

**THE CORPORATION OF THE
TOWN OF GRAVENHURST
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020**

THE CORPORATION OF THE TOWN OF GRAVENHURST
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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, 2020, 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, 2020, 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
May 18, 2021

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, 2020

	2020	2019
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 21,580,823	\$ 20,218,590
Accounts receivable, net of allowance of \$21,955 (2019 - \$6,109)	3,243,223	2,935,483
	24,824,046	23,154,073
LIABILITIES		
Accounts payable and accrued liabilities	3,830,215	3,961,093
Prepaid property taxes	2,131,008	1,768,131
Deferred revenue (Note 5)	2,672,251	2,638,867
Municipal debt (Note 6)	13,958,486	14,919,258
	22,591,960	23,287,349
NET FINANCIAL ASSETS (DEBT)	2,232,086	(133,276)
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 9, Schedule 1)	77,030,801	76,582,835
Inventories of supplies	135,125	121,854
Prepaid expenses	380,338	360,306
	77,546,264	77,064,995
ACCUMULATED SURPLUS	\$ 79,778,350	\$ 76,931,719

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, 2020

	Budget 2020 (Note 11)	Actual 2020	Actual 2019
REVENUE			
Property taxes	\$ 16,943,321	\$ 16,964,694	\$ 16,230,222
User fees	3,374,309	3,009,720	3,935,257
Government transfers	2,024,147	2,960,231	3,003,572
Other	544,935	969,453	812,912
TOTAL REVENUE	22,886,712	23,904,098	23,981,963
EXPENSES			
General government	4,218,352	4,595,223	4,895,641
Protection to persons and property	2,409,491	2,487,211	2,593,773
Transportation services	7,753,855	7,373,146	8,039,599
Environmental services	142,716	149,638	227,182
Health services	170,124	147,686	170,831
Recreation and culture	6,766,807	5,085,807	6,273,404
Planning and development	1,331,225	1,218,756	1,149,833
TOTAL EXPENSES	22,792,570	21,057,467	23,350,263
ANNUAL SURPLUS (DEFICIT)	94,142	2,846,631	631,700
ACCUMULATED SURPLUS, BEGINNING OF YEAR	76,931,719	76,931,719	76,300,019
ACCUMULATED SURPLUS, END OF YEAR	\$ 77,025,861	\$ 79,778,350	\$ 76,931,719

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, 2020

	Budget 2020 (Note 11)	Actual 2020	Actual 2019
Annual surplus (deficit)	\$ 94,142	\$ 2,846,631	\$ 631,700
Acquisition of tangible capital assets	(7,961,873)	(7,961,873)	(4,691,206)
Amortization of tangible capital assets	6,275,999	6,275,999	6,151,887
Allocation from work in progress	1,150,415	1,150,415	1,655,250
Loss (gain) on sale of tangible capital assets	-	32,584	89,562
Proceeds on sale of tangible capital assets	-	54,909	56,085
Acquisition and consumption of supplies inventories	-	(13,271)	18,841
Use of prepaid expenses	-	(20,032)	(80,054)
Increase (decrease) in net financial assets	(441,317)	2,365,362	3,832,065
Net financial assets (debt), beginning of year	(133,276)	(133,276)	(3,965,341)
Net financial assets (debt), end of year	\$ (574,593)	\$ 2,232,086	\$ (133,276)

