated Financial Statements

December 31, 2020

11. Operations of School Boards and the District Municipality of Muskoka

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

	2020	2019
Taxation	\$ 20,807,294	\$ 20,452,382
Taxation from other governments	188,791	178,258
Less: school board requisitions	(4,581,390)	(4,714,716)
Less: upper tier requisitions	(10,182,709)	(10,013,490)
	\$ 6,231,986	\$ 5,902,434

12. Government Transfers

	2020	2019
Revenue:		
Federal gas tax fund	\$ 132,545	\$ 104,155
Industry Canada/FedNor	771,212	44,469
Investing in Canada infrastructure program	185,832	-
Other federal grants	37,536	18,143
	1,127,125	166,767
Total federal grants		
Ontario municipal partnership fund	1,048,700	1,037,300
Ontario service modernization funding	30,000	604,110
Ontario safe restart	419,400	-
Eastern Ontario development fund	362,525	-
Investing in Canada infrastructure program	103,229	-
Other provincial grants	54,898	99,601
	2,018,752	1,741,011
Total provincial grants		
	\$ 3,145,877	\$ 1,907,778

The Corporation of the Township of Georgian Bay
Notes to Consolidated Financial Statements

December 31, 2020

13. Miscellaneous Revenues

	(Note 10) Budget 2020	Actual 2020	Actual 2019
Donations	\$ 456,366	\$ 39,108	\$ 26,237
Loss on sale of tangible capital assets	-	(97,305)	(17,018)
Penalties and interest on taxation	185,000	149,041	180,488
Funds used during the year (Note 1)	200,000	10,000	180,910
	\$ 841,366	\$ 100,844	\$ 370,617

14. Amortization

Amortization is reported in the following categories:

	(Note 10) Budget 2020	Actual 2020	Actual 2019
Operations - parks, recreation and culture	\$ 610,048	\$ 334,743	\$ 396,785
Planning and economic development	231	-	151
Fire services, emergency management and by-law services	292,048	184,610	193,459
Building and septic inspection services	26,164	13,500	13,511
Operations - Roads, streetlights and environmental services	1,124,231	833,791	731,217
General government and administration	148,179	107,941	96,378
	\$ 2,200,901	\$ 1,474,585	\$ 1,431,501

The Corporation of the Township of Georgian Bay Notes to Consolidated Financial Statements

December 31, 2020

15. Expenses by Object

Total operating expenses for the year reported on the consolidated statement of operations are as follows:

	(Note 10) Budget 2020	Actual 2020	Actual 2019
Salaries and benefits	\$ 4,587,015	\$ 3,846,589	\$ 3,975,914
Goods and services	2,816,640	2,299,935	2,801,531
Contracted services	199,796	257,099	312,398
Interest	125,247	122,863	139,773
External transfers	161,350	208,315	123,653
Amortization	2,200,901	1,474,585	1,431,501
	\$ 10,090,949	\$ 8,209,386	\$ 8,784,770

16. 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 December 31, 2020 were \$223,998 (2019 - \$225,179).

**The Corporation of the Township of Georgian Bay
Notes to Consolidated Financial Statements**

December 31, 2020

17. Trust Funds

The trust funds administered by the Municipality amounting to \$367,916 (2019 - \$328,236) 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 funds	\$ 42,790	\$	41,802
Monument care	14,283		14,035
Performance bonds	310,843		272,399
	\$ 367,916	\$	328,236

A separate trust fund audit report is at page 25.

The Corporation of the Township of Georgian Bay

Notes to Consolidated Financial Statements

December 31, 2020

18. Segmented Information

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

Operations - Parks, Recreation and Culture

This service area provides services meant to improve the health and development of the Municipality's citizens. Recreational facilities include two community centres. Also, the Municipality provides library services, cemetery services, trails, beach access and parks to assist with its citizens' needs.

Planning and Economic Development

This department provides community planning services in accordance with the Ontario Planning Act and all other applicable legislation. Additionally, it provides economic opportunity and development, and works to provide healthy communities within the Municipality.

Fire Services, Emergency Management and By-law Services

This segment encompasses the fire department which is responsible for providing fire suppression services, fire prevention programs, training and education to the public. The fire department consists of two full time staff members as well as a complement of up to 60 volunteer fire fighters. Additionally, this segment also provides emergency management and preparedness for the Municipality. In addition, they enforce a number of Municipal by-laws and Provincial Statutes including property standards, noise control and parking enforcement.

Building and Septic Inspection Services

This department is responsible for reviewing, issuing and inspecting building and septic permits in accordance with the Ontario Building Code. In addition, they have a septic re-inspection program that is in effect and completed annually.

Operations - Roads, Streetlights and Environmental Services

This segment area is responsible for providing the Municipality's transportation infrastructure including roads, sidewalks and streetlights. Additionally, some waste management and lagoon services are provided on behalf of the District Municipality of Muskoka.

General Government and Administration

This area accounts for the revenues and expenses that relate to the operations of Council, CAO, Clerk, Treasury, Human Resources, Health and Safety, Information Technology and other areas that cannot be directly attributed to any specific segment.

