

**THE CORPORATION OF THE  
TOWN OF GRAVENHURST  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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, 2022, 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, 2022, 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 Professional 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 20, 2023

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, 2022**

	2022	2021
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 15,714,730	\$ 20,982,155
Accounts receivable, net of allowance of \$24,440 (2021 - \$24,440)	3,524,220	3,251,854
Long-term investments (Note 3)	12,096,114	2,800,747
	<b>31,335,064</b>	<b>27,034,756</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	6,601,020	3,229,248
Prepaid property taxes	2,227,875	2,000,353
Deferred revenue (Note 6)	4,136,256	3,992,235
Municipal debt (Note 7)	11,897,941	12,952,080
	<b>24,863,092</b>	<b>22,173,916</b>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>6,471,972</b>	<b>4,860,840</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net (Note 11, Schedule 1)	79,181,925	77,840,843
Inventories of supplies	141,929	120,086
Prepaid expenses	547,636	464,050
	<b>79,871,490</b>	<b>78,424,979</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 86,343,462</b>	<b>\$ 83,285,819</b>

CONTINGENT LIABILITIES (Note 9)

COMMITMENTS (Note 10)

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, 2022**

	Budget 2022 (Note 13)	Actual 2022	Actual 2021
<b>REVENUE</b>			
Property taxes	\$ 17,788,977	\$ 18,168,473	\$ 17,392,267
User fees	3,231,502	4,581,044	4,002,013
Government transfers	2,004,200	2,656,643	3,208,739
Other	727,463	1,462,063	55,358
<b>TOTAL REVENUE</b>	<b>23,752,142</b>	<b>26,868,223</b>	<b>24,658,377</b>
<b>EXPENSES</b>			
General government	4,733,415	5,643,960	4,510,151
Protection to persons and property	2,695,861	2,652,699	2,537,009
Transportation services	7,656,087	7,955,087	7,313,259
Environmental services	143,355	138,475	185,796
Health services	190,348	208,710	189,555
Recreation and culture	6,385,723	6,022,634	5,242,297
Planning and development	1,337,819	1,189,015	1,172,841
<b>TOTAL EXPENSES</b>	<b>23,142,608</b>	<b>23,810,580</b>	<b>21,150,908</b>
<b>ANNUAL SURPLUS</b>	<b>609,534</b>	<b>3,057,643</b>	<b>3,507,469</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>83,285,819</b>	<b>83,285,819</b>	<b>79,778,350</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 83,895,353</b>	<b>\$ 86,343,462</b>	<b>\$ 83,285,819</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, 2022**

	Budget 2022 (Note 13)	Actual 2022	Actual 2021
<b>Annual surplus (deficit)</b>	\$ 609,534	\$ 3,057,643	\$ 3,507,469
Acquisition of tangible capital assets	(10,973,184)	(10,973,184)	(8,483,492)
Amortization of tangible capital assets	6,019,546	6,019,546	6,040,318
Allocation from work in progress	3,444,789	3,444,789	1,538,151
Loss (gain) on sale of tangible capital assets	-	84,821	65,554
Proceeds on sale of tangible capital assets	-	82,946	29,427
Acquisition and consumption of supplies inventories	-	(21,843)	15,039
Use of prepaid expenses	-	(83,586)	(83,712)
<b>Increase (decrease) in net financial assets</b>	<b>(899,315)</b>	<b>1,611,132</b>	<b>2,628,754</b>
<b>Net financial assets (debt), beginning of year</b>	<b>4,860,840</b>	<b>4,860,840</b>	<b>2,232,086</b>
<b>Net financial assets (debt), end of year</b>	<b>\$ 3,961,525</b>	<b>\$ 6,471,972</b>	<b>\$ 4,860,840</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, 2022**

