

**The Corporation of the
Township of Muskoka Lakes
Consolidated Financial Statements
For the year ended December 31, 2017**

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Independent Auditor's Report

To the Members of Council, Residents and Ratepayers of The Corporation of the Township of Muskoka Lakes

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Muskoka Lakes, which comprise the consolidated statements of financial position as at December 31, 2017, and consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Muskoka Lakes as at December 31, 2017, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

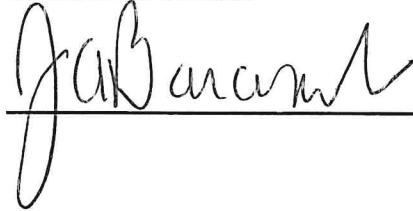
Chartered Professional Accountants, Licensed Public Accountants

Bracebridge, Ontario
Report date

**The Corporation of the Township of Muskoka Lakes
Consolidated Statement of Financial Position**

December 31	2017	2016
Financial assets		
Cash	\$ 11,860,954	\$ 7,772,679
Restricted cash (Note 1)	2,700,775	2,640,430
Taxes receivable (Note 2)	2,792,018	3,390,027
Trade and other receivables	415,605	1,315,220
	<u>17,769,352</u>	<u>15,118,356</u>
Liabilities		
Accounts payable and accrued liabilities	4,250,028	4,059,392
Tax revenue received in advance	2,251,292	2,282,447
Deferred revenue (Note 3)	2,700,775	2,640,430
Municipal debt (Note 4)	1,033,470	1,110,408
	<u>10,235,565</u>	<u>10,092,677</u>
Net financial assets	<u>7,533,787</u>	<u>5,025,679</u>
Non-financial assets		
Tangible capital assets (Note 5)	57,356,748	57,373,428
Inventories of supplies	211,563	230,300
Prepaid expenses	365,261	608,749
	<u>57,933,572</u>	<u>58,212,477</u>
Accumulated surplus (Note 6)	<u>\$ 65,467,359</u>	<u>\$ 63,238,156</u>

On behalf of Council:



The Corporation of the Township of Muskoka Lakes Consolidated Statement of Operations

For the year ended December 31	(Note 7) Budget 2017	Actual 2017	Actual 2016
Revenue			
Taxation (Note 8)	\$ 10,557,507	\$ 10,584,769	\$ 9,805,948
Fees and user charges	2,516,277	3,131,579	3,167,334
Government transfers - Federal (Note 9)	203,914	207,524	203,914
Government transfers - Ontario (Note 9)	1,710,983	1,705,457	1,693,078
Interest income	131,340	155,516	104,112
Interest and penalties on tax arrears	550,000	492,957	551,523
Gain on disposal of tangible capital assets	-	37,042	67,654
Contributed tangible capital asset (Note 5)	-	-	10,000
Donation income	161,314	157,818	448,632
Obligatory reserve fund revenue (Note 3)	759,900	445,047	802,606
	<u>16,591,235</u>	<u>16,917,709</u>	<u>16,854,801</u>
Expenses (Note 10)			
General government	2,881,770	2,791,938	2,707,171
Protection services	2,831,799	3,004,126	2,900,272
Transportation services	4,906,663	4,903,671	5,000,281
Health services	96,118	105,879	93,857
Recreation and cultural services	3,009,513	3,150,382	3,138,813
Planning and development	760,960	732,510	774,744
	<u>14,486,823</u>	<u>14,688,506</u>	<u>14,615,138</u>
Annual surplus	2,104,412	2,229,203	2,239,663
Accumulated surplus, beginning of year	<u>63,238,156</u>	<u>63,238,156</u>	<u>60,998,493</u>
Accumulated surplus, end of year	<u>\$ 65,342,568</u>	<u>\$ 65,467,359</u>	<u>\$ 63,238,156</u>