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 segments based on total expenses for the year
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The Corporation of the Township of Georgian Bay
Notes to Consolidated Financial Statements

December 31, 2020

18. Segmented Information (continued)

For the year ended December 31	Operations - Parks, Recreation and Culture	Planning and Economic Development	Fire Services, Emergency Management and By-law Services	Building and Septic Inspection Services	Operations - Roads, Streetlights and Environmental Services	General Government and Administration	2020 Total
Revenue							
Taxation	\$ 945,571	\$ 520,271	\$ 828,619	\$ 397,798	\$ 1,722,013	\$ 1,817,714	\$ 6,231,986
Fees and user charges	89,848	69,436	76,953	491,515	399,233	190,739	1,317,724
Government transfers	1,170,230	37,430	-	-	421,606	1,516,611	3,145,877
Investment income	639	-	-	-	-	92,856	93,495
Miscellaneous revenues	46,198	1,000	9,588	-	(76,418)	120,476	100,844
	<u>2,252,486</u>	<u>628,137</u>	<u>915,160</u>	<u>889,313</u>	<u>2,466,434</u>	<u>3,738,396</u>	<u>10,889,926</u>
Expenses							
Salaries and benefits	475,352	346,113	622,698	438,445	752,120	1,211,861	3,846,589
Goods and services	388,920	309,465	283,162	72,074	542,291	704,023	2,299,935
Contracted services	-	29,774	-	-	189,453	37,872	257,099
Interest	-	-	-	-	-	122,863	122,863
External transfers	-	-	-	-	-	208,315	208,315
Amortization	334,743	-	184,610	13,500	833,791	107,941	1,474,585
Inter-segment transfers	46,584	-	1,069	-	(49,250)	1,597	-
	<u>1,245,599</u>	<u>685,352</u>	<u>1,091,539</u>	<u>524,019</u>	<u>2,268,405</u>	<u>2,394,472</u>	<u>8,209,386</u>
	<u>\$ 1,006,887</u>	<u>\$ (57,215)</u>	<u>\$ (176,379)</u>	<u>\$ 365,294</u>	<u>\$ 198,029</u>	<u>\$ 1,343,924</u>	<u>\$ 2,680,540</u>

The Corporation of the Township of Georgian Bay
Notes to Consolidated Financial Statements

December 31, 2020

18. Segmented Information (continued)

For the year ended December 31	Operations - Parks, Recreation and Culture	Planning and Economic Development	Fire Services, Emergency Management and By-law Management	Building and Septic Inspection Services	Operations - Roads, Streetlights and Environmental Services	General Government and Administration	2019 Total
Revenue							
Taxation	\$ 955,918	\$ 584,520	\$ 719,217	\$ 401,885	\$ 1,589,147	\$ 1,651,747	\$ 5,902,434
Fees and user charges	138,913	128,252	114,957	534,102	445,318	284,700	1,646,242
Government transfers	28,499	80,418	-	-	104,155	1,694,706	1,907,778
Investment income	1,160	-	-	-	-	141,836	142,996
Miscellaneous revenues	136,352	4,260	20,005	-	9,512	200,488	370,617
	<u>1,260,842</u>	<u>797,450</u>	<u>854,179</u>	<u>935,987</u>	<u>2,148,132</u>	<u>3,973,477</u>	<u>9,970,067</u>
Expenses							
Salaries and benefits	536,200	380,474	587,222	483,892	729,469	1,258,657	3,975,914
Goods and services	452,255	401,415	288,584	99,633	742,622	817,022	2,801,531
Contracted services	-	87,918	-	1,101	201,972	21,407	312,398
Interest	-	-	-	-	-	139,773	139,773
External transfers	-	-	-	-	-	123,653	123,653
Amortization	396,785	151	193,459	13,511	731,217	96,378	1,431,501
Inter-segment transfers	37,482	-	1,168	-	(40,105)	1,455	-
	<u>1,422,722</u>	<u>869,958</u>	<u>1,070,433</u>	<u>598,137</u>	<u>2,365,175</u>	<u>2,458,345</u>	<u>8,784,770</u>
	<u>\$ (161,880)</u>	<u>\$ (72,508)</u>	<u>\$ (216,254)</u>	<u>\$ 337,850</u>	<u>\$ (217,043)</u>	<u>\$ 1,515,132</u>	<u>\$ 1,185,297</u>



Independent Auditor's Report

To the Members of Council of
The Corporation of the Township of Georgian Bay

Opinion

We have audited the financial statements of the trust funds of The Corporation of the Township of Georgian Bay (the Municipality), which comprise the statement of financial position as at December 31, 2020, and statement of continuity for the year then ended, and a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the trust funds of the Municipality as at December 31, 2020, and its continuity of 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 Municipality 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 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 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 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 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

Bracebridge, Ontario
July 12, 2021

**The Corporation of the Township of Georgian Bay
Trust Funds
Statement of Financial Position**

December 31, 2020

	Care and Maintenance	Monument Care	Performance Bonds	Total 2020	Total 2019
Assets					
Cash	\$ 42,790	\$ 14,283	\$ 310,843	\$ 367,916	\$ 328,236

Liability and Fund balances

Fund Balances	\$ 42,790	\$ 14,283	\$ 310,843	\$ 367,916	\$ 328,236
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Statement of Continuity

For the year ended December 31, 2020

	Care and Maintenance	Monument Care	Performance Bonds	Total 2020	Total 2019
Balance, beginning of year	\$ 41,802	\$ 14,035	\$ 272,399	\$ 328,236	\$ 683,522
Receipts					
Investment income	438	148	2,746	3,332	15,272
Perpetual care receipts	550	-	-	550	900
Monument fees	-	100	-	100	-
Developer receipts	-	-	65,948	65,948	35,000
	988	248	68,694	69,930	51,172
Expenditures					
Transfer to developer	-	-	30,250	30,250	406,458
Balance, end of year	\$ 42,790	\$ 14,283	\$ 310,843	\$ 367,916	\$ 328,236

On behalf of Council:

**The Corporation of the Township of Georgian Bay
Trust Funds
Summary of Significant Accounting Policies**

December 31, 2020

Management Responsibility

The financial statements of The Corporation of the Township of Georgian Bay Trust Funds are the representation of management. Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgment and review.

Accrual Basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.