

**The Corporation of the  
Township of Muskoka Lakes  
Consolidated Financial Statements  
For the year ended December 31, 2024**

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## Independent Auditor's Report

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To the Members of Council of  
The Corporation of the Township of Muskoka Lakes

### Opinion

We have audited the consolidated financial statements of The Corporation of the Township of Muskoka Lakes and its subsidiaries (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2024, 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, 2024, 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.

*BDO Canada LLP*

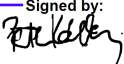
Chartered Professional Accountants, Licensed Public Accountants

Huntsville, Ontario  
July 17, 2025

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

<b>December 31</b>	<b>2024</b>	(Note 1) <b>2023</b>
<b>Financial assets</b>		
Cash	\$ 15,389,602	\$ 18,369,771
Restricted cash (Note 3)	9,144,196	9,495,539
Taxes receivable (Note 4)	4,721,827	3,885,759
Trade and other receivables	975,943	821,686
	<b>30,231,568</b>	<b>32,572,755</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	5,282,358	5,011,503
Tax revenue received in advance and deposits	5,547,567	5,785,267
Deferred revenue (Note 5)	9,144,196	9,495,539
Asset retirement obligation (Note 6)	125,510	139,500
Municipal debt (Note 7)	367,753	478,206
	<b>20,467,384</b>	<b>20,910,015</b>
<b>Net financial assets</b>	<b>9,764,184</b>	<b>11,662,740</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 8)	74,628,838	68,863,503
Inventories of supplies	453,062	327,323
Prepaid expenses	755,596	680,051
	<b>75,837,496</b>	<b>69,870,877</b>
<b>Accumulated surplus (Note 9)</b>	<b>\$ 85,601,680</b>	<b>\$ 81,533,617</b>

On behalf of Council:

Signed by:  
  
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## The Corporation of the Township of Muskoka Lakes Consolidated Statement of Operations

<b>For the year ended December 31</b>	(Note 10) Budget 2024	<b>Actual 2024</b>	(Note 1) Actual 2023
<b>Revenue</b>			
Taxation (Note 11)	\$ 16,193,900	<b>\$ 16,281,305</b>	\$ 14,031,032
Fees and user charges	2,385,100	<b>2,746,018</b>	2,207,003
Government transfers - Federal (Note 12)	218,000	<b>243,835</b>	218,024
Government transfers - Ontario (Note 12)	2,179,600	<b>2,424,761</b>	2,273,591
Interest income	936,000	<b>1,014,076</b>	1,241,687
Interest and penalties on tax arrears	600,000	<b>696,903</b>	602,035
Gain on disposal of tangible capital assets	-	<b>258,637</b>	79,846
Donations	5,000	<b>7,572</b>	8,900
Obligatory reserve fund revenue (Note 5)	2,939,400	<b>2,913,768</b>	2,403,859
	<u>25,457,000</u>	<u><b>26,586,875</b></u>	<u>23,065,977</u>
<b>Expenses (Note 13)</b>			
General government	4,126,100	<b>4,626,328</b>	4,043,585
Protection services	5,584,700	<b>5,418,685</b>	4,662,480
Transportation services	5,595,000	<b>7,087,815</b>	5,921,299
Health services	141,400	<b>208,116</b>	183,516
Recreation and cultural services	3,401,300	<b>4,025,925</b>	3,760,374
Planning and development	1,277,800	<b>1,151,943</b>	1,140,840
	<u>20,126,300</u>	<u><b>22,518,812</b></u>	<u>19,712,094</u>
<b>Annual surplus</b>	5,330,700	<b>4,068,063</b>	3,353,883
<b>Accumulated surplus, beginning of year</b>	<u>81,533,617</u>	<u><b>81,533,617</b></u>	<u>78,179,734</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 86,864,317</u>	<u><b>\$ 85,601,680</b></u>	<u>\$ 81,533,617</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 Changes in Net Financial Assets

