

**The Corporation of the Township of
Georgian Bay
Consolidated Financial Statements
For the year ended December 31, 2019**

Contents

Independent Auditor's Report	2
Consolidated Financial Statements	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Summary of Significant Accounting Policies	8
Notes to Consolidated Financial Statements	11
Independent Auditor's Report Trust Funds	24
Trust Fund Financial Statements	
Trust Funds Statement of Financial Position	26
Trust Funds Statement of Continuity	26
Trust Funds Summary of Significant Accounting Policies	27



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Independent Auditor's Report

To the Members of Council, Residents and Ratepayers 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 and its subsidiaries (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2019, 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, 2019, 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 14, 2020

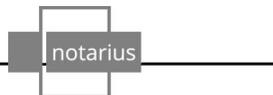
**The Corporation of the Township of Georgian Bay
Consolidated Statement of Financial Position**

December 31	2019	2018
Financial assets		
Cash	\$ 5,579,386	\$ 1,769,967
Restricted cash (Note 1)	1,372,188	1,331,752
Temporary investments (Note 2)	-	4,000,000
Taxes receivable (Note 3)	1,715,418	1,614,587
Other receivables	491,703	618,724
Land held for resale	51,390	51,390
	9,210,085	9,386,420
Liabilities		
Accounts payable and accrued liabilities	835,853	1,455,793
Tax revenue received in advance	170,809	150,253
Deferred revenue (Note 1)	1,393,625	1,386,300
Long-term liabilities (Note 5)	2,911,837	3,120,522
	5,312,124	6,112,868
Net financial assets	3,897,961	3,273,552
Non-financial assets		
Tangible capital assets (Note 6)	19,027,119	18,521,492
Inventories held for consumption (Note 7)	228,727	194,128
Prepaid expenses	212,175	191,513
	19,468,021	18,907,133
Total accumulated surplus (Note 8)	\$ 23,365,982	\$ 22,180,685

On behalf of Council:

Mayor Peter Koetsier

Signed with ConsignO Cloud (2020/07/24)
Verify with ConsignO or Adobe Reader.



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

For the year ended December 31	(Note 11) Budget 2019	Actual 2019	Actual 2018
Revenue			
Property taxes (Note 12)	\$ 5,869,180	\$ 5,902,434	\$ 5,605,451
User fees	1,401,977	1,646,242	1,572,430
Government transfers - Federal (Note 13)	151,133	166,767	91,663
Government transfers - Ontario (Note 13)	1,209,318	1,741,011	1,229,425
Investment income	150,900	142,996	126,788
Miscellaneous revenues (Note 14)	366,225	370,617	375,842
	9,148,733	9,970,067	9,001,599
Expenses (Notes 15 & 16)			
Operations - parks, recreation and culture	1,524,186	1,422,722	1,422,352
Planning and economic development	767,462	869,958	746,439
Fire services, emergency management and by-law services	1,124,793	1,070,433	989,061
Building and septic inspection services	734,987	598,137	623,856
Operations - roads, streetlights and environmental services	2,291,076	2,365,175	2,175,977
General government and administration	2,681,442	2,458,345	2,186,910
	9,123,946	8,784,770	8,144,595
Annual surplus	24,787	1,185,297	857,004
Accumulated surplus, beginning of year	22,180,685	22,180,685	21,323,681
Accumulated surplus, end of year	\$ 22,205,472	\$ 23,365,982	\$ 22,180,685

