

**THE CORPORATION OF THE  
TOWN OF GRAVENHURST  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**THE CORPORATION OF THE TOWN OF GRAVENHURST**  
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**INDEPENDENT AUDITORS' REPORT**

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To the Members of Council, Inhabitants and Ratepayers of  
The Corporation of the Town of Gravenhurst

*Opinion*

We have audited the consolidated financial statements of The Corporation of the Town of Gravenhurst, which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, the consolidated change in its net financial assets (debt) and its consolidated cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Town of Gravenhurst as at December 31, 2018, and the results of its operations 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 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 those 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 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 relating 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 Responsibility for the Audit of the 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:



# PAHAPILL and ASSOCIATES Chartered Accountants

Professional Corporation

- 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.

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.

Huntsville, Ontario  
May 14, 2019

*Pahapill and Associates*  
Pahapill and Associates Professional Corporation  
Chartered Professional Accountants  
Authorized to practise public accounting by  
The Chartered Professional Accountants of Ontario

**THE CORPORATION OF THE TOWN OF GRAVENHURST**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2018**

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 19,210,804	\$ 16,567,027
Accounts receivable, net of allowance of \$10,829 (2017 - \$60,829)	3,639,625	3,150,547
	<b>22,850,429</b>	<b>19,717,574</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	4,615,233	3,613,672
Prepaid property taxes	1,648,356	1,640,027
Deferred revenue (Note 5)	2,114,792	1,773,141
Municipal debt (Note 6)	18,437,389	19,494,766
	<b>26,815,770</b>	<b>26,521,606</b>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>(3,965,341)</b>	<b>(6,804,032)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net (Note 9, Schedule 1)	79,844,413	83,679,867
Inventories of supplies	140,695	189,808
Prepaid expenses	280,252	291,575
	<b>80,265,360</b>	<b>84,161,250</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 76,300,019</b>	<b>\$ 77,357,218</b>

CONTINGENT LIABILITIES (Note 8)

APPROVED ON BEHALF OF COUNCIL:

  
 \_\_\_\_\_ Mayor

The accompanying notes and schedules are an integral part of these financial statements

**THE CORPORATION OF THE TOWN OF GRAVENHURST**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget 2018 (Note 11)	Actual 2018	Actual 2017
<b>REVENUE</b>			
Property taxes	\$ 15,441,914	\$ 15,414,464	\$ 14,484,657
User fees	3,304,914	3,690,939	3,846,618
Government transfers	1,974,488	2,334,883	2,346,414
Other	508,000	636,027	535,378
<b>TOTAL REVENUE</b>	<b>21,229,316</b>	<b>22,076,313</b>	<b>21,213,067</b>
<b>EXPENSES</b>			
General government	4,255,335	4,248,364	4,427,114
Protection to persons and property	2,332,070	2,260,514	2,082,512
Transportation services	8,961,470	8,735,209	9,628,768
Environmental services	108,050	134,903	141,362
Health services	172,508	176,488	166,068
Recreation and culture	6,778,166	6,420,352	6,332,399
Planning and development	1,079,460	1,157,682	1,028,398
<b>TOTAL EXPENSES</b>	<b>23,687,059</b>	<b>23,133,512</b>	<b>23,806,621</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>(2,457,743)</b>	<b>(1,057,199)</b>	<b>(2,593,554)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>77,357,218</b>	<b>77,357,218</b>	<b>79,950,772</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 74,899,475</b>	<b>\$ 76,300,019</b>	<b>\$ 77,357,218</b>

The accompanying notes and schedules are an integral part of these financial statements

**THE CORPORATION OF THE TOWN OF GRAVENHURST**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget 2018 (Note 11)	Actual 2018	Actual 2017
<b>Annual surplus (deficit)</b>	\$ (2,457,743)	\$ (1,057,199)	\$ (2,593,554)
Acquisition of tangible capital assets	(5,381,581)	(5,381,581)	(3,906,069)
Amortization of tangible capital assets	7,774,599	7,774,599	8,524,923
Allocation from work in progress	1,280,488	1,280,488	1,033,340
Loss (gain) on sale of tangible capital assets	-	63,413	(6,605)
Proceeds on sale of tangible capital assets	-	98,535	49,736
Acquisition and consumption of supplies inventories	-	49,113	22,529
Use of prepaid expenses	-	11,323	(18,844)
<b>Increase (decrease) in net financial assets</b>	<b>1,215,763</b>	<b>2,838,691</b>	<b>3,105,456</b>
<b>Net financial assets (debt), beginning of year</b>	<b>(6,804,032)</b>	<b>(6,804,032)</b>	<b>(9,909,488)</b>
<b>Net financial assets (debt), end of year</b>	<b>\$ (5,588,269)</b>	<b>\$ (3,965,341)</b>	<b>\$ (6,804,032)</b>

