

**THE CORPORATION OF THE
TOWN OF GRAVENHURST
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019**

THE CORPORATION OF THE TOWN OF GRAVENHURST
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Independent Auditors' Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations and Accumulated Surplus	4
Consolidated Statement of Change in Net Financial Assets	5
Consolidated Statement of Cash Flow	6
Notes to the Consolidated Financial Statements	7 - 16
Schedule 1 - Consolidated Schedule of Tangible Capital Assets	17
Supplementary Unaudited Schedule of Surplus	18
Supplementary Financial Information - Gravenhurst Public Library Board	21



INDEPENDENT AUDITORS' REPORT

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, 2019, 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, 2019, 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.

Pahapill and Associates

Huntsville, Ontario
June 16, 2020


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, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 20,218,590	\$ 19,210,804
Accounts receivable, net of allowance of \$6,109 (2018 - \$10,829)	2,935,483	3,639,625
	23,154,073	22,850,429
LIABILITIES		
Accounts payable and accrued liabilities	3,961,093	4,615,233
Prepaid property taxes	1,768,131	1,648,356
Deferred revenue (Note 5)	2,638,867	2,114,792
Municipal debt (Note 6)	14,919,258	18,437,389
	23,287,349	26,815,770
NET FINANCIAL ASSETS (DEBT)	(133,276)	(3,965,341)
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 9, Schedule 1)	76,582,835	79,844,413
Inventories of supplies	121,854	140,695
Prepaid expenses	360,306	280,252
	77,064,995	80,265,360
ACCUMULATED SURPLUS	\$ 76,931,719	\$ 76,300,019

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, 2019

	Budget 2019 (Note 11)	Actual 2019	Actual 2018
REVENUE			
Property taxes	\$ 16,193,654	\$ 16,230,222	\$ 15,414,464
User fees	3,404,855	3,935,257	3,690,939
Government transfers	1,988,591	3,003,572	2,334,883
Other	567,400	812,912	636,027
TOTAL REVENUE	22,154,500	23,981,963	22,076,313
EXPENSES			
General government	4,233,946	4,895,641	4,248,364
Protection to persons and property	2,368,509	2,593,773	2,260,514
Transportation services	7,543,655	8,039,599	8,735,209
Environmental services	129,365	227,182	134,903
Health services	176,526	170,831	176,488
Recreation and culture	6,820,816	6,273,404	6,420,352
Planning and development	1,164,562	1,149,833	1,157,682
TOTAL EXPENSES	22,437,389	23,350,263	23,133,512
ANNUAL SURPLUS (DEFICIT)	(282,889)	631,700	(1,057,199)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	76,300,019	76,300,019	77,357,218
ACCUMULATED SURPLUS, END OF YEAR	\$ 76,017,130	\$ 76,931,719	\$ 76,300,019

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, 2019

	Budget 2019 (Note 11)	Actual 2019	Actual 2018
Annual surplus (deficit)	\$ (282,889)	\$ 631,700	\$ (1,057,199)
Acquisition of tangible capital assets	(4,691,206)	(4,691,206)	(5,381,581)
Amortization of tangible capital assets	6,151,887	6,151,887	7,774,599
Allocation from work in progress	1,655,250	1,655,250	1,280,488
Loss (gain) on sale of tangible capital assets	-	89,562	63,413
Proceeds on sale of tangible capital assets	-	56,085	98,535
Acquisition and consumption of supplies inventories	-	18,841	49,113
Use of prepaid expenses	-	(80,054)	11,323
Increase (decrease) in net financial assets	2,833,042	3,832,065	2,838,691
Net financial assets (debt), beginning of year	(3,965,341)	(3,965,341)	(6,804,032)
Net financial assets (debt), end of year	\$ (1,132,299)	\$ (133,276)	\$ (3,965,341)