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, 2020

	2020	2019
Operating transactions		
Annual surplus (deficit)	\$ 2,846,631	\$ 631,700
Non-cash charges to operations:		
Amortization	6,275,999	6,151,887
Loss (gain) on sale of tangible capital assets	32,584	89,562
	9,155,214	6,873,149
Changes in non-cash assets and liabilities:		
Accounts receivable	(307,740)	704,142
Accounts payable and accrued liabilities	(130,878)	(654,140)
Prepaid property taxes	362,877	119,775
Deferred revenue-general	33,384	524,075
Inventories of supplies	(13,271)	18,841
Prepaid expenses	(20,032)	(80,054)
	(75,660)	632,639
Cash provided by operating transactions	9,079,554	7,505,788
Capital transactions		
Acquisition of tangible capital assets	(7,961,873)	(4,691,206)
Allocation from work in progress	1,150,415	1,655,250
Proceeds on disposal of tangible capital asset	54,909	56,085
Cash applied to capital transactions	(6,756,549)	(2,979,871)
Investing transactions		
Cash provided by investing transactions	-	-
Financing transactions		
Debt principal repayments	(960,772)	(3,518,131)
Cash applied to financing transactions	(960,772)	(3,518,131)
Net change in cash and cash equivalents	1,362,233	1,007,786
Cash and cash equivalents, beginning of year	20,218,590	19,210,804
Cash and cash equivalents, end of year	\$ 21,580,823	\$ 20,218,590
Cash flow supplementary information:		
Taxation and investment interest income received	\$ 615,170	\$ 940,525
Interest paid	594,064	746,582
Net interest received (paid)	\$ 21,106	\$ 193,943

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

THE CORPORATION OF THE TOWN OF GRAVENHURST

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2020

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.

(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.

THE CORPORATION OF THE TOWN OF GRAVENHURST

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2020

(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, 2020 consists of the following:

	2020	2019
General Account	\$ 6,843,250	\$ 5,995,391
Petty Cash	1,410	1,410
Reserve Funds - Restricted		
Community Reinvestment	4,816,150	5,690,640
Discretionary Reserve Funds	5,976,346	5,055,713
Terence Haight Endowment	1,030,895	1,013,211
Henderson Endowment (Gravenhurst Public Library Board)	468,060	459,960
Other	49,251	49,251
Obligatory Reserve Funds - Restricted		
Development Charges	1,388,189	1,442,100
Parkland Dedication	322,617	277,733
Federal Gas Tax	684,655	233,181
	\$ 21,580,823	\$ 20,218,590

THE CORPORATION OF THE TOWN OF GRAVENHURST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2020

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:

	2020 School Boards	2020 District	2020 Total	2019 Total
Payable (receivable) at the beginning of the year	\$ -	\$ (120,070)	\$ (120,070)	\$ 99,647
Taxation and payments-in-lieu, net of adjustments	6,959,191	15,403,970	22,363,161	22,084,887
Remitted during the year	(6,959,191)	(15,283,900)	(22,243,091)	(22,304,604)
Payable (receivable) at the end of the year	\$ -	\$ -	\$ -	\$ (120,070)

4. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$569,932 (2019 \$547,425) 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 2020 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	\$ 318,576	\$ 71,435	\$ 3,721	\$ (220,440)	\$ 173,292
Development charges	1,370,475	267,186	15,919	(101,606)	1,551,974
Building Code Act	279,427	36,225	4,636	(35,387)	284,901
Federal gas tax	670,389	373,469	14,625	(396,399)	662,084
	\$ 2,638,867	\$ 748,315	\$ 38,901	\$ (753,832)	\$ 2,672,251

THE CORPORATION OF THE TOWN OF GRAVENHURST

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2020

6. MUNICIPAL DEBT

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

	2020	2019
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.	\$ 2,383,854	\$ 2,900,870
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.	5,179,783	5,337,115
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.	2,148,849	2,245,273
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.	4,246,000	4,436,000
	\$ 13,958,486	\$ 14,919,258

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

	Principal	Interest
2021	\$ 1,006,406	\$ 556,065
2022	1,054,139	508,354
2023	1,104,084	457,743
2024	4,582,363	404,392
2025	306,827	236,022
2026 onwards	5,904,667	1,881,178
	\$ 13,958,486	\$ 4,043,754

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

	2020	2019
Principal payments	\$ 960,773	\$ 3,518,130
Interest	601,113	764,650
	\$ 1,561,886	\$ 4,282,780

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 (2019 \$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 2020-066, which authorizes \$3,100,000, of which NIL (2019 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 (2019 \$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, 2020