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

**The Corporation of the Township of Muskoka Lakes
Consolidated Statement of Change in Net Financial Assets**

For the year ended December 31	(Note 7) Budget 2017	Actual 2017	Actual 2016
Annual surplus	\$ 2,104,412	\$ 2,229,203	\$ 2,239,663
Acquisition of tangible capital assets	(4,198,404)	(3,061,592)	(4,105,094)
Amortization of tangible capital assets	2,118,500	3,072,031	2,925,447
Proceeds from sale of tangible capital assets	-	43,283	196,097
Gain on disposal of tangible capital assets	-	(37,042)	(67,654)
	<u>24,508</u>	<u>2,245,883</u>	<u>1,188,459</u>
Consumption (acquisition) of supplies inventory	-	18,737	(7,150)
Consumption (acquisition) of prepaid expenses	-	243,488	137,077
	<u>-</u>	<u>262,225</u>	<u>129,927</u>
Increase in net financial assets	24,508	2,508,108	1,318,386
Net financial assets , beginning of year	<u>5,025,679</u>	<u>5,025,679</u>	<u>3,707,293</u>
Net financial assets , end of year	<u>\$ 5,050,187</u>	<u>\$ 7,533,787</u>	<u>\$ 5,025,679</u>

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

The Corporation of the Township of Muskoka Lakes Consolidated Statement of Cash Flows

For the year ended December 31	2017	2016
Operating transactions		
Annual surplus	\$ 2,229,203	\$ 2,239,663
Non-cash items		
Amortization of tangible capital assets	3,072,031	2,925,447
Gain on disposal of tangible capital assets	(37,042)	(67,654)
	<u>5,264,192</u>	<u>5,097,456</u>
Changes in non-cash financial assets and liabilities		
Changes in taxes receivable	598,010	39,698
Changes in trade and other receivables	899,616	(386,964)
Changes in accounts payable and accrued liabilities	190,634	1,376,247
Changes in tax revenue received in advance	(31,155)	133,784
Changes in inventories of supplies	18,737	(7,149)
Changes in prepaid expenses	243,488	137,077
	<u>7,183,522</u>	<u>6,390,149</u>
Capital transactions		
Proceeds on disposal of tangible capital assets	43,283	196,097
Cash used to acquire tangible capital assets	(3,061,592)	(4,105,094)
	<u>(3,018,309)</u>	<u>(3,908,997)</u>
Investing transactions		
Changes in temporary investments	-	10,961
Financing transactions		
Debt repayment	(76,938)	(73,064)
Increase in cash	4,088,275	2,419,049
Cash, beginning of year	7,772,679	5,353,630
Cash, end of year	\$ 11,860,954	\$ 7,772,679

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

The Corporation of the Township of Muskoka Lakes Summary of Significant Accounting Policies

December 31, 2017

Management's Responsibility for the Financial Statements

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

Reporting Entity

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

All controlled entities are consolidated in the Municipality's financial statements according to the Municipality's percentage ownership except for entities that meet the definition of a government business enterprise or a government business partnership, which are included in the financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

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

Muskoka Lakes Public Library Board - 100%

Basis of Accounting

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

Temporary Investments

Temporary investments are recorded at the lower of cost or market.

Deferred Revenue

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

The Corporation of the Township of Muskoka Lakes

Summary of Significant Accounting Policies

December 31, 2017

Post Retirement Benefits

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

Non-financial Assets

Non-financial assets are used to provide the Municipality's services in future periods. These assets do not normally provide resources to discharge the liabilities of the Municipality unless they are sold. The Municipality's non-financial assets include tangible capital assets, inventories held for consumption or use and prepaid expenses

Inventories held for Use

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

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition, construction, development or betterment 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:

Land improvements	10 to 40 years
Buildings	25 to 40 years
Vehicles	5 to 20 years
Machinery and equipment	4 to 25 years
Roads, bridges and storm system	20 to 70 years

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

The Corporation of the Township of Muskoka Lakes Summary of Significant Accounting Policies

December 31, 2017

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.
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.
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	<p>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.</p> <p>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.</p> <p>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.</p>
Trusts Under Administration	<p>Trusts administered by the Municipality are not included in these consolidated financial statements.</p> <p>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 23).</p>

The Corporation of the Township of Muskoka Lakes
Notes to Consolidated Financial Statements

December 31, 2017

1. Restricted Cash

	2017	2016
Obligatory reserve funds		
Development Charges Act	\$ 1,142,374	\$ 951,816
Parkland	1,356,642	1,319,481
	2,499,016	2,271,297
Other		
Restricted donations for community centres	27,677	49,099
Restricted donations for fire department	13,289	162,336
Restricted donations for Health Hub	103,499	107,394
Restricted donations for library	8,814	7,324
Restricted donations for Wellness Centre	48,480	42,980
	\$ 2,700,775	\$ 2,640,430

2. Taxes Receivable

The Municipality is responsible for levying, collecting and remitting taxes imposed by School Boards and the District of Muskoka.