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, 2019

	2019	2018
Operating transactions		
Annual surplus (deficit)	\$ 631,700	\$ (1,057,199)
Non-cash charges to operations:		
Amortization	6,151,887	7,774,599
Loss (gain) on sale of tangible capital assets	89,562	63,413
	6,873,149	6,780,813
Changes in non-cash assets and liabilities:		
Accounts receivable	704,142	(489,078)
Accounts payable and accrued liabilities	(654,140)	1,001,561
Prepaid property taxes	119,775	8,329
Deferred revenue-general	524,075	341,651
Inventories of supplies	18,841	49,113
Prepaid expenses	(80,054)	11,323
	632,639	922,899
Cash provided by operating transactions	7,505,788	7,703,712
Capital transactions		
Acquisition of tangible capital assets	(4,691,206)	(5,381,581)
Allocation from work in progress	1,655,250	1,280,488
Proceeds on disposal of tangible capital asset	56,085	98,535
Cash applied to capital transactions	(2,979,871)	(4,002,558)
Investing transactions		
Cash provided by investing transactions	-	-
Financing transactions		
Debt principal repayments	(3,518,131)	(1,057,377)
Cash applied to financing transactions	(3,518,131)	(1,057,377)
Net change in cash and cash equivalents	1,007,786	2,643,777
Cash and cash equivalents, beginning of year	19,210,804	16,567,027
Cash and cash equivalents, end of year	\$ 20,218,590	\$ 19,210,804
Cash flow supplementary information:		
Taxation and investment interest income received	\$ 940,525	\$ 739,042
Interest paid	746,582	803,100
Net interest received (paid)	\$ 193,943	\$ (64,058)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2019

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, 2019

(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, 2019

- (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:

	2019	2018
General Account	\$ 5,995,391	\$ 7,001,618
Petty Cash	1,410	1,410
Reserve Funds - Restricted		
Community Reinvestment	5,690,640	5,097,480
Discretionary Reserve Funds	5,055,713	4,078,950
Terence Haight Endowment	1,013,211	995,070
Henderson Endowment (Gravenhurst Public Library Board)	459,960	449,903
Other	49,251	49,251
Obligatory Reserve Funds - Restricted		
Development Charges	1,442,100	1,231,918
Parkland Dedication	277,733	237,744
Federal Gas Tax	233,181	67,460
	\$ 20,218,590	\$ 19,210,804

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2019

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:

	2019 School Boards	2019 District	2019 Total	2018 Total
Payable (receivable) at the beginning of the year	\$ (12,045)	\$ 111,692	\$ 99,647	\$ 288,477
Taxation and payments-in-lieu, net of adjustments	7,050,784	15,034,103	22,084,887	21,680,876
Remitted during the year	(7,038,739)	(15,265,865)	(22,304,604)	(21,869,706)
Payable (receivable) at the end of the year	\$ -	\$ (120,070)	\$ (120,070)	\$ 99,647

4. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$547,425 (2018 \$532,825) 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 2019 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	\$ 271,291	\$ 40,222	\$ 7,063	\$ -	\$ 318,576
Development charges	1,341,824	168,280	35,734	(175,363)	1,370,475
Building Code Act	272,394	-	7,033	-	279,427
Federal gas tax	229,283	764,584	4,369	(327,847)	670,389
	\$ 2,114,792	\$ 973,086	\$ 54,199	\$ (503,210)	\$ 2,638,867

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2019

6. MUNICIPAL DEBT

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

	2019	2018
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.	\$ 2,900,870	\$ 3,389,701
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
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.	5,337,115	5,488,515
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.	2,245,273	2,338,173
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.	4,436,000	4,621,000
	\$ 14,919,258	\$ 18,437,389

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

	Principal	Interest
2020	\$ 960,773	\$ 601,113
2021	1,006,406	556,065
2022	1,053,939	508,554
2023	1,104,084	457,743
2024	4,582,363	404,392
2025 onwards	6,211,693	2,117,000
	\$ 14,919,258	\$ 4,644,867

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

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

	2019	2018
Principal payments	\$ 3,518,130	\$ 1,057,377
Interest	746,582	803,100
	\$ 4,264,712	\$ 1,860,477

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 (2018 \$1,000,000) 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 2019-89, which authorizes \$3,100,000, of which NIL (2018 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 (2018 \$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, 2019