	2022	2021
<b>Operating transactions</b>		
Annual surplus	\$ 3,057,643	\$ 3,507,469
Non-cash charges to operations:		
Amortization	6,019,546	6,040,318
Loss on sale of tangible capital assets	84,821	65,554
	<b>9,162,010</b>	<b>9,613,341</b>
Changes in non-cash assets and liabilities:		
Accounts receivable	(272,366)	(8,631)
Accounts payable and accrued liabilities	3,371,772	(600,967)
Prepaid property taxes	227,522	(130,655)
Deferred revenue	144,021	1,319,984
Inventories of supplies	(21,843)	15,039
Prepaid expenses	(83,586)	(83,712)
	<b>3,365,520</b>	<b>511,058</b>
<b>Cash provided by operating transactions</b>	<b>12,527,530</b>	<b>10,124,399</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(10,973,184)	(8,483,492)
Allocation from work in progress	3,444,789	1,538,151
Proceeds on disposal of tangible capital asset	82,946	29,427
<b>Cash applied to capital transactions</b>	<b>(7,445,449)</b>	<b>(6,915,914)</b>
<b>Investing transactions</b>		
(Increase) decrease in investments	(9,295,367)	1,021,665
<b>Cash provided by investing transactions</b>	<b>(9,295,367)</b>	<b>1,021,665</b>
<b>Financing transactions</b>		
Debt principal repayments	(1,054,139)	(1,006,406)
<b>Cash applied to financing transactions</b>	<b>(1,054,139)</b>	<b>(1,006,406)</b>
<b>Net change in cash and cash equivalents</b>	<b>(5,267,425)</b>	<b>3,223,744</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>20,982,155</b>	<b>17,758,411</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 15,714,730</b>	<b>\$ 20,982,155</b>
<b>Cash flow supplementary information:</b>		
Taxation and investment interest income received	\$ 1,113,543	\$ 732,272
Interest paid	500,865	549,011
<b>Net interest received</b>	<b>\$ 612,678</b>	<b>\$ 183,261</b>

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



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year Ended December 31, 2022

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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, 2022

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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) Investments**

Investments consisting of government and corporate bonds, money market funds and guaranteed investment certificates are carried at cost. Interest income is recognized when received or receivable.

**(iv) 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.

**(v) 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.

**(vi) 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, 2022

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- (vii) 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.
- (viii) 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.
- (ix) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2022

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for bank account balances as of December 31, 2022 consists of the following:

	2022	2021
General Account	\$ 8,281,989	\$ 8,085,730
Reserve Funds - Restricted		
Discretionary Reserve Funds	2,951,838	9,217,451
Terence Haight Endowment	809,357	867,950
Henderson Endowment (Gravenhurst Public Library Board)	348,472	352,112
Other	-	49,251
Obligatory Reserve Funds - Restricted		
Development Charges	1,919,179	1,566,183
Parkland Dedication	214,066	175,040
Canada Community-Building Fund	1,189,829	668,438
	<b>\$ 15,714,730</b>	<b>\$ 20,982,155</b>

3. LONG-TERM INVESTMENTS

Long-term investments as of December 31, 2022 consist of the following:

	2022	2021
Discretionary Reserve Funds - Restricted		
Guaranteed Investment Certificate, 4.65%, September 13, 2025	\$ 3,650,449	\$ -
Guaranteed Investment Certificate, 5.07%, November 22, 2027	402,091	-
Guaranteed Investment Certificate, 5.00%, November 22, 2027	1,005,298	-
Bank Principal Protected Note, December 7, 2029	3,000,000	-
One Investment Program - Canadian Equity Fund	3,688,406	2,528,031
Terence Haight Endowment - Restricted		
One Investment Program - Canadian Equity Fund	247,982	185,967
Henderson Endowment (Gravenhurst Public Library Board) - Restricted		
One Investment Program - Canadian Equity Fund	101,888	86,749
	<b>\$ 12,096,114</b>	<b>\$ 2,800,747</b>

Investments have a market value of \$12,708,661 (2021 - \$3,913,264) at the end of the year. The One Investment Program is held for the purposes of meeting long-term capital obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

4. 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:

	2022 School Boards	2022 District	2022 Total	2021 Total
Payable (receivable) at the beginning of the year	\$ -	\$ -	\$ -	\$ -
Taxation and payments-in-lieu, net of adjustments	6,812,430	16,521,882	23,334,312	22,817,128
Remitted during the year	(6,812,430)	(16,521,882)	(23,334,312)	(22,817,128)
<b>Payable (receivable) at the end of the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

5. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$615,410 (2021 \$588,768) 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.

