THE CORPORATION OF THE

TOWN OF GRAVENHURST

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

THE CORPORATION OF THE TOWN OF GRAVENHURST

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THE CORPORATION OF THE TOWN OF GRAVENHURST

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

Management's Responsibility for the Consolidated Financial Statements

The management of the Corporation of the Town of Gravenhurst (the "Municipality") is responsible for the integrity, objectivity and accuracy of the financial information presented in the accompanying financial statements.

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada ("CPA"). A summary of the significant accounting policies is described in Note 1 to the consolidated financial statements.

The Municipality's management maintains a system of internal controls designed to provide a reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the approval of the consolidated financial statements.

The consolidated financial statements have been audited by Pahapill and Associates Professional Corporation, independent external auditors appointed by the Municipality. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

Scott Lucas	Campbell
Scott Lucas	Wayne Campbell
Chief Administrative Officer	Director of Finance/Treasurer

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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, 2025, and the consolidated statements of operations and accumulated surplus, the consolidated statement of remeasurement gains and losses, the consolidated change in its net financial assets (debt) and its consolidated cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Town of Gravenhurst as at December 31, 2025, and the results of its consolidated operations and its consolidated 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:

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- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Pahapill and Associates

Huntsville, Ontario
July 21, 2026

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, 2025

	2025	2024
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	$ 9,400,676	$ 12,213,775
Accounts receivable, net of allowance of $5,064 (2024 - $6,793)	6,118,399	5,668,083
Long-term investments (Note 3)	10,974,369	10,765,595
Portfolio investments (Note 4)	8,715,502	7,191,666
	35,208,946	**35,839,119**
LIABILITIES		
Accounts payable and accrued liabilities	7,326,743	7,494,631
Prepaid property taxes	2,602,044	2,393,873
Deferred revenue *(Note 7)*	2,117,044	3,833,381
Municipal debt *(Note 8)*	5,904,667	6,211,494
Asset retirement obligations *(Note 9)*	1,010,654	886,150
	18,961,152	**20,819,529**
NET FINANCIAL ASSETS (DEBT)	**16,247,794**	**15,019,590**
NON-FINANCIAL ASSETS		
Tangible capital assets - net *(Note 13, Schedule 1)*	87,652,400	79,195,077
Inventories of supplies	179,044	199,125
Prepaid expenses	480,576	435,415
	88,312,020	**79,829,617**
ACCUMULATED SURPLUS	**$ 104,559,814**	**$ 94,849,207**

ACCUMULATED SURPLUS IS COMPRISED OF:		
Accumulated surplus from operations	$ 102,009,042	$ 92,818,592
Accumulated remeasurement gains (losses)	2,550,772	2,030,615
	$ 104,559,814	**$ 94,849,207**

CONTINGENT LIABILITIES (Note 11)

COMMITMENTS (Note 12)

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, 2025

	Budget 2025 (Note 16)	Actual 2025	Actual 2024
REVENUE			
Property taxes	$ 21,223,469	$ 21,392,894	$ 19,949,218
User fees	3,707,446	4,443,968	4,736,146
Government transfers	2,123,100	3,964,480	4,245,268
Other	1,342,000	9,151,058	3,361,662
TOTAL REVENUE	**28,396,015**	**38,952,400**	**32,292,294**
EXPENSES			
General government	5,656,136	5,570,893	6,020,590
Protection to persons and property	3,376,584	3,805,290	4,247,726
Transportation services	9,778,021	11,171,816	10,410,774
Environmental services	194,856	136,434	207,457
Health services	245,257	267,268	249,469
Recreation and culture	6,737,028	7,107,407	6,508,223
Planning and development	1,605,324	1,702,842	1,575,809
TOTAL EXPENSES	**27,593,206**	**29,761,950**	**29,220,048**
ANNUAL SURPLUS	**802,809**	**9,190,450**	**3,072,246**
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**92,818,592**	**92,818,592**	**89,746,346**
ACCUMULATED SURPLUS, END OF YEAR	**$ 93,621,401**	**$ 102,009,042**	**$ 92,818,592**

THE CORPORATION OF THE TOWN OF GRAVENHURST

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

FOR THE YEAR ENDED DECEMBER 31, 2025

		Actual 2025		Actual 2024
Accumulated remeasurement gains (losses) beginning of year	$	2,030,615	$	1,170,625
Unrealized gains (losses) attributable to:				
Portfolio investments		520,157		859,990
Accumulated remeasurement gains (losses), end of year	**$**	**2,550,772**	**$**	**2,030,615**