The accompanying notes and schedules are an integral part of these financial statements

**THE CORPORATION OF THE TOWN OF GRAVENHURST**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018	2017
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ (1,057,199)	\$ (2,593,554)
Non-cash charges to operations:		
Amortization	7,774,599	8,524,923
Loss (gain) on sale of tangible capital assets	63,413	(6,605)
	<b>6,780,813</b>	<b>5,924,764</b>
Changes in non-cash assets and liabilities:		
Accounts receivable	(489,078)	(203,904)
Accounts payable and accrued liabilities	1,001,561	977,630
Prepaid property taxes	8,329	205,560
Deferred revenue-general	341,651	397,135
Inventories of supplies	49,113	22,529
Prepaid expenses	11,323	(18,844)
	<b>922,899</b>	<b>1,380,106</b>
<b>Cash provided by operating transactions</b>	<b>7,703,712</b>	<b>7,304,870</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(5,381,581)	(3,906,069)
Allocation from work in progress	1,280,488	1,033,340
Proceeds on disposal of tangible capital asset	98,535	49,736
<b>Cash applied to capital transactions</b>	<b>(4,002,558)</b>	<b>(2,822,993)</b>
<b>Investing transactions</b>		
<b>Cash provided by investing transactions</b>	<b>-</b>	<b>-</b>
<b>Financing transactions</b>		
Debt principal repayments	(1,057,377)	(1,011,416)
<b>Cash applied to financing transactions</b>	<b>(1,057,377)</b>	<b>(1,011,416)</b>
<b>Net change in cash and cash equivalents</b>	<b>2,643,777</b>	<b>3,470,461</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>16,567,027</b>	<b>13,096,566</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 19,210,804</b>	<b>\$ 16,567,027</b>
<b>Cash flow supplementary information:</b>		
Taxation and investment interest income received	\$ 739,042	\$ 622,501
Interest paid	803,100	852,305
<b>Net interest received (paid)</b>	<b>\$ (64,058)</b>	<b>\$ (229,804)</b>

The accompanying notes and schedules are an integral part of these financial statements



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2018

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The Corporation of the Town of Gravenhurst is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, 2001, Planning Act, Building Code Act and other related legislation.

**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Corporation of the Town of Gravenhurst (the "Municipality") are prepared by management in accordance with Canadian public sector accounting standards for local governments as recommended in the Public Sector Accounting Board "PSAB" of the Chartered Professional Accountants Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

**(a) Reporting Entity**

These consolidated statements reflect the assets, liabilities, revenues, expenses and reserve and reserve fund balances of the reporting entity. The reporting entity is comprised of all committees of Council and the boards, joint boards and municipal enterprises for which Council is politically accountable as follows:

**(i) Consolidated entities**

The following local boards are consolidated:  
Gravenhurst Public Library Board  
Gravenhurst Business Improvement Area

Inter-organizational transactions and balances between these organizations are eliminated.

**(ii) Accounting for school board and the District of Muskoka transactions**

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.

**(iii) Trust funds**

Trust funds administered by the Municipality are not included in these consolidated financial statements, but are reported separately on the trust funds financial statements.

**(b) Basis of Accounting****(i) Accrual basis of accounting**

Sources of financing and expenditures are reported on the accrual basis of accounting. This method 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.

**(ii) Non-financial assets**

Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of Municipal services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2018

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**(a) Tangible capital assets**

Tangible capital assets are recorded at cost less accumulated amortization, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets received as donations are recorded at their fair value at the date of receipt. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements - 10 to 30 years  
Buildings - 10 to 75 years  
Machinery, equipment and furniture - 5 to 20 years  
Computer hardware and software - 3 years  
Vehicles - 5 to 25 years  
Roads - 5 to 30 years  
Bridges and culverts - 35 to 75 years  
Street lighting - 10 to 30 years  
Storm system - 40 to 100 years

Amortization is taken in the month of purchase up to the month of disposal. Assets under construction are not amortized until the asset is available for productive use.