6. DEFERRED REVENUE

The 2022 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	\$ 208,765	\$ 60,349	\$ 5,301	\$ -	\$ 274,415
Development charges	1,871,660	514,320	47,519	(1,184,200)	1,249,299
Building Code Act	750,410	475,155	33,247	(88,139)	1,170,673
Canada Community- Building Fund	1,161,400	390,445	28,430	(138,406)	1,441,869
	<b>\$ 3,992,235</b>	<b>\$ 1,440,269</b>	<b>\$ 114,497</b>	<b>\$(1,410,745)</b>	<b>\$ 4,136,256</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2022

7. MUNICIPAL DEBT

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

	2022	2021
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.	\$ 1,258,673	\$ 1,837,028
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.	4,846,388	5,016,288
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.	1,944,880	2,048,764
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.	3,848,000	4,050,000
	<b>\$ 11,897,941</b>	<b>\$ 12,952,080</b>

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

	Principal	Interest
2023	\$ 1,104,084	\$ 457,743
2024	4,582,363	404,392
2025	306,827	236,022
2026	318,705	224,144
2027	331,044	211,806
2028 onwards	5,254,918	1,445,228
	<b>\$ 11,897,941</b>	<b>\$ 2,979,335</b>

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

	2022	2021
Principal payments	\$ 1,054,139	\$ 1,006,406
Interest	500,865	549,011
	<b>\$ 1,555,004</b>	<b>\$ 1,555,417</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year Ended December 31, 2022

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**8. 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 (2021 \$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 2022-122, which authorizes \$3,100,000, of which NIL (2021 NIL) was used at the end of the year.

**9. 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.

**10. COMMITMENTS**

During the prior year, the Town entered into a five year service agreement for a Cloudpermit Building Module. Four years remain on this agreement which has annual costs of \$26,000 per year.

**11. 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 (2021 \$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, 2022

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### 12. 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 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, Muskoka Steamships ticket office and Discovery Centre, and the Terence Haight-Carnegie Centre (Gravenhurst Chamber of Commerce).

#### 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, 2022

### 12. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2022

	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	\$ 8,280,269	\$ 1,364,484	\$ 3,182,567	\$ 58,000	\$ 106,870	\$ 3,568,993	\$ 1,094,794	\$ 512,496	\$ 18,168,473
User fees	365,018	1,527,546	944,862	-	99,835	767,378	876,405	-	4,581,044
Government transfers	136,261	3,785	319,692	-	-	225,205	7,500	1,964,200	2,656,643
Other	669,214	477,090	11,351	-	15,655	217,426	516,911	(445,584)	1,462,063
<b>TOTAL REVENUE</b>	<b>9,450,762</b>	<b>3,372,905</b>	<b>4,458,472</b>	<b>58,000</b>	<b>222,360</b>	<b>4,779,002</b>	<b>2,495,610</b>	<b>2,031,112</b>	<b>26,868,223</b>
<b>EXPENSES</b>									
Salaries, wages and benefits	2,228,177	1,812,362	1,792,588	27,792	118,930	1,837,836	994,103	-	8,811,788
Long-term debt charges (interest)	76,066	-	21,193	-	-	403,606	-	-	500,865
Operating expenses	2,967,173	535,760	2,421,908	51,827	71,422	2,243,307	186,984	-	8,478,381
Amortization	372,544	304,577	3,719,398	58,856	18,358	1,537,885	7,928	-	6,019,546
<b>TOTAL EXPENSES</b>	<b>5,643,960</b>	<b>2,652,699</b>	<b>7,955,087</b>	<b>138,475</b>	<b>208,710</b>	<b>6,022,634</b>	<b>1,189,015</b>	<b>-</b>	<b>23,810,580</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 3,806,802</b>	<b>\$ 720,206</b>	<b>\$ (3,496,615)</b>	<b>\$ (80,475)</b>	<b>\$ 13,650</b>	<b>\$ (1,243,632)</b>	<b>\$ 1,306,595</b>	<b>\$ 2,031,112</b>	<b>\$ 3,057,643</b>