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, 2019

10. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2019

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Culture	Planning and Development	Unallocated Amounts	Consolidated
REVENUE									
Property taxes	\$ 7,289,806	\$ 1,234,615	\$ 3,012,700	\$ 2,500	\$ 115,155	\$ 3,382,347	\$ 1,060,631	\$ 132,468	\$ 16,230,222
User fees	412,986	790,154	973,291	-	52,600	1,189,537	516,689	-	3,935,257
Government transfers	41,910	-	967,825	-	-	38,459	19,978	1,935,400	3,003,572
Other	541,024	(7,033)	50,000	-	12,855	20,189	489,452	(293,575)	812,912
TOTAL REVENUE	8,285,726	2,017,736	5,003,816	2,500	180,610	4,630,532	2,086,750	1,774,293	23,981,963
EXPENSES									
Salaries, wages and benefits	2,111,523	1,704,493	1,685,480	61,398	112,617	1,754,465	893,751	-	8,323,727
Long-term debt charges (interest)	207,950	-	40,888	-	-	497,744	-	-	746,582
Operating expenses	2,288,321	593,686	2,455,364	111,419	57,063	2,371,485	250,728	-	8,128,066
Amortization	287,847	295,594	3,857,867	54,365	1,151	1,649,710	5,354	-	6,151,888
TOTAL EXPENSES	4,895,641	2,593,773	8,039,599	227,182	170,831	6,273,404	1,149,833	-	23,350,263
ANNUAL SURPLUS (DEFICIT)	\$ 3,390,085	\$ (576,037)	\$ (3,035,783)	\$ (224,682)	\$ 9,779	\$ (1,642,872)	\$ 936,917	\$ 1,774,293	\$ 631,700

THE CORPORATION OF THE TOWN OF GRAVENHURST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

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
REVENUE									
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
TOTAL REVENUE	7,607,957	2,064,040	3,813,394	32,500	188,678	4,987,246	1,685,157	1,697,341	22,076,313
EXPENSES									
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
TOTAL EXPENSES	4,248,364	2,260,514	8,735,209	134,903	176,488	6,420,352	1,157,682	-	23,133,512
ANNUAL SURPLUS (DEFICIT)	\$ 3,359,593	\$ (196,474)	\$ (4,921,815)	\$ (102,403)	\$ 12,190	\$ (1,433,106)	\$ 527,475	\$ 1,697,341	\$ (1,057,199)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 Year Ended December 31, 2019

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 2019 unconsolidated municipal operating surplus.

SUPPLEMENTARY MUNICIPAL INFORMATION

	Municipal Budget 2019
CONSOLIDATED ANNUAL SURPLUS (DEFICIT)	(282,889)
Transfer (to) from municipal reserves	(2,350,868)
Transfer to unfunded liabilities	(3,518,130)
Municipal amortization	6,151,887
MUNICIPAL SURPLUS (DEFICIT)	\$ -

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, 2019. The results of this valuation disclosed total actuarial liabilities of \$106,433 million with respect to benefits accrued for service with actuarial assets at that date of \$103,046 million indicating an actuarial deficit of \$3,397 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 2019 was \$519,537 (2018 \$508,703) for current service and is included as an expense on the Consolidated Statement of Operations.

**THE CORPORATION OF THE TOWN OF GRAVENHURST
 CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2019**

Schedule 1

	Land and Land Improvements	Buildings	Machinery, Equipment and Furniture	Vehicles	Roads and Bridges	Storm Systems	Assets Under Construction	TOTAL 2019	TOTAL 2018
COST									
Balance, beginning of year	\$ 29,434,014	\$ 32,513,039	\$ 6,344,183	\$ 7,214,879	\$ 113,633,530	\$ 3,731,019	\$ 2,338,250	\$ 195,208,914	\$ 192,855,218
Additions and betterments	120,843	662,825	576,515	948,124	527,614	566,879	1,288,606	4,661,206	5,381,581
Allocation from Work in Progress	-	-	-	-	-	-	(1,655,250)	(1,655,250)	(1,280,488)
Disposals and write-downs	(58,105)	(170,690)	(209,057)	(22,207)	(58,395)	(21,528)	-	(537,982)	(1,747,397)
BALANCE, END OF YEAR	29,498,552	33,005,174	6,711,641	8,140,786	114,102,749	4,276,370	1,971,606	197,706,888	195,208,914
ACCUMULATED AMORTIZATION									
Balance, beginning of year	7,490,403	14,142,809	4,336,470	4,538,086	84,013,281	643,452	-	115,364,501	109,175,351
Annual amortization	749,746	1,364,198	445,369	474,042	3,084,167	54,365	-	6,151,867	7,774,599
Amortization disposals	(3,860)	(108,324)	(209,057)	(22,207)	(37,957)	(10,930)	-	(392,335)	(1,585,449)
BALANCE, END OF YEAR	8,236,289	15,398,683	4,572,782	4,989,921	87,039,491	886,887	-	121,124,053	115,364,501
TANGIBLE CAPITAL ASSETS-NET	\$ 21,262,263	\$ 17,606,491	\$ 2,138,859	\$ 3,150,875	\$ 27,063,258	\$ 3,389,483	\$ 1,971,606	\$ 76,582,835	\$ 79,844,413