<b>For the year ended December 31</b>	(Note 10) Budget 2024	<b>Actual 2024</b>	Actual 2023
Annual surplus	\$ 5,330,700	\$ <b>4,068,063</b>	\$ 3,353,883
Acquisition of tangible capital assets	(10,449,285)	<b>(10,102,117)</b>	(9,292,811)
Amortization of tangible capital assets	3,450,000	<b>4,283,002</b>	3,717,327
Proceeds from sale of tangible capital assets	-	<b>312,417</b>	83,045
Gain on disposal of tangible capital assets	-	<b>(258,637)</b>	(79,846)
	<b>(1,668,585)</b>	<b>(1,697,272)</b>	(2,218,402)
Acquisition of supplies inventory	-	<b>(125,739)</b>	(83,850)
Acquisition of prepaid expenses	-	<b>(75,545)</b>	(217,531)
	-	<b>(201,284)</b>	(301,381)
<b>Decrease in net financial assets</b>	<b>(1,668,585)</b>	<b>(1,898,556)</b>	<b>(2,519,783)</b>
<b>Net financial assets, beginning of year</b>	<b>11,662,740</b>	<b>11,662,740</b>	<b>14,182,523</b>
<b>Net financial assets, end of year</b>	<b>\$ 9,994,155</b>	<b>\$ 9,764,184</b>	<b>\$ 11,662,740</b>

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

<b>For the year ended December 31</b>	<b>2024</b>	(Note 1) <b>2023</b>
<b>Operating transactions</b>		
Annual surplus	\$ 4,068,063	\$ 3,353,883
Non-cash items		
Amortization of tangible capital assets	4,283,002	3,717,327
Gain on disposal of tangible capital assets	<u>(258,637)</u>	<u>(79,846)</u>
	<b>8,092,428</b>	6,991,364
Changes in non-cash financial assets and liabilities		
Changes in taxes receivable	(836,068)	(969,153)
Changes in trade and other receivables	(154,257)	58,207
Changes in accounts payable and accrued liabilities	270,855	2,130,831
Changes in tax revenue received in advance and deposits	(237,700)	526,484
Changes in asset retirement obligations	(13,990)	139,500
Changes in inventories of supplies	(125,739)	(83,850)
Changes in prepaid expenses	<u>(75,545)</u>	<u>(217,531)</u>
	<b>6,919,984</b>	8,575,852
<b>Capital transactions</b>		
Proceeds on disposal of tangible capital assets	312,417	83,045
Cash used to acquire tangible capital assets	<u>(10,102,117)</u>	<u>(9,292,811)</u>
	<b>(9,789,700)</b>	(9,209,766)
<b>Financing transactions</b>		
Debt repayment	<u>(110,453)</u>	(104,893)
<b>Decrease in cash</b>	<b>(2,980,169)</b>	(738,807)
<b>Cash, beginning of year</b>	<b>18,369,771</b>	19,108,578
<b>Cash, end of year</b>	<b>\$ 15,389,602</b>	\$ 18,369,771

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

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

**December 31, 2024**

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**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 evidence of available control 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.

**Deferred Revenue**

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

**Post Retirement Benefits**

The Municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles.

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

**December 31, 2024**

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**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

**Asset Retirement Obligations**

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

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

**December 31, 2024**

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**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.

**Financial Instruments**

Cash is measured at fair value. Accounts receivable, accounts payable, tax revenue received in advance and municipal debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations. There are no unrealized changes in fair value as at December 31, 2024 and December 31, 2023. As a result, the Municipality does not have a consolidated statement of remeasurement gains and losses.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

**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.

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

**December 31, 2024**

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**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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Municipality may undertake in the future. The principal estimates used in the preparation of these consolidated financial statements are the determination of the valuation allowance for receivables, the estimated useful life of tangible capital assets and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

**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 uncollectible 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.