# THE CORPORATION OF THE TOWN OF GRAVENHURST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

### 12. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2021

	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	\$ 7,871,515	\$ 1,343,562	\$ 3,129,407	\$ 60,500	\$ 122,455	\$ 3,589,975	\$ 1,136,999	\$ 137,854	\$ 17,392,267
User fees	351,560	1,453,178	730,278	-	77,245	436,837	952,915	-	4,002,013
Government transfers	-	7,600	1,206,645	-	-	42,894	-	1,951,600	3,208,739
Other	453,867	(397,973)	-	-	5,314	191,772	336,686	(534,308)	55,358
<b>TOTAL REVENUE</b>	<b>8,676,942</b>	<b>2,406,367</b>	<b>5,066,330</b>	<b>60,500</b>	<b>205,014</b>	<b>4,261,478</b>	<b>2,426,600</b>	<b>1,555,146</b>	<b>24,658,377</b>
<b>EXPENSES</b>									
Salaries, wages and benefits	2,125,882	1,768,381	1,617,589	38,473	115,890	1,465,087	973,394	-	8,104,696
Long-term debt charges (interest)	79,865	-	28,129	-	-	441,017	-	-	549,011
Operating expenses	1,988,860	440,793	1,985,566	85,836	63,513	1,697,002	195,313	-	6,456,883
Amortization	315,544	327,835	3,681,975	61,487	10,152	1,639,191	4,134	-	6,040,318
<b>TOTAL EXPENSES</b>	<b>4,510,151</b>	<b>2,537,009</b>	<b>7,313,259</b>	<b>185,796</b>	<b>189,555</b>	<b>5,242,297</b>	<b>1,172,841</b>	<b>-</b>	<b>21,150,908</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 4,166,791</b>	<b>\$ (130,642)</b>	<b>\$ (2,246,929)</b>	<b>\$ (125,296)</b>	<b>\$ 15,459</b>	<b>\$ (980,819)</b>	<b>\$ 1,253,759</b>	<b>\$ 1,555,146</b>	<b>\$ 3,507,469</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year Ended December 31, 2022**

**13. 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 2022 unconsolidated municipal operating surplus.

**SUPPLEMENTARY MUNICIPAL INFORMATION**

	Municipal Budget 2022
<b>CONSOLIDATED ANNUAL SURPLUS (DEFICIT)</b>	609,534
Transfer (to) from municipal reserves	(5,574,941)
Transfer to unfunded liabilities	(1,054,139)
Municipal amortization	6,019,546
<b>MUNICIPAL SURPLUS (DEFICIT)</b>	<b>\$ -</b>

**14. 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, 2022. The results of this valuation disclosed total actuarial liabilities of \$128,789 million with respect to benefits accrued for service with actuarial assets at that date of \$122,111 million indicating an actuarial deficit of \$6,678 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 2022 was \$551,733 (2021 \$528,722) for current service and is included as an expense on the Consolidated Statement of Operations.

**15. COMPARATIVE FIGURES**

Certain 2021 amounts in these financial statements have been reclassified to conform with their presentation in 2022.

**THE CORPORATION OF THE TOWN OF GRAVENHURST**  
**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

Schedule 1

	Land and Land Improvements	Buildings	Machinery, Equipment and Furniture	Vehicles	Roads and Bridges	Storm Systems	Assets Under Construction	TOTAL 2022	TOTAL 2021
<b>COST</b>									
Balance, beginning of year	\$ 30,014,974	\$ 33,769,746	\$ 7,608,160	\$ 8,273,003	\$ 114,161,069	\$ 4,276,370	\$ 8,387,516	\$ 206,490,838	\$ 200,529,144
Additions and betterments	-	356,981	964,712	626,898	2,837,162	-	6,187,431	10,973,184	8,483,492
Allocation from Work in Progress	-	-	-	-	-	-	(3,444,789)	(3,444,789)	(1,538,151)
Disposals and writedowns	-	(29,921)	(149,156)	(485,604)	(2,242,783)	-	(127,230)	(3,034,694)	(983,647)
<b>BALANCE, END OF YEAR</b>	<b>30,014,974</b>	<b>34,096,806</b>	<b>8,423,716</b>	<b>8,414,297</b>	<b>114,755,448</b>	<b>4,276,370</b>	<b>11,002,928</b>	<b>210,984,539</b>	<b>206,490,838</b>
<b>ACCUMULATED AMORTIZATION</b>									
Balance, beginning of year	9,609,528	17,835,491	5,179,717	5,126,247	89,892,422	1,006,590	-	128,649,995	123,498,343
Annual amortization	774,226	1,267,026	577,590	561,179	2,780,670	58,855	-	6,019,546	6,040,318
Amortization disposals	-	(18,992)	(149,156)	(485,604)	(2,213,175)	-	-	(2,866,927)	(888,666)
<b>BALANCE, END OF YEAR</b>	<b>10,383,754</b>	<b>19,083,525</b>	<b>5,608,151</b>	<b>5,201,822</b>	<b>90,459,917</b>	<b>1,065,445</b>	<b>-</b>	<b>131,802,614</b>	<b>128,649,995</b>
<b>TANGIBLE CAPITAL ASSETS-NET</b>	<b>\$ 19,631,220</b>	<b>\$ 15,013,281</b>	<b>\$ 2,815,565</b>	<b>\$ 3,212,475</b>	<b>\$ 24,295,531</b>	<b>\$ 3,210,925</b>	<b>\$ 11,002,928</b>	<b>\$ 79,181,925</b>	<b>\$ 77,840,843</b>