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 11) Budget 2019	Actual 2019	Actual 2018
Annual surplus	\$ 24,787	\$ 1,185,297	\$ 857,004
Acquisition of tangible capital assets	(3,446,480)	(2,003,586)	(3,530,525)
Amortization of tangible capital assets (Note 15)	1,588,054	1,431,501	1,322,134
Loss (gain) on sale of tangible capital assets	(22,000)	17,018	(105,246)
Proceeds on sale of tangible capital assets	-	49,440	159,403
	<u>(1,855,639)</u>	<u>679,670</u>	<u>(1,297,230)</u>
Acquisition of inventories held for consumption	-	(34,599)	(5,370)
Consumption (acquisition) of prepaid expenses	-	(20,662)	7,349
	<u>-</u>	<u>(55,261)</u>	<u>1,979</u>
Decrease (increase) in net financial assets	(1,855,639)	624,409	(1,295,251)
Net financial assets , beginning of year	<u>3,273,552</u>	<u>3,273,552</u>	<u>4,568,803</u>
Net financial assets , end of year	<u>\$ 1,417,913</u>	<u>\$ 3,897,961</u>	<u>\$ 3,273,552</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	2019	2018
Operating transactions		
Annual surplus	\$ 1,185,297	\$ 857,004
Non-cash items		
Amortization of tangible capital assets	1,431,501	1,322,134
Loss (gain) on disposal of tangible capital assets	17,018	(105,246)
	<u>2,633,816</u>	2,073,892
Changes in non-cash assets and liabilities		
Taxes receivable	(100,831)	(142,863)
Other receivables	127,021	(14,440)
Accounts payable and accrued liabilities	(619,940)	341,512
Tax revenue received in advance	20,556	(38,203)
Deferred revenue	(33,111)	(16,370)
Inventories held for consumption	(34,599)	(5,370)
Prepaid expenses	(20,662)	7,350
	<u>1,972,250</u>	2,205,508
Capital transactions		
Proceeds on sale of tangible capital assets	49,440	159,403
Cash used to acquire tangible capital assets	(2,003,586)	(3,530,525)
	<u>(1,954,146)</u>	(3,371,122)
Financing transactions		
Proceeds from debt issued	-	1,500,000
Debt repayment	(208,685)	(148,776)
	<u>(190,581)</u>	185,610
Increase (decrease) in cash during the year	(190,581)	185,610
Cash and cash equivalents, beginning of year	5,769,967	5,584,357
Cash and cash equivalents, end of year	\$ 5,579,386	\$ 5,769,967
Represented by		
Cash	\$ 5,579,386	\$ 1,769,967
Temporary investments	-	4,000,000
Total cash and cash equivalents	\$ 5,579,386	\$ 5,769,967

Supplementary Information

During the year, the Municipality paid cash interest in the amount of \$135,321 (2018 - \$89,078).

The Corporation of the Township of Georgian Bay

Summary of Significant Accounting Policies

December 31, 2019

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.

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.

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.

The Corporation of the Township of Georgian Bay

Summary of Significant Accounting Policies

December 31, 2019

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	5 to 25 years
Electronics	4 to 10 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, 2019

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 26).

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

December 31, 2019

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:

	2019	2018
Deferred revenue	\$ 21,437	\$ 54,548
Deferred revenue - obligatory reserve funds		
Development Charges Act	1,140,179	1,011,987
Cash in Lieu of Parkland	176,139	317,640
Federal Gas Tax	55,870	2,125
	1,372,188	1,331,752
	\$ 1,393,625	\$ 1,386,300
 Obligatory reserve funds supported by:		
Restricted cash	\$ 1,372,188	\$ 1,331,752

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

December 31, 2019

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	\$ 1,011,987	\$ 317,640	\$ 2,125	\$ 1,331,752
Funds received during the year	120,174	707	156,338	277,219
Interest earned	35,860	10,860	1,562	48,282
Funds used during the year	(27,842)	(153,068)	(104,155)	(285,065)
Deferred revenue - obligatory reserve funds , end of year	\$ 1,140,179	\$ 176,139	\$ 55,870	\$ 1,372,188

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 \$27,842 and \$153,068 totalling 180,910 are included in miscellaneous revenues (Note 14), and \$104,155 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. Temporary Investments

	2019	2018
Unrestricted cashable term deposit, interest at 2.42%, matured in year	\$ -	\$ 4,000,000

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

December 31, 2019

3. 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 \$20,452,382 as shown in (Note 12), the Municipality only retains \$5,902,434. At December 31, 2019, the Municipality had tax receivables of \$1,715,418 of which approximately 25% relates to the Municipality's share of tax revenues.