	2017	2016
Taxes receivable	\$ 2,852,518	\$ 3,450,527
Less: valuation allowance	(60,500)	(60,500)
	\$ 2,792,018	\$ 3,390,027

The Corporation of the Township of Muskoka Lakes Notes to Consolidated Financial Statements

December 31, 2017

3. Deferred Revenue

Deferred revenue arises when externally restricted amounts are received in advance and have not been fully expended for the specified purposes.

Obligatory reserve funds are reported as deferred revenue as provincial legislation restricts how these funds may be used and under certain circumstances these funds may be refunded.

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

	2017	2016
Deferred revenue - obligatory reserve funds		
Development Charges Act	\$ 1,142,374	\$ 951,816
Parkland	1,356,642	1,319,481
	2,499,016	2,271,297
Deferred revenue - externally restricted		
Donations for community centres	27,589	49,099
Donations for fire department	13,289	162,336
Donations for Health Hub	103,499	107,394
Donations for library	8,814	7,324
Donations for Wellness Centre	48,568	42,980
	\$ 2,700,775	\$ 2,640,430

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

	Development Charges Act	Parkland	Federal Gas Tax
Obligatory reserve funds, beginning of year	\$ 951,816	\$ 1,319,481	\$ -
Funds received during the year	171,183	457,450	207,524
Interest earned	19,375	24,758	-
Revenue recognized during the year	-	(445,047)	(207,524)
Obligatory reserve funds, end of year	\$ 1,142,374	\$ 1,356,642	\$ -

The interest earned is included in the related fund. The Development Charges Act funds and Parkland funds used during the year are included in the consolidated statement of operations as obligatory reserve fund revenue. Federal Gas Tax funds are included in the consolidated statement of operations as government transfers - Federal.

The Corporation of the Township of Muskoka Lakes
Notes to Consolidated Financial Statements

December 31, 2017

4. Municipal Debt

	2017	2016
Debenture payable District Municipality of Muskoka, payable \$67,026 semi-annually including interest at 5.233%, due December 2027	\$ 1,033,470	\$ 1,110,408

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

Year	Gross	Interest	Principal
2018	\$ 134,052	\$ 53,035	\$ 81,017
2019	134,052	48,740	85,312
2020	134,052	44,218	89,834
2021	134,052	39,455	94,597
2022	134,052	34,440	99,612
Thereafter	670,258	87,160	583,098
	\$ 1,340,518	\$ 307,048	\$ 1,033,470

Interest expense in the amount of \$57,114 (2016 - \$60,988) has been recognized in the consolidated statement of operations.

The Municipality has a revolving demand facility agreement with the Scotiabank. The amount available under the facility is \$6,000,000 to finance general operating requirements. The Municipality also has a 364-day revolving term credit facility of \$3,000,000. The interest rate on these facilities is prime less 0.5%. At December 31, 2017, the Municipality had not drawn on either of the credit capacities under the above facilities.

The Corporation of the Township of Muskoka Lakes
Notes to Consolidated Financial Statements

December 31, 2017

5. Tangible Capital Assets

For the year ended December 31	Land	Land Improvements	Buildings	Vehicles	Machinery and Equipment	Roads, Bridges and Storm System	Construction in Progress	2017 Total	2016 Total
Cost, beginning of year	\$ 8,091,132	\$ 10,737,526	\$ 21,203,764	\$ 8,657,134	\$ 7,571,865	\$ 62,009,062	\$ 256,263	\$118,526,746	\$114,904,645
Additions	8,835	48,542	191,329	767,269	1,039,981	1,216,556	(210,920)	3,061,592	4,105,094
Disposals	-	-	-	(621,164)	(133,304)	(36,851)	-	(791,319)	(482,993)
Cost, end of year	8,099,967	10,786,068	21,395,093	8,803,239	8,478,542	63,188,767	45,343	120,797,019	118,526,746
Accumulated amortization, beginning of year	-	5,753,048	8,343,528	4,717,864	4,424,026	37,914,852	-	61,153,318	58,582,421
Amortization	-	328,804	482,871	541,474	570,423	1,148,459	-	3,072,031	2,925,447
Disposals	-	-	-	(621,164)	(133,304)	(30,610)	-	(785,078)	(354,550)
Accumulated amortization, end of year	-	6,081,852	8,826,399	4,638,174	4,861,145	39,032,701	-	63,440,271	61,153,318
Net carrying amount, end of year	\$ 8,099,967	\$ 4,704,216	\$ 12,568,694	\$ 4,165,065	\$ 3,617,397	\$ 24,156,066	\$ 45,343	\$ 57,356,748	\$ 57,373,428