**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 fund balances and continuity (Page 27).

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

**December 31, 2024**

**1. Comparative Figures**

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

**2. Financial Instruments**

**Classification**

The carrying value of each class of the Municipality's financial instruments is provided in the following table.

	2024		
	Fair Value	Cost/ Amortized Cost	Total
Cash	\$15,389,602	\$ -	\$15,389,602
Trade and other receivables	-	975,943	975,943
Accounts payable and accrued liabilities	-	5,282,358	5,282,358
Tax revenue received in advance and deposits	-	5,547,567	5,547,567
Municipal debt	-	367,753	367,753
	<b>\$15,389,602</b>	<b>\$12,173,621</b>	<b>\$27,563,223</b>

**Fair Value Measurement**

The following table provides an analysis of financial instruments that are measured at fair value, using a fair value hierarchy of levels 1, 2 and 3. The levels reflect the significance of the inputs used in making the fair value measurements, as described below:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	2024			
	Level 1	Level 2	Level 3	Total
Cash	\$15,389,602	\$ -	\$ -	\$15,389,602

There were no transfers between level 1, level 2 or level 3 for the year ended December 31, 2024.

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

**December 31, 2024**

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### 2. Financial Instruments (continued)

#### Risk Management

The Municipality is exposed to credit risk from its financial instruments. It is management's opinion that the Municipality is not exposed to significant liquidity or interest rate risks. This note describes the Municipality's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Municipality is exposed to credit risk through its cash and trade and other receivables.

Cash is held at federally regulated chartered banks with cash amounts insured up to \$100,000. No significant collection issues related to trade and other receivables have been identified.

The Municipality's maximum exposure to credit risk at the financial statement date is the carrying value of its cash, trade and other receivables and taxes receivable as presented on the statement of financial position.

At year end, the amounts outstanding for the Municipality's trade and other receivables and taxes receivable are as follows:

	2024		
	Trade and Other Receivable	Taxes Receivable	Total
Current	\$ 756,965	\$ -	\$ 756,965
31 to 60 days	52,084	-	52,084
61 to 90 days	45,612	-	45,612
Over 90 days	121,282	4,721,827	4,843,109
<b>Total</b>	<b>\$ 975,943</b>	<b>\$ 4,721,827</b>	<b>\$ 5,697,770</b>

There have not been any changes from the prior year in the Municipality's exposure to credit risk or the policies, procedures and methods it uses to manage and measure the risk.

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## The Corporation of the Township of Muskoka Lakes

### Notes to Consolidated Financial Statements

**December 31, 2024**

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#### 3. Restricted Cash

	2024	2023
Obligatory reserve funds		
Development Charges Act	\$ 1,379,176	\$ 965,143
Parkland	1,737,146	2,538,552
Parking in lieu	59,650	25,481
Building permits	5,878,027	5,876,811
	9,053,999	9,405,987
Other		
Restricted donations for community centres	14,666	14,165
Restricted donations for Health Hub	11,705	9,705
Restricted donations for Library	12,849	14,705
Restricted donations for Wellness Centre	50,977	50,977
	\$ 9,144,196	\$ 9,495,539

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#### 4. Taxes Receivable

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

	2024	2023
Taxes receivable	\$ 4,751,827	\$ 3,946,259
Less: valuation allowance	(30,000)	(60,500)
	\$ 4,721,827	\$ 3,885,759

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## The Corporation of the Township of Muskoka Lakes

### Notes to Consolidated Financial Statements

**December 31, 2024**

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#### 5. 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:

	2024	2023
<b>Deferred revenue - obligatory reserve funds</b>		
Development Charges Act	\$ 1,379,176	\$ 965,143
Parkland	1,737,146	2,538,552
Parking in lieu	59,650	25,481
Building permits	5,878,027	5,876,811
	<b>9,053,999</b>	9,405,987
<b>Deferred revenue - externally restricted</b>		
Donations for community centres	14,666	14,165
Donations for Health Hub	11,705	9,705
Donations for Library	12,849	14,705
Donations for Wellness Centre	50,977	50,977
	<b>\$ 9,144,196</b>	<b>\$ 9,495,539</b>