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

2019

	2019	2018
RESERVES AND RESERVE FUNDS		
Working Capital	\$ 1,352,096	\$ 1,352,096
Tax Stabilization	1,403,382	799,272
Employee Benefit	345,101	345,101
Strategic Property	181,587	126,587
Elections	63,185	45,151
Accessibility	14,371	14,371
Hall of Fame	22,194	22,194
Community Improvement Plan	96,160	92,278
Planning	28,138	22,006
Fleet and Heavy Equipment	395,751	514,834
Furniture and Light Equipment	215,996	228,092
Information Systems and Technology	380,021	284,722
Facilities	2,102,632	1,525,271
Fire and Emergency Services	103,372	360,640
Infrastructure	1,713,459	1,167,263
Wharf Capital	560,042	472,734
Gravenhurst Public Library Board	41,563	38,055
Opera House Capital Improvements	37,795	36,880
Gravenhurst Business Improvement Area	26,626	21,479
Community Reinvestment	4,721,767	5,541,503
TOTAL RESERVES AND RESERVE FUNDS	13,805,238	13,010,529
ENDOWMENTS		
Henderson Endowment (Gravenhurst Public Library Board)	449,694	439,847
Terence Haight Endowment	1,013,210	975,070
TOTAL ENDOWMENTS	1,462,904	1,414,917
OTHER		
Tangible Capital Assets	76,582,835	79,844,413
General Operating Surplus(Deficit)	-	467,549
Amounts to be Recovered	(14,919,258)	(18,437,389)
TOTAL OTHER	61,663,577	61,874,573
ACCUMULATED SURPLUS	\$ 76,931,719	\$ 76,300,019

THE CORPORATION OF THE TOWN OF GRAVENHURST

SUPPLEMENTARY UNAUDITED SCHEDULE OF INTERNAL FINANCING

2019

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, 2019:

Description	Amount Borrowed	Loan Due	Balance Due at the end of 2019	Balance Due at the end of 2018
2004 Sterling Tandem Plow Truck #41	189,816	2019	-	15,074
2004 Sterling Tandem Plow Truck #42	189,816	2019	-	15,150
2017 Slurry Seal	50,000	2019	-	25,287
2004 Sterling Plow Truck #43	166,202	2020	2,016	17,645
2008 Pierce Contender Pumper - Fire Department	267,944	2020	17,086	43,115
2018 South Kabshe Dock Replacement	72,000	2020	-	54,616
2017 Franklin Park Improvements	139,470	2020	47,422	139,470
2016 Chevrolet Silverado Truck #31	32,557	2020	8,387	16,609
2016 Chevrolet Silverado Truck #32	32,557	2020	8,387	16,609
2016 Chevrolet Silverado - Unit #7 - Fire	63,385	2020	16,324	32,326
2017 Opera House Facade Improvements	62,664	2020	16,946	33,557
2016 Infrastructure Radio Equipment	44,055	2020	11,346	22,468
2016 Infrastructure Gravel Roads Improvements	150,840	2020	38,848	76,927
2016 Peninsula Road Improvements	77,817	2020	20,041	39,686
2015 John Deer Loader	202,400	2020	52,127	103,222
2017 Case 590 Backhoe	170,420	2020	43,890	86,913
2008 Pierce Pumper - Fire Department	243,000	2021	38,655	60,727
2012 Terrastar Plow Truck #48	86,107	2021	18,093	26,971
2016 Kluey's Bay Dock	80,985	2021	34,641	51,449
2016 Pineridge Gate Storm Water Management	166,818	2021	65,759	97,666
2016 Muskoka Bay Storm Outfall	69,807	2021	28,762	42,718
2018 James Street Rehabilitation	87,149	2021	50,581	58,354
2018 Lifeguard Building Roof	130,078	2021	68,174	101,104
2018 Wharf Boardwalk	355,934	2021	293,394	326,420
2018 Macleans Sidewalk Plow	155,181	2021	79,373	117,712
2010 Pierce Pumper- Fire Department	399,943	2022	180,258	207,419
2018 Chevrolet Equinox - Truck #11	33,763	2023	27,377	33,763
2018 Mahindra Tractor	44,215	2023	35,828	44,215
2018 Chevrolet Silverado - Truck #17	33,093	2023	26,836	33,093
2018 Chevrolet Silverado - Truck #19	54,268	2023	32,630	60,000
2018 North Muldrew Lake Road	103,350	2023	83,640	103,350
2018 Kabshe River Bridge Barrier System	30,000	2023	24,335	30,000
2018 North Morrison Landing Improvements	200,000	2023	161,782	200,000
2014 International Plow Truck #50	243,223	2024	130,704	154,576
2014 Roof Repairs - Opera House - 295 Muskoka Rd S	156,870	2024	82,350	97,856
2014 Roof Repairs - Centennial Centre - 101 Centennial Dr	106,000	2024	66,123	76,393
2019 Municipal Office Boilers	74,545	2024	74,545	-
2019 Public Works Fuel System	70,000	2024	70,000	-
2019 Muskoka Beach Breakwall	120,000	2024	120,000	-
2019 Splash Pad Rehabilitation	87,040	2024	87,040	-
2019 Roads Sweeper SW2	351,548	2024	351,548	-
2015 HVAC Repair -Opera House - 295 Muskoka Rd S	837,951	2025	554,304	638,789
2015 Roof Repairs - Discovery Centre - 275 Steamship Bay Rd	188,290	2025	116,096	134,128
2015 Streetlights - LED Conversion	409,858	2025	243,935	281,114
2015 Barkway Culvert replacement	125,277	2025	74,616	86,205
2015 Freightliner Plow Truck #51	219,100	2025	136,306	157,477
2015 Excavator EX-1	177,000	2025	110,413	127,562
2015 Refrigeration Project - Centennial Centre - 101 Centennial Dr	901,530	2026	558,394	630,491
2017 Greavette Street Storm Sewer	1,000,000	2027	766,961	884,819
2013 Accessibility Renovation - Terence Haight Carnegie Arts Centre - 275 Muskoka Rd S	749,184	2028	480,223	528,443
2018 Capital Maintenance of HCB/LCB Roads	300,000	2028	273,267	300,000

2018 Sniders Bay Road Bridge	900,000	2028	819,623	900,000
2018 Kilworthy Road Reconstruction	137,000	2028	124,840	137,000
2018 Bridge Works	317,964	2028	281,540	290,000
2013 Spartan Tanker - Fire Department	423,322	2029	301,042	326,697
2019 Snowmobile Bridge Rehabilitation	240,000	2029	240,000	-
2019 Jones Road	568,822	2029	568,822	-
2019 Barkway Road	605,000	2029	605,000	-
2019 Franklin Park Dock	125,000	2029	125,000	-
2007 Muskoka Wharf Construction Project	6,266,238	2030	2,941,619	3,203,183
	<u>19,886,426</u>		<u>11,837,249</u>	<u>11,288,368</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 2019 (Note 11)	Actual 2019	Actual 2018
REVENUE			
Provincial grants	42,947	38,459	41,304
Fines and fees	8,500	6,568	6,655
Other	14,000	12,293	11,158
TOTAL REVENUE	65,447	57,320	59,117
EXPENSES			
Wages and benefits	520,000	521,456	498,795
Materials and contracted services	215,025	187,183	188,435
Amortization	106,612	106,612	99,900
TOTAL EXPENSES	841,637	815,251	787,130
ANNUAL SURPLUS (DEFICIT)	(776,190)	(757,931)	(728,013)