The net book value of tangible capital assets not being amortized because they are under construction is \$45,343 (2016 - \$256,263). Included in roads, bridges and storm systems is land not being amortized with a net book value of \$5,502,645 (2016 - \$5,502,645).

The Corporation of the Township of Muskoka Lakes
Notes to Consolidated Financial Statements

December 31, 2017

6. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	<u>2017</u>	<u>2016</u>
Reserves set aside for specific purposes by Council		
Working funds	\$ 2,009,890	\$ 1,903,845
Capital	484,482	-
	<u>2,494,372</u>	<u>1,903,845</u>
Reserve funds set aside for specific purposes by Council		
Arenas	53,495	142,230
Attainable housing	23,040	14,215
Bala Heritage District professional fees	14,190	16,501
Building services	2,558,991	1,965,376
By-law	12,885	-
Cemeteries	70,638	60,467
Computer equipment	231,628	251,619
Education and training	33,487	25,912
Election	86,116	57,361
Fire	909,629	946,368
Health Hub municipal contributions	203,817	200,080
Library	19,726	(10,045)
Municipal building	6,209	6,095
Mural	47,085	31,359
Organizational review	-	148,039
Other equipment	99,270	82,258
Parking	201	197
Parks equipment	74,997	79,562
Planning	75,192	49,043
Roads	1,049,048	675,914
Street lighting	6,082	5,965
Weather event	26,323	25,840
	<u>5,602,049</u>	<u>4,774,356</u>
Total reserves and reserve funds	<u>8,096,421</u>	<u>6,678,201</u>

The Corporation of the Township of Muskoka Lakes
Notes to Consolidated Financial Statements

December 31, 2017

6. Accumulated Surplus (continued)

Amounts to be recovered in future years

Municipal debt	(1,033,470)	(1,110,408)
Future employee benefit obligation (sick leave)	(9,789)	(9,597)

(1,043,259) **(1,120,005)**

Surpluses

Invested in tangible capital assets	57,356,748	57,373,428
Other capital fund	1,476	1,476
Library surplus (deficit)	(346)	39,961
General surplus	1,056,319	265,095

Total surpluses **58,414,197** **57,679,960**

Accumulated surplus **\$ 65,467,359** **\$ 63,238,156**

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

The Corporation of the Township of Muskoka Lakes

Notes to Consolidated Financial Statements

December 31, 2017

7. Budget

The Budget was adopted by Council on February 17, 2017 and confirming by-law 2017-027 was passed on the same date. The budget was prepared on a modified accrual basis while Canadian public sector accounting standards now require a full accrual basis. Council has reviewed and approved the 2017 Report on Excluded Expenses as required by Ontario Regulation 284/09 which expressly permits municipalities to exclude amortization expense from the budget. The budget approved by council represents a balanced budget from a cash flow perspective and therefore includes budgeted transfers from prior year's reserves and reduction of long-term debt. In addition, the budget expensed all tangible capital expenses rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the Financial Plan adopted by Council on February 17, 2017 with adjustments as follows:

	<u>2017</u>
Budget surplus for the year	\$ -
Add:	
Capital expenses	4,198,404
Debt repayment	65,892
Transfers to reserve funds	1,906,496
Less:	
Amortization	(2,118,501)
Transfers from reserve funds	<u>(1,947,879)</u>
Budget surplus per statement of operations	<u>\$ 2,104,412</u>

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations for comparative purposes. The 2017 budget amounts for the The Corporation of the Township of Muskoka Lakes approved by Council have been restated to conform to the basis of preparation of the revenues and expenses on the consolidated statement of operations.