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

**December 31, 2024**

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### 5. Deferred Revenue (continued)

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

	Development Charges Act	Parkland	Parking in Lieu	Building Permits	Canada Community Building Fund
<b>Obligatory reserve funds, beginning of year</b>	\$ 965,143	\$ 2,538,552	\$ 25,481	\$ 5,876,811	\$ -
Funds received during the year	458,163	97,500	32,400	1,540,257	243,835
Interest earned	54,619	100,580	1,769	299,123	-
Revenue recognized during the year	(98,748)	(999,486)	-	(1,838,164)	(243,835)
<b>Obligatory reserve funds, end of year</b>	<b>\$ 1,379,177</b>	<b>\$ 1,737,146</b>	<b>\$ 59,650</b>	<b>\$ 5,878,027</b>	<b>\$ -</b>

The interest earned is included in the related fund. Development Charge funds, Parkland funds and Building Permits funds recognized during the year are included in the consolidated statement of operations as obligatory reserve fund revenue. Canada Community Building Fund (formerly Federal Gas Tax funds) recognized during the year are included in the consolidated statement of operations as government transfers - Federal.

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### 6. Asset Retirement Obligation

The Municipality's financial statements include an asset retirement obligation for the future removal of asbestos in several of the buildings owned by the Municipality. The related asset retirement costs are being amortized on a straight line basis. The liability has been estimated using a net present value technique with a discount rate of 5.23%. The estimated total undercounted future expenditures are \$125,510, which are to be incurred over the next 10 years.

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

**December 31, 2024**

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**7. Municipal Debt**

	<b>2024</b>	2023
Debenture payable District Municipality of Muskoka, payable \$67,026 semi-annually including interest at 5.233%, due December 2027	<b>\$ 367,753</b>	\$ 478,206

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

Year	Gross	Interest	Principal
2025	\$ 134,052	\$ 17,743	\$ 116,309
2026	134,052	11,577	122,475
2027	134,052	5,084	128,968
	<b>\$ 402,156</b>	<b>\$ 34,404</b>	<b>\$ 367,753</b>

Interest expense in the amount of \$23,598 (2023 - \$29,159) 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, interest at prime less 0.75%, to finance general operating requirements. The Municipality also has a 364-day revolving term credit facility of \$3,000,000, interest at prime less 0.5%. At December 31, 2024, the Municipality had not drawn on either of the credit capacities under the above facilities.

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

**December 31, 2024**

**8. 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	2024 Total	2023 Total
<b>Cost, beginning of year</b>	\$ 8,322,963	\$ 12,109,904	\$ 23,249,947	\$ 12,374,078	\$ 10,563,081	\$ 79,452,473	\$ 434,407	\$ 146,506,853	\$ 139,098,369
Additions	-	2,203,044	672,934	2,026,872	788,212	3,838,006	573,049	10,102,117	9,292,811
Disposals	(5,210)	(40,777)	(18,000)	(926,758)	(424,269)	-	-	(1,415,014)	(1,884,327)
<b>Cost, end of year</b>	<b>8,317,753</b>	<b>14,272,171</b>	<b>23,904,881</b>	<b>13,474,192</b>	<b>10,927,024</b>	<b>83,290,479</b>	<b>1,007,456</b>	<b>155,193,956</b>	<b>146,506,853</b>
<b>Accumulated amortization,</b>									
beginning of year	-	8,022,518	11,447,495	5,703,737	6,312,518	46,157,082	-	77,643,350	75,807,151
Amortization	-	376,991	536,707	928,691	681,791	1,758,822	-	4,283,002	3,717,327
Disposals	-	(40,777)	-	(896,906)	(423,551)	-	-	(1,361,234)	(1,881,128)
<b>Accumulated amortization,</b>									
end of year	-	8,358,732	11,984,202	5,735,522	6,570,758	47,915,904	-	80,565,118	77,643,350
<b>Net carrying amount, end of</b>									
year	\$ 8,317,753	\$ 5,913,439	\$ 11,920,679	\$ 7,738,670	\$ 4,356,266	\$ 35,374,575	\$ 1,007,456	\$ 74,628,838	\$ 68,863,503

The net book value of tangible capital assets not being amortized because they are under construction is \$1,007,456 (2023 - \$434,407). Included in roads, bridges and storm systems is land not being amortized with a net book value of \$5,508,945 (2023 - \$5,508,945).