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, 2020

10. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2020

	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	\$ 7,870,183	\$ 1,301,140	\$ 3,074,054	\$ 58,000	\$ 112,455	\$ 3,368,671	\$ 1,158,818	\$ 21,373	\$ 16,964,694
User fees	313,748	971,337	683,274	-	73,605	301,285	666,471	-	3,009,720
Government transfers	11,687	-	909,461	-	-	49,103	49,280	1,940,700	2,960,231
Other	363,925	(5,473)	450,292	-	7,574	204,001	257,517	(308,383)	969,453
TOTAL REVENUE	8,559,543	2,267,004	5,117,081	58,000	193,634	3,923,060	2,132,086	1,653,690	23,904,098
EXPENSES									
Salaries, wages and benefits	2,070,657	1,629,527	1,625,033	28,269	120,491	1,425,131	1,040,408	-	7,939,516
Long-term debt charges (interest)	83,524	-	34,687	-	-	475,853	-	-	594,064
Operating expenses	2,147,697	585,533	1,774,251	63,153	25,646	1,482,572	175,960	-	6,254,812
Amortization	293,345	272,151	3,939,175	58,216	1,549	1,702,251	2,388	-	6,269,075
TOTAL EXPENSES	4,595,223	2,487,211	7,373,146	149,638	147,686	5,085,807	1,218,756	-	21,057,467
ANNUAL SURPLUS (DEFICIT)	\$ 3,964,320	\$ (220,207)	\$ (2,256,065)	\$ (91,638)	\$ 45,948	\$ (1,162,747)	\$ 913,330	\$ 1,653,690	\$ 2,846,631

THE CORPORATION OF THE TOWN OF GRAVENHURST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2020

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2020

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 2020 unconsolidated municipal operating surplus.

SUPPLEMENTARY MUNICIPAL INFORMATION

	Municipal Budget 2020
CONSOLIDATED ANNUAL SURPLUS (DEFICIT)	94,142
Transfer (to) from municipal reserves	(5,409,369)
Transfer to unfunded liabilities	(960,772)
Municipal amortization	6,275,999
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, 2020. The results of this valuation disclosed total actuarial liabilities of \$111,820 million with respect to benefits accrued for service with actuarial assets at that date of \$108,609 million indicating an actuarial deficit of \$3,211 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 2020 was \$546,040 (2019 \$519,537) for current service and is included as an expense on the Consolidated Statement of Operations.

13. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As at December 31, 2020, the municipality is not aware of changes in its operations as a result of the COVID-19 crisis.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the municipality's operations as at the date of the financial statements.

**THE CORPORATION OF THE TOWN OF GRAVENHURST
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Schedule 1

	Land and Land Improvements	Buildings	Machinery, Equipment and Furniture	Vehicles	Roads and Bridges	Storm Systems	Assets Under Construction	TOTAL 2020	TOTAL 2019
COST									
Balance, beginning of year	\$ 29,498,552	\$ 33,005,174	\$ 6,711,641	\$ 8,140,796	\$ 114,102,749	\$ 4,276,370	\$ 1,971,606	\$ 197,706,888	\$ 195,208,914
Additions and betterments	303,129	669,503	723,575	1,012,416	1,915,132	-	3,338,118	7,961,873	4,691,206
Allocation from Work in Progress	-	-	-	-	-	-	(1,150,415)	(1,150,415)	(1,655,250)
Disposals and write-downs	(96,218)	(301,709)	(192,473)	(461,897)	(2,936,905)	-	-	(3,989,202)	(537,982)
BALANCE, END OF YEAR	29,705,463	33,372,968	7,242,743	8,691,315	113,080,976	4,276,370	4,159,309	200,529,144	197,706,888
ACCUMULATED AMORTIZATION									
Balance, beginning of year	8,236,289	15,398,683	4,572,782	4,989,921	87,039,491	866,887	-	121,124,053	115,364,501
Annual amortization	760,617	1,390,998	425,831	504,963	3,135,374	58,216	-	6,275,999	6,151,887
Amortization disposals	(83,105)	(258,780)	(178,243)	(444,676)	(2,838,905)	-	-	(3,901,709)	(392,335)
BALANCE, END OF YEAR	8,913,801	16,530,901	4,820,370	5,050,208	87,237,960	945,103	-	123,498,343	121,124,053
TANGIBLE CAPITAL ASSETS-NET	\$ 20,791,662	\$ 16,842,067	\$ 2,422,373	\$ 3,641,107	\$ 25,843,016	\$ 3,331,267	\$ 4,159,309	\$ 77,030,801	\$ 76,582,835