The Corporation of the Township of Muskoka Lakes
Notes to Consolidated Financial Statements

December 31, 2017

8. 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:

	2017	2016
Taxation	\$ 57,765,948	\$ 55,940,628
Taxation from other governments	280,521	248,737
Less: school board requisitions	(17,445,898)	(17,406,157)
Less: upper tier requisitions	(30,015,802)	(28,977,260)
	\$ 10,584,769	\$ 9,805,948

9. Government Transfers

	2017	2016
Revenue:		
Federal gas tax fund	\$ 207,524	\$ 203,914
Ontario municipal partnership fund	1,492,100	1,514,000
Provincial operating grant - library	49,085	49,085
Other provincial grants	164,272	129,993
Total provincial grants	1,705,457	1,693,078
	\$ 3,197,557	\$ 3,207,078

The Corporation of the Township of Muskoka Lakes

Notes to Consolidated Financial Statements

December 31, 2017

10. Expenses by Object

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

	(Note 7) Budget 2017	Actual 2017	Actual 2016
Amortization of tangible capital assets	\$ 2,118,500	\$ 3,072,031	\$ 2,925,447
Salaries and benefits	6,922,607	6,787,631	6,476,743
Materials	4,901,109	4,466,593	4,537,463
Contracted services	321,179	153,506	490,624
Rents and financial expenses	91,000	91,814	91,921
Interest on long-term debt	68,160	57,114	60,988
Contributions to other organizations	64,268	59,817	31,952
	\$ 14,486,823	\$ 14,688,506	\$ 14,615,138

11. Contingencies

The Municipality is involved from time to time in litigation, which arises in the normal course of business. In respect of any outstanding claims, the Municipality believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation, therefore no provision has been made in these consolidated financial statements.

12. Post Retirement Benefits

OMERS provides pension services to more than 482,000 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, 2017. The results of this valuation disclosed total actuarial liabilities of \$94,431 million in respect of benefits accrued for service with actuarial assets at that date of \$89,028 million indicating an actuarial deficit of \$5,403 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 2017 were \$437,771 (2016 - \$417,331).

The Corporation of the Township of Muskoka Lakes

Notes to Consolidated Financial Statements

December 31, 2017

13. Segmented Information

The Corporation of the Township of Muskoka Lakes is a lower-tier municipality that provides a wide range of services to its citizens. The Municipality is one of six lower-tier municipalities comprising the single upper-tier municipality of the District Municipality of Muskoka ("the District"). The District is a regional government that has assistance for social assistance payments, district roads, provision of police and ambulance services, district-wide emergency preparedness, regional planning, water and sewer systems and solid waste. The District collects taxes for the services it provides and these taxes are collected by the Municipality through its annual tax levy. For management reporting purposes, the Municipality's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipality services are provided by departments and their activities are reported in these funds.

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 revenue - allocated to segments based on budgeted expenditures (net of budgeted non-tax revenue) for each segment

Ontario Municipal Partnership Fund grant - allocated to segments based on budgeted expenditures for related projects

Certain departments have been separately disclosed in the segmented information, along with the services they provide, as follows:

General Government

The general government department provides all general government services including municipal administration, finance, human resources and clerk's office.

Protection Services

The protection services department provides fire protection and emergency management services. The fire department provides vital emergency services to the community including fire prevention, public education and emergency planning. The department also handles the enforcement of zoning by-laws and the processing of building permit applications.

Transportation Services

The transportation services department provides delivery of municipal public works services relating to the planning, development and maintenance of roadway systems (including winter control activities) and street lighting.

The Corporation of the Township of Muskoka Lakes
Notes to Consolidated Financial Statements

December 31, 2017

13. Segmented Information (continued)

Health Services

The health services department manages, maintains and operates all municipal cemeteries that exist within the Municipality.

Recreation and Cultural Services

The recreational and cultural services department provides public recreation programs that foster healthy and active living and includes the operations of libraries.

Planning and Development

The planning and development department facilitates economic development by providing services for the approval of land development plans.