## The Corporation of the Township of Muskoka Lakes

### Notes to Consolidated Financial Statements

**December 31, 2024**

#### 9. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2024	2023
<b>Reserves set aside for general purposes by Council</b>		
Attainable housing	\$ 103,161	\$ 88,370
Election	97,545	82,928
Reviews and studies	77,008	210,864
Tax stabilization	3,952,241	4,956,189
	4,229,955	5,338,351
<b>Reserves set aside for specific purposes by Council</b>		
Building and facilities	385,891	312,555
Cemeteries	111,296	128,813
Climate action	58,022	49,435
Community improvement	612,917	481,866
Fire and emergency services	22,331	(176,796)
Fleet and equipment	75,935	509,234
Information technology	1,112,899	1,150,839
Library	126,810	153,533
Parks, recreation and trails	95,406	461,899
Port Carling mural	146,518	139,302
Roads, bridges and major infrastructure	5,568,675	5,979,363
	8,316,700	9,190,043
Total reserves and reserve funds	12,546,655	14,528,394
<b>Amounts to be recovered in future years</b>		
Municipal debt	(367,753)	(478,206)
<b>Surpluses</b>		
Invested in tangible capital assets	74,628,838	68,863,503
Library surplus	128,107	119,459
Non-cash working capital surplus (deficit)	(2,542,825)	(2,506,907)
Invested in other non-financial assets	1,208,658	1,007,374
Total surpluses	73,422,778	67,483,429
<b>Accumulated surplus</b>	<b>\$ 85,601,680</b>	<b>\$ 81,533,617</b>

The investment in tangible capital assets represents amounts already spent and invested in infrastructure.

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## The Corporation of the Township of Muskoka Lakes

### Notes to Consolidated Financial Statements

**December 31, 2024**

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#### 10. Budget

The Budget was adopted by Council on Wednesday, December 13, 2023 and confirming by-law 2023-028 was passed on the same date. The budget was prepared on a modified accrual basis while Canadian public sector accounting standards require a full accrual basis. Council has reviewed and approved the 2024 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 in accordance with the Municipal Act 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 Wednesday, December 13, 2023 with adjustments as follows:

	<b>2024</b>
Budget surplus for the year	\$ -
Add:	
Capital expenses	10,449,285
Debt repayment	110,500
Transfers to reserve funds	7,640,700
Less:	
Amortization	(3,450,000)
Transfers from reserve funds	(9,419,785)
Budget surplus per statement of operations	<b>\$ 5,330,700</b>

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations for comparative purposes. The 2024 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.

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## The Corporation of the Township of Muskoka Lakes

### Notes to Consolidated Financial Statements

**December 31, 2024**

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#### 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:

	2024	2023
Taxation	\$ 73,498,177	\$ 68,664,451
Taxation from other governments	375,993	362,512
Less: school board requisitions	(18,111,819)	(17,736,416)
Less: upper tier requisitions	(39,481,046)	(37,259,515)
	\$ 16,281,305	\$ 14,031,032

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#### 12. Government Transfers

	2024	(Note 1) 2023
<b>Revenue:</b>		
Canada community building fund	\$ 243,835	\$ 218,024
Total federal grants	\$ 243,835	\$ 218,024
Ontario municipal partnership fund	\$ 1,530,800	\$ 1,525,700
Ontario community infrastructure fund	687,956	598,223
Provincial operating grant - library	49,085	49,085
Other grants	156,920	100,583
Total provincial grants	\$ 2,424,761	\$ 2,273,591