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, 2025

	Budget 2025 (Note 16)	Actual 2025	Actual 2024
Annual surplus (deficit)	$ 802,809	$ 9,190,450	$ 3,072,246
Acquisition of tangible capital assets	(18,915,569)	(18,915,569)	(10,274,108)
Amortization of tangible capital assets	7,856,564	7,856,564	7,676,408
Allocation from work in progress	1,830,283	1,830,283	2,847,027
Loss (gain) on sale of tangible capital assets	-	712,610	57,249
Proceeds on sale of tangible capital assets	-	58,789	66,929
Change in asset retirement obligation capitalized	-	-	798,721
Acquisition and consumption of supplies inventories	-	20,081	(21,311)
Acquisition of prepaid expenses	-	(45,161)	114,028
Increase (decrease) in net financial assets, before net remeasurement gains (losses)	(8,425,913)	708,047	4,337,189
Net remeasurement gains (losses)	-	520,157	859,990
Increase (decrease) in net financial assets	(8,425,913)	1,228,204	5,197,179
Net financial assets (debt), beginning of year	15,019,590	15,019,590	9,822,411
Net financial assets (debt), end of year	**$ 6,593,677**	**$ 16,247,794**	**$ 15,019,590**

THE CORPORATION OF THE TOWN OF GRAVENHURST

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
Operating transactions		
Annual surplus	$ 9,190,450	$ 3,072,246
Non-cash charges to operations:		
Amortization	7,856,564	7,676,408
Loss on sale of tangible capital assets	712,610	57,249
Change in asset retirement obligations capitalized	-	798,721
	17,759,624	11,604,624
Changes in non-cash assets and liabilities:		
Accounts receivable	(450,316)	(1,731,553)
Accounts payable and accrued liabilities	(167,888)	1,893,486
Prepaid property taxes	208,171	112,136
Deferred revenue	(1,716,337)	70,855
Inventories of supplies	20,081	(21,311)
Prepaid expenses	(45,161)	114,028
Asset retirement obligation	124,504	(857,719)
	(2,026,946)	(420,078)
Cash provided by operating transactions	15,732,678	11,184,546
Capital transactions		
Acquisition of tangible capital assets	(18,915,569)	(10,274,108)
Allocation from work in progress	1,830,283	2,847,027
Proceeds on disposal of tangible capital asset	58,789	66,929
Cash applied to capital transactions	(17,026,497)	(7,360,152)
Investing transactions		
(Increase) decrease in long-term investments	(272,379)	(958,311)
Realized (Gain) Loss on portfolio investments	(940,074)	(366,705)
Cash provided by investing transactions	(1,212,453)	(1,325,016)
Financing transactions		
Debt principal repayments	(306,827)	(4,582,363)
Cash applied to financing transactions	(306,827)	(4,582,363)
Net change in cash and cash equivalents	**(2,813,099)**	**(2,082,985)**
Cash and cash equivalents, beginning of year	**12,213,775**	**14,296,760**
Cash and cash equivalents, end of year	**$ 9,400,676**	**$ 12,213,775**
Cash flow supplementary information:		
Taxation and investment interest income received	$ 3,438,088	$ 2,614,701
Interest paid	235,058	380,577
Net interest received	$ 3,203,030	$ 2,234,124

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) Impairment of long-lived assets
When conditions indicate a tangible capital asset no longer contributes to the Municipality's ability to provide services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset will be recuded to reflect the decline in the asset's value.

(c) Inventories of supplies
Inventories held for consumption are recorded at cost.

(iii) Portfolio investments
Portfolio investments consists of equity instruments with no maturity. Portfolio investments in equity instruments that are quoted in an active market are recorded at fair value and the associated transaction costs are expensed upon initial recognition. The change in fair value is recognized in the Statement of Remeasurement Gains and Losses as a remeasurement gain or loss until the portfolio investments are realized on disposal. Upon disposal, any accumulated remeasurement gains or losses associated with the portfolio investments are reclassified to the Statement of Operations.

(iv) Long-term investments
Investments consisting of guaranteed investment certificates with maturity dates greater than one year are carried at market value. Interest income is recognized when received or receivable.

(v) 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.

(vi) 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.

(vii) Deferred revenue

The Municipality receives gas tax revenue from the Federal Government, development charge contributions, payments in lieu of parkland, payments in lieu of parking 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.

(viii) Asset retirement obligations

A liability for asset retirement obligation (ARO) is recognized when, as at the financial reporting date:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability for the removal of asbestos and other hazardous material in several of the buildings owned by the Municipality has been initially recognized using the prospective method. The liability has been measured at current cost as the timing and amounts of future cash flows cannot be estimated. The resulting costs are capitalized as part of the carrying amount of the related tangible capital assets if the asset is recognized and in productive use. This liability is subsequently reviewed at each financial statement date and adjusted for any revisions to the timing or amount required to settle the obligation. The changes in the liability for the passage of time are recorded as accretion expenses in the Statement of Operations and all other changes are adjusted to the tangible capital asset (Note 1(b)(ii)(a)). If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Recoveries related to tangible capital asset retirement obligations are recognized when the recovery can be appropriately measured, a reasonable estimate of the amount can be made and it is expected that future economic benefits will be obtained. A recovery is recognized on a gross basis from the asset retirement obligations liability.

(ix) 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.

(x) 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.