The Corporation of the Township of Muskoka Lakes
Notes to Consolidated Financial Statements

December 31, 2017

13. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Health Services	Recreation and Cultural Services	Planning and Development	2017 Total
Revenue							
Taxation	\$ 2,402,587	\$ 1,311,708	\$ 4,360,109	\$ 52,485	\$ 1,854,991	\$ 602,889	\$ 10,584,769
Fees and user charges	360,022	1,697,416	513,366	16,690	244,748	299,337	3,131,579
Government transfers	173,543	408,991	1,268,580	-	61,867	-	1,912,981
Gain (loss) on disposal of tangible capital assets	-	14,510	22,532	-	-	-	37,042
Obligatory reserve fund revenue recognized	-	-	-	-	445,047	-	445,047
Other	630,486	153,814	-	17,915	4,076	-	806,291
	<u>3,566,638</u>	<u>3,586,439</u>	<u>6,164,587</u>	<u>87,090</u>	<u>2,610,729</u>	<u>902,226</u>	<u>16,917,709</u>
Expenses							
Amortization	155,131	626,652	1,512,358	56,033	721,858	-	3,072,032
Salaries and benefits	1,583,456	1,526,382	1,875,589	25,577	1,169,790	606,836	6,787,630
Materials	902,143	801,402	1,403,075	24,269	1,210,030	125,674	4,466,593
Contracted services	-	-	112,649	-	40,857	-	153,506
Rents and financial expenses	34,277	49,690	-	-	7,847	-	91,814
Interest on long-term debt	57,114	-	-	-	-	-	57,114
Contributions to other organizations	59,817	-	-	-	-	-	59,817
Inter-segment transfers	(30,000)	30,000	-	-	-	-	-
	<u>2,761,938</u>	<u>3,034,126</u>	<u>4,903,671</u>	<u>105,879</u>	<u>3,150,382</u>	<u>732,510</u>	<u>14,688,506</u>
	<u>\$ 804,700</u>	<u>\$ 552,313</u>	<u>\$ 1,260,916</u>	<u>\$ (18,789)</u>	<u>\$ (539,653)</u>	<u>\$ 169,716</u>	<u>\$ 2,229,203</u>

The Corporation of the Township of Muskoka Lakes
Notes to Consolidated Financial Statements

December 31, 2017

13. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Health Services	Recreation and Cultural Services	Planning and Development	2016 Total
Revenue							
Taxation	\$ 2,549,758	\$ 1,364,903	\$ 3,248,010	\$ 120,534	\$ 1,913,684	\$ 609,059	\$ 9,805,948
Fees and user charges	196,472	1,821,155	577,140	21,090	235,736	315,741	3,167,334
Government transfers	205,109	290,700	1,339,656	-	61,527	-	1,896,992
Gain (loss) on disposal of tangible capital assets	(111,978)	7,530	175,363	-	(3,261)	-	67,654
Obligatory reserve fund revenue recognized	178,217	-	-	-	624,389	-	802,606
Other	656,063	11,006	-	422,883	24,315	-	1,114,267
	3,673,641	3,495,294	5,340,169	564,507	2,856,390	924,800	16,854,801
Expenses							
Amortization of tangible capital assets	88,574	587,365	1,503,666	35,996	709,846	-	2,925,447
Salaries and benefits	1,535,517	1,446,409	1,716,361	34,299	1,146,343	597,814	6,476,743
Materials	706,058	817,784	1,569,635	23,562	1,243,494	176,930	4,537,463
Contracted services	247,579	-	210,619	-	32,426	-	490,624
Rents and financial expenses	36,503	48,714	-	-	6,704	-	91,921
Interest on long-term debt	60,988	-	-	-	-	-	60,988
Contributions to other organizations	31,952	-	-	-	-	-	31,952
Inter-segment transfers	(30,000)	30,000	-	-	-	-	-
	2,677,171	2,930,272	5,000,281	93,857	3,138,813	774,744	14,615,138
	\$ 996,470	\$ 565,022	\$ 339,888	\$ 470,650	\$ (282,423)	\$ 150,056	\$ 2,239,663

The Corporation of the Township of Muskoka Lakes
Schedule of Trust Fund Balances and Continuity

Cemetery Care and Maintenance Trust Fund
Balances as at December 31, 2017

	2017	2016
Assets		
Due from general account	\$ 5,270	\$ 750
Investments	469,900	468,650
	\$ 475,170	\$ 469,400
Fund balances	\$ 475,170	\$ 469,400

Continuity of Cemetery Care and Maintenance Trust Fund
for the year ended December 31, 2017

	2017	2016
Balance, beginning of year	\$ 469,400	\$ 465,100
Receipts		
Perpetual care receipts	5,770	4,300
Balance, end of year	\$ 475,170	\$ 469,400