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## The Corporation of the Township of Muskoka Lakes

### Notes to Consolidated Financial Statements

**December 31, 2024**

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#### 13. Expenses by Object

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

	(Note 10) Budget 2024	<b>Actual 2024</b>	(Note 1) Actual 2023
Amortization of tangible capital assets	\$ 3,450,000	\$ <b>4,283,002</b>	\$ 3,717,327
Salaries and benefits	10,568,100	<b>10,375,911</b>	9,917,363
Materials	3,911,800	<b>5,651,263</b>	4,615,664
Contracted services	1,821,400	<b>1,915,089</b>	1,130,024
Rents and financial expenses	128,500	<b>123,299</b>	138,753
Interest on long-term debt	23,600	<b>23,598</b>	29,159
Contributions to other organizations	222,900	<b>146,650</b>	163,804
	<b>\$ 20,126,300</b>	<b>\$ 22,518,812</b>	<b>\$ 19,712,094</b>

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#### 14. Contingent Liabilities

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.

There are claims outstanding against the Municipality either in progress or threatened, in respect of breach of contract, injury to persons, negligence and like items. The cost to the Municipality, if any, cannot be determined because the financial outcome of these actions is uncertain and/or the existence of a liability is not determinable, and no provision has been made in these statements to reflect any of these claims. Any settlements or awards which may arise will be reflected in the financial records in the year that the amount has been determined.

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

**December 31, 2024**

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### 15. Post Retirement Benefits

OMERS provides pension services to more than 639,000 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, 2024. The results of this valuation disclosed total actuarial liabilities of \$142,489 million in respect of benefits accrued for service with actuarial assets at that date of \$139,576 million indicating an actuarial deficit of \$2,913 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 2024 were \$698,812 (2023 - \$604,812).

The Municipality provides a health care spending account until age 65 for employees who have reached 55 years of age and have served for a minimum of 25 years. The current obligation related to this future benefit, included in accounts payable and accrued liabilities, is \$74,975 (2023 - \$90,964).

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### 16. 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 such as a transportation network, fire services and recreation. Distinguishable functional segments have been separately disclosed in the segmented information.

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

The nature of the segments and the activities that they encompass are as follows:

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 legislative services.

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

**December 31, 2024**

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### **16. Segmented Information (continued)**

#### **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.

#### **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.

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

**December 31, 2024**

**16. Segmented Information (continued)**

For the year ended December 31	General Government	Protection Services	Transportation Services	Health Services	Recreation and Cultural Services	Planning and Development	2024 Total
<b>Revenue</b>							
Taxation	\$ 3,382,175	\$ 3,155,937	\$ 2,471,992	\$ 46,959	\$ 6,085,349	\$ 1,138,893	\$ 16,281,305
Fees and user charges	387,615	833,821	795,087	54,674	258,812	416,009	2,746,018
Government transfers	687,957	74,531	1,845,626	-	60,482	-	2,668,596
Gain on disposal of tangible capital assets	131,103	86,737	38,188	-	2,609	-	258,637
Obligatory reserve fund revenue recognized	72,786	1,820,670	-	-	1,009,549	10,763	2,913,768
Other	1,688,280	600	-	22,172	7,499	-	1,718,551
	<u>6,349,916</u>	<u>5,972,296</u>	<u>5,150,893</u>	<u>123,805</u>	<u>7,424,300</u>	<u>1,565,665</u>	<u>26,586,875</u>
<b>Expenses</b>							
Amortization	190,847	846,650	2,431,253	60,508	753,744	-	4,283,002
Salaries and benefits	2,773,838	2,925,367	2,023,623	97,228	1,701,889	853,966	10,375,911
Materials	1,119,860	1,045,913	1,920,495	49,057	1,443,035	72,903	5,651,263
Contracted services	339,593	533,777	691,888	1,323	123,434	225,074	1,915,089
Rents and financial expenses	31,942	66,978	20,556	-	3,823	-	123,299
Interest on long-term debt	23,598	-	-	-	-	-	23,598
Contributions to other organizations	146,650	-	-	-	-	-	146,650
Inter-segment transfers	(198,300)	152,200	-	-	46,100	-	-
	<u>4,428,028</u>	<u>5,570,885</u>	<u>7,087,815</u>	<u>208,116</u>	<u>4,072,025</u>	<u>1,151,943</u>	<u>22,518,812</u>
	<u>\$ 1,921,888</u>	<u>\$ 401,411</u>	<u>\$ (1,936,922)</u>	<u>\$ (84,311)</u>	<u>\$ 3,352,275</u>	<u>\$ 413,722</u>	<u>\$ 4,068,063</u>