The Municipality has a capitalization threshold of \$2,500; individual tangible capital assets, or pooled assets of lesser value are expensed in the year of purchase.

**(b) Inventories of supplies**

Inventories held for consumption are recorded at cost.

**(iii) Reserves and reserve funds**

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Consolidated Statement of Financial Position.

**(iv) Government transfers**

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

**(v) Deferred revenue**

The Municipality receives gas tax revenue from the Federal Government, development charge contributions, payments in lieu of parkland and building permit fees under the authority of provincial legislation and Municipal by-laws. These funds are restricted in their use and until applied to the applicable expenditures are recorded as deferred revenue. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended. The Municipality also defers recognition of certain government grants which have been collected but for which the related expenditures have yet to be incurred. These amounts will be recognized as revenues in the fiscal year the services are performed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2018(vi) Taxation and related revenues

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known. 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.

(vii) Pensions

The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan.

(viii) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts 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 period. Significant items subject to such estimates and assumptions include valuation allowances for accounts receivable, estimated useful lives of tangible capital assets and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future. The estimates are reviewed periodically and any resulting adjustments are reported in earnings in the year in which they become known.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for bank account balances as of December 31, 2018 consists of the following:

	2018	2017
General Account	\$ 7,001,618	\$ 2,822,979
Petty Cash	1,410	1,710
Reserve Funds - Restricted		
Community Reinvestment	5,097,480	5,792,774
Discretionary Reserve Funds	4,078,950	4,983,366
Terence Haight Endowment	995,070	974,454
Henderson Endowment (Gravenhurst Public Library Board)	449,903	450,193
Other	49,251	47,203
Obligatory Reserve Funds - Restricted		
Development Charges	1,231,918	1,234,592
Parkland Dedication	237,744	252,274
Federal Gas Tax	67,460	7,482
	<b>\$ 19,210,804</b>	<b>\$ 16,567,027</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2018

3. OPERATIONS OF SCHOOL BOARDS AND THE DISTRICT OF MUSKOKA

Further to Note 1(a)(ii), the Municipality is required to collect property taxes and payments-in-lieu of taxes on the behalf of the school boards and the District of Muskoka. The amounts collected, remitted and outstanding are as follows:

	2018 School Boards	2018 District	2018 Total	2017 Total
Payable (receivable) at the beginning of the year	\$ (9,334)	\$ 297,811	\$ 288,477	\$ 70,574
Taxation and payments-in-lieu, net of adjustments	7,079,510	14,601,366	21,680,876	21,441,143
Remitted during the year	(7,082,221)	(14,787,485)	(21,869,706)	(21,223,240)
<b>Payable (receivable) at the end of the year</b>	<b>\$ (12,045)</b>	<b>\$ 111,692</b>	<b>\$ 99,647</b>	<b>\$ 288,477</b>

4. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$532,825 (2017 \$517,905) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations. As such balances are held in trust by the Municipality for the benefit of others, they are not presented as part of the Municipality's financial position or operations.

5. DEFERRED REVENUE

The 2018 continuity of transactions within the obligatory reserve funds are described below:

	Balance beginning of year	Contributions received	Interest earned	Amounts taken into revenue	Balance end of year
Parkland Dedication	\$ 233,065	\$ 33,547	\$ 4,679	\$ -	\$ 271,291
Development charges	1,207,964	213,615	23,954	(103,709)	1,341,824
Building Code Act	267,713	-	4,681	-	272,394
Federal gas tax	64,399	161,823	3,061	-	229,283
	<b>\$ 1,773,141</b>	<b>\$ 408,985</b>	<b>\$ 36,375</b>	<b>\$ (103,709)</b>	<b>\$ 2,114,792</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2018