	<u>2019</u>	<u>2018</u>
Taxes receivable	\$ 1,741,216	\$ 1,640,613
Less: valuation allowance	<u>(25,798)</u>	<u>(26,026)</u>
	<u>\$ 1,715,418</u>	<u>\$ 1,614,587</u>

4. 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, 2019, the Municipality had drawn \$nil (2018 - \$nil) on the credit capacity under this facility.

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

December 31, 2019

5. Long-Term Liabilities

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

	2019	2018
Debenture payable District Municipality of Muskoka, payable \$40,985 semi-annually including interest at 5.340%, due July 2026	\$ 473,560	\$ 528,050
Debenture payable District Municipality of Muskoka, payable \$37,321 semi-annually including interest at 4.835%, due April 2027	464,896	515,227
Debenture payable District Municipality of Muskoka, payable \$40,621 semi-annually including interest at 5.233%, due December 2027	525,541	577,245
Debenture payable District Municipality of Muskoka, payable \$53,070 semi-annually including interest at 3.630%, due November 2038	1,447,840	1,500,000
	\$ 2,911,837	\$ 3,120,522

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

Year	Gross	Interest	Net
2020	\$ 343,995	\$ 125,247	\$ 218,748
2021	343,995	114,689	229,306
2022	343,995	103,610	240,385
2023	343,995	91,985	252,010
2024	343,996	79,787	264,209
Thereafter	2,080,240	373,061	1,707,179
	\$ 3,800,216	\$ 888,379	\$ 2,911,837

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, 2019

6. Tangible Capital Assets

For the year ended December 31	Land and Site Improvements	Buildings	Transportation Infrastructure	Vehicles	Machinery Equipment and Furniture	Electronics	Construction in Progress	2019 Total	2018 Total
Cost, beginning of year	\$ 6,372,633	\$ 9,581,541	\$ 19,895,594	\$ 4,820,825	\$ 1,349,944	\$ 377,657	\$ 1,492,781	\$ 43,890,975	\$ 40,850,387
Additions	-	94,004	511,925	381,755	193,719	24,994	797,189	2,003,586	3,530,525
Disposals	-	-	-	(303,766)	(58,841)	-	-	(362,607)	(489,937)
Cost, end of year	6,372,633	9,675,545	20,407,519	4,898,814	1,484,822	402,651	2,289,970	45,531,954	43,890,975
Accumulated amortization, beginning of year	2,699,710	5,051,816	14,255,990	2,472,428	747,333	142,206	-	25,369,483	24,483,129
Amortization	258,245	175,427	498,940	327,907	113,632	57,350	-	1,431,501	1,322,134
Disposals	-	-	-	(273,839)	(22,310)	-	-	(296,149)	(435,780)
Accumulated amortization, end of year	2,957,955	5,227,243	14,754,930	2,526,496	838,655	199,556	-	26,504,835	25,369,483
Net carrying amount, end of year	\$ 3,414,678	\$ 4,448,302	\$ 5,652,589	\$ 2,372,318	\$ 646,167	\$ 203,095	\$ 2,289,970	\$ 19,027,119	\$ 18,521,492

The net book value of tangible capital assets classified as work in progress is not being amortized because they are under construction is \$2,289,970 (2018 - \$1,492,781).

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, 2019

7. Inventories Held for Consumption

	2019	2018
Recycled asphalt product	\$ 120,275	\$ 122,633
Culverts	-	653
Sand and salt	75,825	48,054
Other	32,627	22,788
	\$ 228,727	\$ 194,128

8. Total Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2019	2018
Reserves		
Working funds	\$ 2,930,127	\$ 1,258,209
Departmental projects	1,523,953	2,369,803
Other	2,269,282	792,699
Library	63,315	64,037
	6,786,677	4,484,748
Capital outlay financed by long-term liabilities and to be recovered in future years	(2,911,837)	(3,120,522)
Investment in tangible capital assets	19,027,119	18,521,492
Surplus	464,023	2,294,967
Total accumulated surplus, end of year	\$ 23,365,982	\$ 22,180,685

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.