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

2020

	2020	2019
RESERVES AND RESERVE FUNDS		
Working Capital	\$ 1,352,096	\$ 1,352,096
Tax Stabilization	1,866,786	1,403,382
Employee Benefit	319,595	345,101
Strategic Property	181,587	181,587
Elections	82,832	63,185
Accessibility	14,371	14,371
Hall of Fame	22,194	22,194
Community Improvement Plan	132,708	96,160
Planning	108,138	28,138
Fleet and Heavy Equipment	218,491	395,751
Furniture and Light Equipment	172,273	215,996
Information Systems and Technology	297,259	380,021
Facilities	2,050,116	2,102,632
Fire and Emergency Services	314,099	103,372
Infrastructure	2,479,458	1,713,459
Wharf Capital	647,759	560,042
Gravenhurst Public Library Board	42,253	41,563
Opera House Capital Improvements	39,439	37,795
Gravenhurst Business Improvement Area	52,354	26,626
Community Reinvestment	4,855,434	4,721,767
TOTAL RESERVES AND RESERVE FUNDS	15,249,242	13,805,238
ENDOWMENTS		
Henderson Endowment (Gravenhurst Public Library Board)	427,678	449,694
Terence Haight Endowment	1,029,115	1,013,210
TOTAL ENDOWMENTS	1,456,793	1,462,904
OTHER		
Tangible Capital Assets	77,030,801	76,582,835
Amounts to be Recovered	(13,958,486)	(14,919,258)
TOTAL OTHER	63,072,315	61,663,577
ACCUMULATED SURPLUS	\$ 79,778,350	\$ 76,931,719

THE CORPORATION OF THE TOWN OF GRAVENHURST

SUPPLEMENTARY UNAUDITED SCHEDULE OF INTERNAL FINANCING

2020

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, 2020:

Description	Amount Borrowed	Loan Due	Balance Due at the end of 2020	Balance Due at the end of 2019
2004 Sterling Plow Truck #43	166,202	2020	-	2,016
2008 Pierce Contender Pumper - Fire Department	267,944	2020	-	17,086
2017 Franklin Park Improvements	139,470	2020	-	47,422
2016 Chevrolet Silverado Truck #31	32,567	2020	-	8,387
2016 Chevrolet Silverado Truck #32	32,567	2020	-	8,387
2016 Chevrolet Silverado - Unit #7 - Fire	63,385	2020	-	16,324
2017 Opera House Facade Improvements	62,664	2020	-	16,946
2016 Infrastructure Radio Equipment	44,055	2020	-	11,346
2016 Infrastructure Gravel Roads Improvements	150,840	2020	-	38,848
2016 Peninsula Road Improvements	77,817	2020	-	20,041
2015 John Deer Loader	202,400	2020	-	52,127
2017 Case 590 Backhoe	170,420	2020	-	43,890
2008 Pierce Pumper - Fire Department	243,000	2021	16,082	38,655
2012 Terrastar Plow Truck #48	86,107	2021	9,103	18,093
2016 Kluey's Bay Dock	80,985	2021	17,494	34,641
2016 Pineridge Gate Storm Water Management	166,818	2021	33,208	65,759
2016 Muskoka Bay Storm Outfall	69,807	2021	14,525	28,762
2018 Lifeguard Building Roof	130,078	2021	34,479	68,174
2018 Macleans Sidewalk Plow	155,181	2021	40,142	79,373
2018 Chevrolet Equinox - Truck #11	33,763	2023	20,813	27,377
2018 Mahindra Tractor	44,215	2023	27,231	35,828
2018 Chevrolet Silverado - Truck #17	33,093	2023	20,402	26,836
2018 Chevrolet Silverado - Truck #19	54,268	2023	33,404	32,630
2018 North Muldrew Lake Road	103,350	2023	63,542	83,640
2018 North Morrison Landing Improvements	200,000	2023	123,292	161,782
2018 Kahshe River Bridge Barrier System	30,000	2024	18,494	24,335
2014 International Plow Truck #50	243,223	2024	106,106	130,704
2014 Roof Repairs - Opera House - 295 Muskoka Rd S	156,870	2024	66,532	82,350
2014 Roof Repairs - Centennial Centre - 101 Centennial Dr	106,000	2024	55,646	66,123
2019 Municipal Office Boilers	74,545	2024	26,349	74,545
2019 Public Works Fuel System	70,000	2024	56,636	70,000
2019 Muskoka Beach Breakwall	120,000	2024	97,090	120,000
2019 Splash Pad Rehabilitation	87,040	2024	70,423	87,040
2019 Roads Sweeper SW2	351,548	2024	234,432	351,548
2015 HVAC Repair -Opera House - 295 Muskoka Rd S	837,951	2025	438,822	554,304
2015 Roof Reparis - Discovery Centre - 275 Steamship Bay Rd	188,290	2025	97,700	116,096
2015 Streetlights - LED Conversion	409,868	2025	205,804	243,935
2015 Barkway Culvert replacement	125,277	2025	62,793	74,616
2015 Freightliner Plow Truck #51	219,100	2025	114,708	136,306
2015 Excavator EX-1	177,000	2025	92,918	110,413
2018 James Street Rehabilitation	87,149	2025	42,628	50,581
2010 Pierce Pumper- Fire Department	399,943	2025	152,311	180,258
2020 Jones Rd	90,000	2025	90,000	-
2020 South Morrison Lake - Evanswood to Green Place Rd	146,000	2025	146,000	-
2020 Conservation Rd	235,000	2025	235,000	-
2017 Greavette Street Storm Sewer	1,023,727	2026	793,365	766,961
2018 Wharf Boardwalk	355,934	2027	259,601	293,394
2013 Accessibility Renovation - Terence Haight Carnegie Arts Centre - 275 Muskoka Rd S	749,184	2028	431,029	480,223
2018 Capital Maintenance of HCB/LCB Roads	300,000	2028	246,402	273,267
2018 Sniders Bay Road Bridge	900,000	2028	-	819,623
2018 Kilworthy Road Reconstruction	137,000	2028	112,573	124,840
2018 Bridge Works	317,964	2028	253,955	281,540

2015 Refrigeration Project - Centennial Centre - 101 Centennial Dr	901,530	2029	484,474	558,394
2013 Spartan Tanker - Fire Department	423,322	2029	274,645	301,042
2019 Snowmobile Bridge Rehabilitation	240,000	2029	121,269	240,000
2019 Jones Road	568,822	2029	518,117	568,822
2019 Barkway Road	605,000	2029	551,070	605,000
2019 Franklin Park Dock	125,000	2029	113,857	125,000
2020 Barkway Culvert - 900mm drainage culvert	200,000	2029	200,000	-
2020 Barkway Road Improvement	446,045	2029	446,045	-
2020 Hopkins Bridge Replacement	385,000	2029	385,000	-
2020 Sparrow Lake Rte D - Elderberry to Sparrow D	300,000	2029	300,000	-
2020 Sparrow Lake Rte D - Elderberry to Southwood	535,000	2029	535,000	-
2020 Tandem Plow	335,000	2029	335,000	-
2007 Muskoka Wharf Construction Project	6,266,238	2030	2,667,729	2,941,619
	<u>\$ 22,080,566</u>		<u>\$ 11,893,240</u>	<u>\$ 11,837,249</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 2020 (Note 11)	Actual 2020	Actual 2019
REVENUE			
Provincial grants	44,947	39,214	38,459
Fines and fees	8,500	1,631	6,568
Other	14,500	6,307	12,293
TOTAL REVENUE	67,947	47,152	57,320
EXPENSES			
Wages and benefits	564,000	436,051	521,456
Materials and contracted services	222,825	193,081	187,183
Amortization	95,588	95,588	106,612
TOTAL EXPENSES	882,413	724,720	815,251
ANNUAL SURPLUS (DEFICIT)	(814,466)	(677,568)	(757,931)