6. MUNICIPAL DEBT

(a) The balance of the municipal debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2018	2017
2004 Debenture payable to District Municipality of Muskoka, for the Muskoka Wharf, repayable in semi-annual instalments of \$337,343 including interest at 5.685% per annum, due October 2024.	\$ 3,389,701	\$ 3,851,883
2009 Debenture payable to District Municipality of Muskoka for purchase of Pineridge Gate, repayable in annual instalments of principal of varying amounts in each of the years 2010 to 2019, interest is paid semi-annual at 3.65%, due November 2019.	2,600,000	2,780,000
2011 Debenture payable to District Municipality of Muskoka, for the Centennial Centre Expansion and Aquatic Facility, repayable in semi-annual instalments of \$181,450 including interest at 3.88% per annum, due December 2041.	5,488,515	5,634,208
2011 Debenture payable to District Municipality of Muskoka, for the Town Hall and Health Clinic, repayable in semi-annual instalments of \$89,975 including interest at 3.76% per annum, due December 2036.	2,338,173	2,427,675
2012 Debenture payable to District Municipality of Muskoka, for the Centennial Centre and Aquatic Facility, repayable in annual instalments of principal of varying amounts in each of the years 2013 to 2024, interest is paid semi-annual at varying interest rates ranging from 1.45% to 3.55%, due November 2024.	4,621,000	4,801,000
	<b>\$ 18,437,389</b>	<b>\$ 19,494,766</b>

(b) Future estimated principal and interest payments on the municipal debt are as follows:

	Principal	Interest
2019	\$ 3,518,130	\$ 764,650
2020	960,773	601,113
2021	1,006,406	556,065
2022	1,053,939	508,554
2023	1,104,084	457,743
2024 onwards	10,794,057	2,521,392
	<b>\$ 18,437,389</b>	<b>\$ 5,409,517</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year Ended December 31, 2018**

(c) Total charges for the year for municipal debt which are reported in the financial statements are as follows:

	2018	2017
Principal payments	\$ 1,057,377	\$ 1,011,416
Interest	803,100	852,305
	<b>\$ 1,860,477</b>	<b>\$ 1,863,721</b>

**7. CREDIT FACILITY AGREEMENT**

The Municipality has a revolving credit facility agreement with the National Bank. The amount available at any time is limited to \$1,000,000 (2017 \$3,100,000) to finance general operating requirements. Any balance borrowed will accrue interest at the bank's prime lending rate less 0.75% per annum. Council authorized the temporary borrowing limit by By-law 2018-88, which authorizes \$3,100,000, of which NIL (2017 NIL) was used at the end of the year.

**8. CONTINGENT LIABILITIES**

In the normal course of business, the municipality is named to lawsuits related to its operations. Management is of the view that these lawsuits are without merit and any settlement would not be material to the financial position of the municipality.

**9. TANGIBLE CAPITAL ASSETS**

Schedule 1 provides information on the tangible capital assets of the Municipality by major asset class. Additional information relating to these assets is provided below.

(a) Contributed tangible capital assets

The Municipality records all tangible capital assets contributed by external parties at the fair market value. During the year \$NIL (2017 \$NIL) such contributions were recorded.

(b) Tangible capital assets recorded at nominal value

There were no tangible capital assets assigned a nominal value in the financial statements.

(c) Works of art and historical artifacts

Works of art and historical artifacts owned by the Municipality are not included in the tangible capital assets reported on the Consolidated Statement of Financial Position. The Municipality has on loan a number of paintings and other pieces of artwork that are prominently displayed in municipal buildings from the Historical Society.

(d) Capitalization of interest

The Municipality has a policy of capitalizing borrowing costs related to the acquisition of qualifying tangible capital assets net of any investment income earned on the unexpended portion of the borrowings. Other borrowing costs are expensed when incurred.

# THE CORPORATION OF THE TOWN OF GRAVENHURST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018

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### 10. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT

The Municipality and its Boards and Committees provide a wide range of services to its citizens. The schedule and segment disclosure provides a breakdown of the annual surplus (deficit) reported on the Consolidated Statement of Operations by major reporting segment. The segments correspond to the major functional categories used in the Municipality's Financial Information Return, which include the following activities:

#### General Government

This segment includes Council, Corporate Administration, Clerks and Finance. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues relating to governance, strategic planning and service delivery. General Government also includes the operation of non-municipal buildings such as the Train Station, Seniors Centre and Ryde School.

#### Protection to Persons and Property

This segment includes fire, police, emergency measures, building inspection, and bylaw enforcement.

#### Transportation Services

Transportation Services include roadway systems and winter control.

#### Environmental Services

This segment includes the urban storm sewer system.

#### Health Services

This segment represents the revenues and expenses related to the operation of cemeteries.

#### Recreation and Culture

This segment includes parks, recreation programs, recreation facilities, community services, library, opera house, barge concerts, wharf properties and the Muskoka heritage centre.

#### Planning and Development

This segment includes activities related to planning, zoning and economic development.