9. 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, 2019

10. Subsequent Events

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.

11. Budget

The Budget was adopted by Council on March 7, 2019. Council has reviewed and approved the 2019 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 March 7, 2019 with adjustments as follows:

	<u>2019</u>
Budget By-law deficit for the year	\$ -
Add:	
Capital expenditures	3,446,480
Debt repayment	208,685
Transfers to reserve funds	245,000
Less:	
Amortization	(1,588,054)
Proceeds from debt	(800,000)
Transfers from reserve funds	(1,487,324)
Budget surplus per statement of operations	<u>\$ 24,787</u>

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations for comparative purposes. The 2019 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, 2019

12. 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:

	<u>2019</u>	<u>2018</u>
Taxation	\$ 20,452,382	\$ 20,004,289
Taxation from other governments	178,258	169,087
Less: school board requisitions	(4,714,716)	(4,846,660)
Less: upper tier requisitions	(10,013,490)	(9,721,265)
Township portion of taxation revenue	\$ 5,902,434	\$ 5,605,451

13. Government Transfers

	<u>2019</u>	<u>2018</u>
Revenue:		
Federal gas tax fund	\$ 104,155	\$ 79,054
Other federal grants	62,612	12,609
Total federal grants	166,767	91,663
Ontario municipal partnership fund	1,037,300	1,099,700
Ontario service modernization funding	604,110	-
Other provincial grants	99,601	129,725
Total provincial grants	1,741,011	1,229,425
	\$ 1,907,778	\$ 1,321,088

14. Miscellaneous Revenues

	(Note 11) Budget 2019	Actual 2019	Actual 2018
Donations	\$ 29,925	\$ 26,237	\$ 25,377
Gain (loss) on sale of tangible capital assets	22,000	(17,018)	105,246
Penalties and interest on taxation	185,000	180,488	176,278
Funds used during the year (Note 1)	129,300	180,910	68,941
	\$ 366,225	\$ 370,617	\$ 375,842

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

December 31, 2019

15. Amortization

Amortization is reported in the following categories:

	(Note 11) Budget 2019	Actual 2019	Actual 2018
Operations - parks, recreation and culture	\$ 456,321	\$ 396,785	\$ 379,910
Planning and economic development	-	151	-
Fire services, emergency management and by-law services	162,503	193,459	138,318
Building and septic inspection services	19,863	13,511	13,511
Operations - Roads, streetlights and environmental services	826,931	731,217	688,460
General government and administration	122,436	96,378	101,935
	<u>\$ 1,588,054</u>	<u>\$ 1,431,501</u>	<u>\$ 1,322,134</u>

16. Expenses by Object

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

	(Note 11) Budget 2019	Actual 2019	Actual 2018
Salaries and benefits	\$ 4,427,818	\$ 3,975,914	\$ 4,066,042
Goods and services	2,628,413	2,801,531	2,406,270
Contracted services	215,796	312,398	139,908
Interest	135,311	139,773	87,144
External transfers	128,554	123,653	123,097
Amortization	1,588,054	1,431,501	1,322,134
	<u>\$ 9,123,946</u>	<u>\$ 8,784,770</u>	<u>\$ 8,144,595</u>

17. Contractual Obligations

The Municipality has entered into a contract totalling approximately \$2,150,000 for the Honey Harbour project. As of December 31, 2019, the Municipality has made expenses totalling \$110,175 relating to this contract. This commitment is expected to be funded from a mix of debt and reserve funds.

The Corporation of the Township of Georgian Bay

Notes to Consolidated Financial Statements

December 31, 2019

18. Post Retirement Benefits

OMERS provides pension services to more than 500,000 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, 2019. The results of this valuation disclosed total actuarial liabilities of \$107,687 million in respect of benefits accrued for service with actuarial assets at that date of \$104,290 million indicating an actuarial deficit of \$3,397 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, 2019 were \$225,179 (2018 - \$235,427).