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

**December 31, 2024**

**16. Segmented Information (continued)**

For the year ended December 31	General Government	Protection Services	Transportation Services	Health Services	Recreation and Cultural Services	Planning and Development	(Note 1) 2023 Total
<b>Revenue</b>							
Taxation	\$ 3,203,389	\$ 2,732,634	\$ 1,975,847	\$ 74,747	\$ 5,035,521	\$ 1,008,894	\$ 14,031,032
Fees and user charges	170,764	462,153	904,926	38,428	229,688	401,044	2,207,003
Government transfers	612,433	-	1,787,382	-	91,800	-	2,491,615
Gain on disposal of tangible capital assets	-	52,954	20,536	-	6,356	-	79,846
Obligatory reserve fund revenue recognized	25,524	1,634,391	508,362	-	219,779	15,803	2,403,859
Other	1,823,567	-	-	20,154	8,901	-	1,852,622
	<u>5,835,677</u>	<u>4,882,132</u>	<u>5,197,053</u>	<u>133,329</u>	<u>5,592,045</u>	<u>1,425,741</u>	<u>23,065,977</u>
<b>Expenses</b>							
Amortization of tangible capital assets	200,674	764,328	1,991,951	58,889	701,485	-	3,717,327
Salaries and benefits	2,557,728	2,793,095	1,923,852	66,436	1,608,256	967,996	9,917,363
Materials	745,181	887,997	1,568,990	48,938	1,342,160	22,398	4,615,664
Contracted services	313,688	147,774	408,224	9,253	100,639	150,446	1,130,024
Rents and financial expenses	33,351	69,286	28,282	-	7,834	-	138,753
Interest on long-term debt	29,159	-	-	-	-	-	29,159
Contributions to other organizations	163,804	-	-	-	-	-	163,804
Inter-segment transfers	(130,400)	100,000	-	-	30,400	-	-
	<u>3,913,185</u>	<u>4,762,480</u>	<u>5,921,299</u>	<u>183,516</u>	<u>3,790,774</u>	<u>1,140,840</u>	<u>19,712,094</u>
	<u>\$ 1,922,492</u>	<u>\$ 119,652</u>	<u>\$ (724,246)</u>	<u>\$ (50,187)</u>	<u>\$ 1,801,271</u>	<u>\$ 284,901</u>	<u>\$ 3,353,883</u>

**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, 2024**

	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Due from general account	\$ 10,836	\$ 7,390
Investments	<b>586,951</b>	553,239
	<b>\$ 597,787</b>	\$ 560,629
<b>Fund balances</b>	<b>\$ 597,787</b>	\$ 560,629

**Continuity of Cemetery Care and Maintenance Trust Fund  
for the year ended December 31, 2024**

	<b>2024</b>	<b>2023</b>
<b>Balance</b> , beginning of year	\$ 560,629	\$ 515,500
<b>Receipts</b>		
Investment income	26,322	37,739
Perpetual care receipts	<b>10,836</b>	7,390
<b>Balance</b> , end of year	<b>\$ 597,787</b>	\$ 560,629