#### Unallocated Amounts

Items are recorded as unallocated amounts when there is no reasonable basis for allocating them to a segment. Major items included in this category are property taxation and related penalty and interest charges, and the municipality's annual Ontario Municipal Partnership Fund unconditional grant.

In preparation of segmented financial information, some allocation of expenses is made. This generally includes charges of rent to specific segments.

**THE CORPORATION OF THE TOWN OF GRAVENHURST**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year Ended December 31, 2018

**10. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)**

FOR THE YEAR ENDED DECEMBER 31, 2018

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Culture	Planning and Development	Unallocated Amounts	Consolidated
<b>REVENUE</b>									
Property taxes	\$ 6,706,834	\$ 1,260,702	\$ 2,680,850	\$ 32,500	\$ 118,240	\$ 3,674,697	\$ 840,844	\$ 99,797	\$ 15,414,464
User fees	367,338	796,844	692,136	-	56,236	1,242,871	535,514	-	3,690,939
Government transfers	-	75	365,480	-	-	43,187	27,641	1,898,500	2,334,883
Other	533,785	6,419	74,928	-	14,202	26,491	281,158	(300,956)	636,027
<b>TOTAL REVENUE</b>	<b>7,607,957</b>	<b>2,064,040</b>	<b>3,813,394</b>	<b>32,500</b>	<b>188,678</b>	<b>4,987,246</b>	<b>1,685,157</b>	<b>1,697,341</b>	<b>22,076,313</b>
<b>EXPENSES</b>									
Salaries, wages and benefits	2,144,601	1,506,880	1,512,246	27,135	117,163	1,837,069	869,445	-	8,014,539
Long-term debt charges (interest)	219,267	-	46,751	-	-	537,082	-	-	803,100
Operating expenses	1,577,342	452,366	1,696,742	58,718	57,267	2,415,955	282,884	-	6,541,274
Amortization	307,154	301,268	5,479,470	49,050	2,058	1,630,246	5,353	-	7,774,599
<b>TOTAL EXPENSES</b>	<b>4,248,364</b>	<b>2,260,514</b>	<b>8,735,209</b>	<b>134,903</b>	<b>176,488</b>	<b>6,420,352</b>	<b>1,157,682</b>	<b>-</b>	<b>23,133,512</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 3,359,593</b>	<b>\$ (196,474)</b>	<b>\$ (4,921,815)</b>	<b>\$ (102,403)</b>	<b>\$ 12,190</b>	<b>\$ (1,433,106)</b>	<b>\$ 527,475</b>	<b>\$ 1,697,341</b>	<b>\$ (1,057,199)</b>



**THE CORPORATION OF THE TOWN OF GRAVENHURST**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year Ended December 31, 2018

**10. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)**

FOR THE YEAR ENDED DECEMBER 31, 2017

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Culture	Planning and Development	Unallocated Amounts	Consolidated
<b>REVENUE</b>									
Property taxes	\$ 6,144,869	\$ 1,356,124	\$ 2,544,205	\$ 2,205	\$ 95,480	\$ 3,459,677	\$ 798,854	\$ 83,243	\$ 14,484,657
User fees	405,752	772,725	697,184	-	42,610	1,301,962	626,385	-	3,846,618
Government transfers	19,276	-	437,842	-	-	97,085	11,711	1,780,500	2,346,414
Other	489,429	5,232	102,750	-	8,728	14,423	169,434	(254,618)	555,378
<b>TOTAL REVENUE</b>	<b>7,059,326</b>	<b>2,134,081</b>	<b>3,781,981</b>	<b>2,205</b>	<b>146,818</b>	<b>4,873,147</b>	<b>1,606,384</b>	<b>1,609,125</b>	<b>21,213,067</b>
<b>EXPENSES</b>									
Salaries, wages and benefits	1,916,374	1,351,575	1,480,751	7,856	99,104	1,826,509	758,259	-	7,440,428
Long-term debt charges (interest)	229,764	-	52,294	-	-	570,247	-	-	852,305
Operating expenses	1,921,989	440,165	1,881,035	83,026	65,812	2,333,690	263,249	-	6,988,966
Amortization	358,987	290,772	6,214,688	50,480	1,152	1,601,953	6,890	-	8,524,922
<b>TOTAL EXPENSES</b>	<b>4,427,114</b>	<b>2,082,512</b>	<b>9,528,768</b>	<b>141,362</b>	<b>166,088</b>	<b>6,332,399</b>	<b>1,028,398</b>	<b>-</b>	<b>23,806,621</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 2,632,212</b>	<b>\$ 51,569</b>	<b>\$ (5,846,787)</b>	<b>\$ (139,157)</b>	<b>\$ (19,250)</b>	<b>\$ (1,459,252)</b>	<b>\$ 577,986</b>	<b>\$ 1,609,125</b>	<b>\$ (2,593,554)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year Ended December 31, 2018**