19. Trust Funds

The trust funds administered by the Municipality amounting to \$328,236 (2018 - \$683,522) 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, 2019, the trust fund balances are as follows:

	<u>2019</u>	<u>2018</u>
Cemetery care and maintenance funds	\$ 41,802	\$ 39,695
Monument care	14,035	13,183
Performance bonds	272,399	630,644
	\$ 328,236	\$ 683,522

A separate trust fund audit report is at page 24.

The Corporation of the Township of Georgian Bay

Notes to Consolidated Financial Statements

December 31, 2019

20. 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, 2019

20. 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	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>

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

December 31, 2019

20. 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	2018 Total
Revenue							
Taxation	\$ 978,922	\$ 513,731	\$ 680,713	\$ 429,364	\$ 1,497,598	\$ 1,505,123	\$ 5,605,451
Fees and user charges	136,715	145,987	83,338	544,785	316,327	345,278	1,572,430
Government transfers	39,531	1,202,503	-	-	79,054	-	1,321,088
Investment income	1,193	-	-	-	-	125,595	126,788
Miscellaneous revenues	115,241	5,277	49,620	-	7,563	198,141	375,842
	<u>1,271,602</u>	<u>1,867,498</u>	<u>813,671</u>	<u>974,149</u>	<u>1,900,542</u>	<u>2,174,137</u>	<u>9,001,599</u>
Expenses							
Salaries and benefits	569,401	411,669	609,001	523,120	729,231	1,223,620	4,066,042
Goods and services	470,146	334,770	240,004	87,225	650,146	623,979	2,406,270
Contracted services	-	-	-	-	114,711	25,197	139,908
Interest	-	-	-	-	-	87,144	87,144
External transfers	-	-	-	-	-	123,097	123,097
Amortization	379,910	-	138,318	13,511	688,460	101,935	1,322,134
Inter-segment transfers	2,895	-	1,738	-	(6,571)	1,938	-
	<u>1,422,352</u>	<u>746,439</u>	<u>989,061</u>	<u>623,856</u>	<u>2,175,977</u>	<u>2,186,910</u>	<u>8,144,595</u>
	<u>\$ (150,750)</u>	<u>\$ 1,121,059</u>	<u>\$ (175,390)</u>	<u>\$ 350,293</u>	<u>\$ (275,435)</u>	<u>\$ (12,773)</u>	<u>\$ 857,004</u>



Independent Auditor's Report

To the Members of Council, Residents and Ratepayers 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 and its subsidiaries (the Municipality), which comprise the statement of financial position as at December 31, 2019, 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, 2019, 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 14, 2020

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

December 31, 2019

	Care and Maintenance	Monument Care	Performance Bonds	Total 2019	Total 2018
Assets					
Cash	\$ 41,802	\$ 14,035	\$ 272,399	\$ 328,236	\$ 683,522

Liability and Fund balances

Fund Balances	\$ 41,802	\$ 14,035	\$ 272,399	\$ 328,236	\$ 683,522
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Statement of Continuity

For the year ended December 31, 2019

	Care and Maintenance	Monument Care	Performance Bonds	Total 2019	Total 2018
Balance, beginning of year	\$ 39,695	\$ 13,183	\$ 630,644	\$ 683,522	\$ 696,558
Receipts					
Monument fees	-	-	-	-	350
Investment income	1,607	452	13,213	15,272	11,429
Perpetual care receipts	500	400	-	900	1,750
Developer receipts	-	-	35,000	35,000	64,304
	2,107	852	48,213	51,172	77,833
Expenditures					
Transfer to developer	-	-	406,458	406,458	90,869
Balance, end of year	\$ 41,802	\$ 14,035	\$ 272,399	\$ 328,236	\$ 683,522

On behalf of Council:

Mayor Peter Koetsier

Signed with ConsignO Cloud (2020/07/24)
Verify with ConsignO or Adobe Reader.

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

December 31, 2019

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.