**THE CORPORATION OF THE TOWN OF GRAVENHURST**

**SUPPLEMENTARY UNAUDITED SCHEDULE OF SURPLUS**

**2022**

	2022	2021
<b>RESERVES AND RESERVE FUNDS</b>		
Working Capital	\$ 1,352,096	\$ 1,352,096
Tax Stabilization	1,363,142	1,720,854
Employee Benefit	179,259	319,595
Strategic Property	188,646	188,646
Elections	80,880	101,954
Accessibility	14,371	14,371
Hall of Fame	22,194	22,194
Community Improvement Plan	184,655	166,652
Planning	126,570	118,138
Fleet and Heavy Equipment	486,392	379,746
Furniture and Light Equipment	98,347	159,396
Information Systems and Technology	254,839	111,917
Facilities	1,518,107	1,981,769
Fire and Emergency Services	374,632	347,364
Infrastructure	2,333,403	1,655,766
Wharf Capital	995,318	821,610
Gravenhurst Public Library Board	77,833	118,013
Opera House Capital Improvements	53,100	40,357
Gravenhurst Business Improvement Area	72,751	44,508
Community Reinvestment	7,806,088	7,271,362
<b>TOTAL RESERVES AND RESERVE FUNDS</b>	<b>17,582,623</b>	<b>16,936,308</b>
<b>ENDOWMENTS</b>		
Henderson Endowment (Gravenhurst Public Library Board)	448,516	436,330
Terence Haight Endowment	1,028,339	1,024,417
<b>TOTAL ENDOWMENTS</b>	<b>1,476,855</b>	<b>1,460,747</b>
<b>OTHER</b>		
Tangible Capital Assets	79,181,925	77,840,843
Amounts to be Recovered	(11,897,941)	(12,952,079)
<b>TOTAL OTHER</b>	<b>67,283,984</b>	<b>64,888,764</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 86,343,462</b>	<b>\$ 83,285,819</b>

# THE CORPORATION OF THE TOWN OF GRAVENHURST

## SUPPLEMENTARY UNAUDITED SCHEDULE OF INTERNAL FINANCING

### 2022

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, 2022:

Description	Amount Borrowed	Loan Due	Balance Due at the end of 2022	Balance Due at the end of 2021
2018 Chevrolet Equinox - Truck #11	33,763	2023	7,130	14,066
2018 Mahindra Tractor	44,215	2023	9,337	18,420
2018 Chevrolet Silverado - Truck #17	33,093	2023	6,988	13,787
2018 Chevrolet Silverado - Truck #19	54,268	2023	11,460	22,609
2018 North Muldrew Lake Road	103,350	2023	21,825	43,057
2018 North Morrison Landing Improvements	200,000	2023	42,235	83,322
2018 Kabshe River Bridge Barrier System	30,000	2024	5,807	11,455
2014 International Plow Truck #50	243,223	2024	54,642	80,759
2014 Roof Repairs - Opera House - 295 Muskoka Rd S	156,870	2024	33,931	50,394
2014 Roof Repairs - Centennial Centre - 101 Centennial Dr	106,000	2024	34,657	45,638
2019 Municipal Office Boilers	74,545	2024	30,850	45,751
2019 Public Works Fuel System	70,000	2024	28,813	42,730
2019 Muskoka Beach Breakwall	120,000	2024	49,660	73,648
2019 Splash Pad Rehabilitation	94,759	2024	39,968	59,274
2019 Roads Sweeper SW2	301,548	2024	119,909	177,828
2015 HVAC Repair -Opera House - 295 Muskoka Rd S	837,951	2025	268,536	354,530
2015 Roof Repairs - Discovery Centre	188,290	2025	59,787	78,933
2015 Streetlights - LED Conversion	409,868	2025	126,589	166,697
2015 Barkway Culvert replacement	125,277	2025	38,426	50,731
2015 Freightliner Plow Truck #51	219,100	2025	70,195	92,674
2015 Excavator EX-1	177,000	2025	56,861	75,069
2018 James Street Rehabilitation	87,149	2025	26,162	34,489
2010 Pierce Pumper- Fire Department	399,943	2025	93,439	123,558
2020 South Morrison Lake - Evanswood to Green Place Rd	146,000	2025	117,807	117,807
2020 Conservation Rd	235,000	2025	189,620	189,620
2017 Greavette Street Storm Sewer	1,023,727	2026	540,966	668,615
2018 Wharf Boardwalk	355,934	2027	189,639	225,022
2022 Robinsons Bridge	40,000	2027	40,000	-
2013 Accessibility Renovation - Terence Haight Carnegie Arts Centre - 275 Muskoka Rd S	749,184	2028	329,643	380,843
2018 Capital Maintenance of HCB/LCB Roads	300,000	2028	13,873	27,327
2018 Bridge Works	317,964	2028	196,181	225,511
2015 Refrigeration Project - Centennial Centre	901,530	2029	330,978	408,685
2013 Spartan Tanker - Fire Department	423,322	2029	219,544	247,487
2019 Snowmobile Bridge Rehabilitation	156,188	2029	107,402	121,269
2019 Jones Road	593,000	2029	432,092	487,881
2019 Barkway Road	875,000	2029	679,103	766,785
2019 Franklin Park Dock	152,718	2029	112,805	127,370
2020 Hopkins Bridge Replacement	385,000	2029	310,654	310,654
2020 Sparrow Lake Rte D - Elderberry to Sparrow D	300,000	2029	272,981	272,981
2020 Sparrow Lake Rte D - Elderberry to Southwood	535,000	2029	486,815	486,815
2020 Tandem Plow	335,000	2029	270,309	270,309
2021 Aerial Fire Truck	1,000,000	2030	909,935	909,935
2021 Winhara Road Rehabilitation	1,509,803	2030	1,372,823	1,372,823
2021 Single Axel Plow	300,000	2030	272,981	272,981
2022 Elderberry Lane Culvert	450,000	2032	450,000	-
2022 Pinedale Road	688,649	2032	688,649	-
2022 Beaver Ridge Road	290,000	2032	290,000	-
2022 N Morrison Lake Road	420,000	2032	420,000	-
2022 First Street	1,020,000	2032	1,020,000	-
2022 Single Axel Plow Truck #44	325,000	2032	325,000	-
2007 Muskoka Wharf Construction Project	6,266,238	2030	2,080,623	2,941,619
	<u>\$ 24,204,469</u>		<u>\$ 13,907,630</u>	<u>\$ 12,591,758</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 2022 (Note 13)	Actual 2022	Actual 2021
<b>REVENUE</b>			
Provincial grants	40,000	50,206	40,055
Fines and fees	4,500	1,955	1,384
Other	8,000	6,106	5,594
<b>TOTAL REVENUE</b>	<b>52,500</b>	<b>58,267</b>	<b>47,033</b>
<b>EXPENSES</b>			
Wages and benefits	581,000	634,211	516,283
Materials and contracted services	202,625	187,023	143,935
Amortization	86,804	86,804	95,307
<b>TOTAL EXPENSES</b>	<b>870,429</b>	<b>908,038</b>	<b>755,525</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>(817,929)</b>	<b>(849,771)</b>	<b>(708,492)</b>