**11. BUDGET FIGURES**

The unaudited budget adopted for the current year was prepared on a fund basis, and has been amended to conform with the accounting and reporting standards adopted for the current year actual results. Town Council approved a balanced budget as required under the Municipal Act. The budget in the financial statements has been amended in order to comply with PSAB requirements to prepare the financial statements on a full accrual basis.

The following schedule provides additional detail regarding the 2018 unconsolidated municipal operating surplus.

**SUPPLEMENTARY MUNICIPAL INFORMATION**

	Municipal Budget 2018
<b>CONSOLIDATED ANNUAL SURPLUS (DEFICIT)</b>	<b>(2,457,743)</b>
Transfer (to) from municipal reserves	(4,259,479)
Transfer to unfunded liabilities	(1,057,377)
Municipal amortization	7,774,599
<b>MUNICIPAL SURPLUS (DEFICIT)</b>	<b>\$ -</b>

**12. PENSION AGREEMENTS**

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. 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, 2018. The results of this valuation disclosed total actuarial liabilities of \$99,058 million with respect to benefits accrued for service with actuarial assets at that date of \$94,867 million indicating an actuarial deficit of \$4,191 million. Because OMERS is a multi employer plan, any 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 Plan surplus or deficit.

The amount contributed to OMERS for 2018 was \$508,703 (2017 \$507,805) for current service and is included as an expense on the Consolidated Statement of Operations.

**13. COMPARATIVE FIGURES**

Certain 2017 amounts in these financial statements have been reclassified to conform with their presentation in 2018.

**THE CORPORATION OF THE TOWN OF GRAVENHURST  
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Schedule 1**

	Land and Land Improvements	Buildings	Machinery, Equipment and Furniture	Vehicles	Roads and Bridges	Storm Systems	Assets Under Construction	TOTAL 2018	TOTAL 2017
<b>COST</b>									
Balance, beginning of year	\$ 28,987,119	\$ 31,967,581	\$ 6,147,238	\$ 7,205,982	\$ 113,298,781	\$ 3,535,549	\$ 1,712,988	\$ 192,855,218	\$ 190,631,260
Additions and betterments	728,668	570,409	382,181	111,088	1,488,034	195,470	1,905,750	5,381,581	3,806,089
Allocation from Work in Progress	-	-	-	-	-	-	(1,280,488)	(1,280,488)	(1,033,340)
Disposals and writedowns	(281,773)	(24,951)	(185,236)	(102,172)	(1,153,265)	-	-	(1,747,397)	(648,771)
<b>BALANCE, END OF YEAR</b>	<b>29,434,014</b>	<b>32,513,039</b>	<b>6,344,183</b>	<b>7,214,879</b>	<b>113,633,530</b>	<b>3,731,019</b>	<b>2,338,250</b>	<b>195,208,914</b>	<b>192,855,218</b>
<b>ACCUMULATED AMORTIZATION</b>									
Balance, beginning of year	6,961,244	12,817,156	4,074,868	4,151,550	80,376,129	794,404	-	109,175,351	101,256,088
Annual amortization	734,127	1,341,721	446,837	483,650	4,719,216	49,048	-	7,774,599	8,524,923
Amortization disposals	(204,968)	(18,088)	(185,235)	(87,114)	(1,082,064)	-	-	(1,585,449)	(605,640)
<b>BALANCE, END OF YEAR</b>	<b>7,490,403</b>	<b>14,142,809</b>	<b>4,336,470</b>	<b>4,538,088</b>	<b>84,013,281</b>	<b>843,452</b>	<b>-</b>	<b>115,364,501</b>	<b>109,175,351</b>
<b>TANGIBLE CAPITAL ASSETS-NET</b>	<b>\$ 21,943,611</b>	<b>\$ 18,370,230</b>	<b>\$ 2,007,713</b>	<b>\$ 2,676,793</b>	<b>\$ 29,620,249</b>	<b>\$ 2,887,567</b>	<b>\$ 2,338,250</b>	<b>\$ 79,844,413</b>	<b>\$ 83,679,867</b>

**THE CORPORATION OF THE TOWN OF GRAVENHURST  
SUPPLEMENTARY UNAUDITED SCHEDULE OF SURPLUS**

2018

	2018	2017
<b>RESERVES AND RESERVE FUNDS</b>		
Working Capital	\$ 1,352,096	\$ 1,352,096
Tax Stabilization	799,272	517,518
Employee Benefit	345,101	291,426
Strategic Property	126,587	56,587
Elections	45,151	80,838
Accessibility	14,371	14,371
Hall of Fame	22,194	22,194
Community Improvement Plan	92,278	73,739
Planning	22,006	12,006
Fleet and Heavy Equipment	514,834	229,029
Furniture and Light Equipment	228,092	154,135
Information Systems and Technology	284,722	209,027
Facilities	1,525,271	1,194,578
Fire and Emergency Services	360,640	168,765
Infrastructure	1,167,263	1,328,995
Wharf Capital	472,734	326,215
Gravenhurst Public Library Board	38,055	37,352
Opera House Capital Improvements	36,880	22,373
Gravenhurst Business Improvement Area	21,479	29,415
Community Reinvestment	5,541,503	4,969,492
<b>TOTAL RESERVES AND RESERVE FUNDS</b>	<b>13,010,529</b>	<b>11,090,151</b>
<b>ENDOWMENTS</b>		
Henderson Endowment (Gravenhurst Public Library Board)	439,847	450,636
Terence Haight Endowment	975,070	979,575
<b>TOTAL ENDOWMENTS</b>	<b>1,414,917</b>	<b>1,430,211</b>
<b>OTHER</b>		
Tangible Capital Assets	79,844,413	83,679,867
General Operating Surplus(Deficit)	467,549	651,755
Amounts to be Recovered	(18,437,389)	(19,494,766)
<b>TOTAL OTHER</b>	<b>61,874,573</b>	<b>64,836,856</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 76,300,019</b>	<b>\$ 77,357,218</b>

# THE CORPORATION OF THE TOWN OF GRAVENHURST

## SUPPLEMENTARY UNAUDITED SCHEDULE OF INTERNAL FINANCING

### 2018

The Town of Gravenhurst finances some of their capital expenditures from their reserves as opposed to borrowing externally. The loans from reserves are interest bearing and have specific terms of repayment. Interest is calculated using Infrastructure Ontario lending rates for Municipalities.

The following are the existing loans in place at December 31, 2018:

Description	Amount Borrowed	Loan Due	Balance Due at the end of 2018	Balance Due at the end of 2017
2009 Sterling Plow Truck #46	88,782	2018	-	8,755
2009 Sterling Plow Truck #47	179,722	2018	-	17,016
2014 Ford F150 Truck #7	24,501	2018	-	6,310
2016 Hopkins Bridge Deck Replacement	32,185	2018	-	16,253
2016 Library Roof	54,034	2018	-	27,287
2016 Gateway Signage (Hwy 11)	26,545	2018	-	15,020
2003 Case 590 TR-11	101,430	2018	-	9,574
2004 Sterling Tandem Plow Truck #41	189,816	2019	15,074	31,694
2004 Sterling Tandem Plow Truck #42	189,816	2019	15,150	31,694
2004 Sterling Plow Truck #43	166,202	2019	17,645	32,440
2017 Slurry Seal	50,000	2019	25,287	-
2008 Pierce Contender Pumper - Fire Department	267,944	2020	43,115	68,314
2018 South Kahshe Dock Replacement	72,000	2020	54,616	-
2017 Franklin Park Improvements	185,030	2020	139,470	107,996
2016 Chevrolet Silverado	63,385	2021	32,326	48,011
2016 Infrastructure Radio Equipment	44,055	2021	22,468	33,369
2016 Infrastructure Gravel Roads Improvements	150,840	2021	76,927	114,253
2016 Peninsula Road Improvements	77,817	2021	39,686	58,942
2016 Chevrolet Silverado Truck #31	32,567	2021	16,609	24,668
2016 Chevrolet Silverado Truck #32	32,567	2021	16,609	24,668
2015 John Deer Loader	202,400	2021	103,222	153,306
2017 Case 590 Backhoe	170,420	2021	86,913	129,083
2017 Opera House Facade Improvements	60,000	2021	33,557	45,447
2008 Pierce Pumper - Fire Department	243,000	2021	60,727	82,309
2012 Terrastar Plow Truck #48	86,107	2021	26,971	35,738
2016 Kluey's Bay Dock	80,985	2021	51,449	51,449
2016 Pineridge Gate Storm Water Management	180,000	2021	97,666	145,424
2016 Muskoka Bay Storm Outfall	69,807	2021	42,718	56,398
2018 James Street Rehabilitation	87,149	2021	58,354	-
2018 Lifeguard Building Roof	130,078	2021	101,104	-
2018 Wharf Boardwalk	355,934	2021	326,420	-
2018 Macleans Sidewalk Plow	155,181	2021	117,712	-
2010 Pierce Pumper- Fire Department	399,943	2022	207,419	233,819
2018 Chevrolet Equinox - Truck #11	33,763	2023	33,763	-
2018 Mahindra Tractor	44,215	2023	44,215	-
2018 Chevrolet Silverado - Truck #17	33,093	2023	33,093	-
2018 Chevrolet Silverado - Truck #19	60,000	2023	60,000	-
2018 North Muldrew Lake Road	103,350	2023	103,350	-
2018 Bridge Works	50,000	2023	50,000	-
2018 Beau Creek Bridge Guide Rail	60,000	2023	60,000	-
2018 Kahshe River Bridge Barrier System	30,000	2023	30,000	-
2018 North Morrison Landing Improvements	200,000	2023	200,000	-
2014 International Plow Truck #50	243,223	2024	154,576	177,743
2014 Roof Repairs - Opera House - 295 Muskoka Rd S	156,870	2024	97,856	113,054
2014 Roof Repairs - Centennial Centre - 101 Centennial Dr	106,000	2024	76,393	86,887
2015 HVAC Repair -Opera House - 295 Muskoka Rd S	837,951	2025	638,789	681,823
2015 Roof Repairs - Discovery Centre - 275 Steamship Bay Rd	188,290	2025	134,128	151,803
2015 Streetlights - LED Conversion	470,107	2025	281,114	385,343
2015 Barkway Culvert replacement	125,277	2025	86,205	97,565
2015 Freightliner Plow Truck #51	219,100	2025	157,477	178,229
2015 Excavator EX-1	177,000	2025	127,562	144,372
2015 Refrigeration Project - Centennial Centre - 101 Centennial Dr	901,530	2026	630,491	700,810

2017 Greavette Street Storm Sewer	1,000,000	2027	884,819	-
2013 Accessibility Renovation - Terence Haight Carnegie Arts Centre - 275 Muskoka Rd S	749,184	2028	528,443	570,965
2018 Robinson Bridge	180,000	2028	180,000	-
2018 Capital Maintenance of HCB/LCB Roads	300,000	2028	300,000	-
2018 Sniders Bay Road Bridge	900,000	2028	900,000	-
2018 Kilworthy Road Reconstruction	137,000	2028	137,000	-
2013 Spartan Tanker - Fire Department	423,322	2029	326,697	351,633
2007 Muskoka Wharf Construction Project	6,266,238	2030	3,203,183	3,452,976
	<u>18,245,755</u>		<u>11,288,368</u>	<u>8,702,440</u>
	\$		\$	\$

**THE CORPORATION OF THE TOWN OF GRAVENHURST**  
**SUPPLEMENTARY FINANCIAL INFORMATION**  
**GRAVENHURST PUBLIC LIBRARY BOARD**

Condensed financial information in respect to Gravenhurst Public Library Board is provided below.

	Budget 2018 (Note 11)	Actual 2018	Actual 2017
<b>REVENUE</b>			
Provincial grants	35,777	41,304	43,298
Fines and fees	8,500	6,655	6,644
Other	14,100	11,158	10,927
<b>TOTAL REVENUE</b>	<b>58,377</b>	<b>59,117</b>	<b>60,869</b>
<b>EXPENSES</b>			
Wages and benefits	477,373	498,795	465,482
Materials and contracted services	209,125	188,435	199,178
Amortization	99,900	99,900	102,539
<b>TOTAL EXPENSES</b>	<b>786,398</b>	<b>787,130</b>	<b>767,199</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>(728,021)</b>	<b>(728,013)</b>	<b>(706,330)</b>