(xi) 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, landfill closure and post closure liability, employee future benefits and post-employment liabilities 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, 2025 consists of the following:

	2025	2024
General Account	$ 3,005,246	$ 6,889,975
Reserve Funds - Restricted		
Discretionary Reserve Funds	1,275,739	136,524
Terence Haight Endowment	807,131	819,808
Henderson Endowment (Gravenhurst Public Library Board)	347,078	374,704
Obligatory Reserve Funds - Restricted		
Development Charges	2,149,083	1,727,533
Parkland Dedication	416,193	368,545
Parking and Transportation Fund	56,323	55,218
Building Permit Fund	707,312	1,216,940
Canada Community-Building Fund	636,571	624,528
	$ 9,400,676	**$ 12,213,775**

3. LONG-TERM INVESTMENTS

Long-term investments as of December 31, 2025 consist of the following:

	2025	2024
Discretionary Reserve Funds - Restricted		
Guaranteed Investment Certificate, 4.65%, September 13, 2025	$ -	$ 3,998,321
Guaranteed Investment Certificate, 5.07%, November 22, 2027	465,532	443,364
Guaranteed Investment Certificate, 5.00%, November 22, 2027	1,166,246	1,109,970
Guaranteed Investment Certificate, 4.65%, August 31, 2028	562,119	534,740
Guaranteed Investment Certificate, 3.15%, September 15, 2028	4,164,877	-
Bank Principal Protected Note, December 7, 2029	-	3,598,800
Bank Principal Protected Note, July, 2030	1,500,000	-
Bank Principal Protected Note, July, 2030	1,886,100	-
Bank Prinicpal Protected Note, September 26, 2031	1,229,495	1,080,400
	$ 10,974,369	**$ 10,765,595**

Investments have a market value of $10,974,369 (2024 - $10,765,595) and a cost value of $10,439,173 (2024 - $10,166,795) at the end of the year.

4. PORTFOLIO INVESTMENTS

Portfolio investments as of December 31, 2025 consist of the following:

	Fair value hierarchy level	2025	2024
Discretionary Reserve Funds - Restricted One Investment Program - Canadian Equity Fund	level 1	$ 7,192,631	$ 5,935,058
Terence Haight Endowment - Restricted	level 1		
One Investment Program - Canadian Equity Fund		538,869	444,652
Henderson Endowment (Gravenhurst Public Library Board) - Restricted	level 1		
One Investment Program - Canadian Equity Fund		230,461	190,166
Health Reserve - Restricted	level 1		
One Investment Program - Canadian Equity Fund		753,541	621,790
		$ 8,715,502	**$ 7,191,666**

Investments have a market value of $8,715,502 (2024 - $7,191,666) and a cost value of $6,699,926 (2024 - $5,759,851) at the end of the year. The One Investment Program is held for the purposes of meeting long-term capital obligations.

The fair value measurements are those derived from:

- Level 1: Quoted prices in active markets for identical assets.
- Level 2: Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (ie as prices) or indirectly (ie derived from prices).
- Level 3: Fair value measurements are those derived from valuation methods where inputs are based on non-observable market data.

5. 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:

	2025 School Boards	2025 District	2025 Total	2024 Total
Payable (receivable) at the beginning of the year	$ -	$ -	$ -	$ -
Taxation and payments-in-lieu, net of adjustments	7,241,332	19,987,493	27,228,825	25,574,491
Remitted during the year	(7,241,332)	(19,987,493)	(27,228,825)	(25,574,491)
Payable (receivable) at the end of the year	**$ -**	**$ -**	**$ -**	**$ -**

6. TRUST FUNDS

Cemetery trust funds administered by the Municipality amounting to $673,182 (2024 $654,681) 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.

7. DEFERRED REVENUE

The 2025 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	$ 404,000	$ 97,593	$ 12,193	$ -	$ 513,786
Parking in Lieu	$ 54,499	$ -	$ 1,824	$ -	$ 56,323
Development charges	2,091,810	143,690	57,273	(1,160,412)	1,132,361
Building Code Act	667,125	-	40,188	(412,203)	295,110
Canada Community-Building Fund	615,947	430,893	20,624	(948,000)	119,464
	$ 3,833,381	**$ 672,176**	**$ 132,102**	**$(2,520,615)**	**$ 2,117,044**

8. MUNICIPAL DEBT

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

	2025	2024
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.	4,295,697	4,486,358
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.	1,608,970	1,725,136
	$ 5,904,667	**$ 6,211,494**

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

	Principal	Interest
2026	$ 318,705	$ 224,144
2027	331,044	211,806
2028	343,860	198,990
2029	357,172	185,677
2030	371,000	171,850
2031 onwards	4,182,886	888,711
	$ 5,904,667	**$ 1,881,178**

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

	2025	2024
Principal payments	$ 306,827	$ 4,582,363
Interest	236,022	404,392
	$ 542,849	**$ 4,986,755**

9. ASSET RETIREMENT OBLIGATIONS

Legal liabilities exist for the removal and disposal of asbestos and other environmentally hazardous materials within some Municipal owned buildings that will undergo major renovations or demolition in the future. A reasonable estimate of the fair value of the obligation has been recognized using the prospective approach as at January 1, 2023. The obligation has been measured at current cost as the timing of future cash flows cannot be reasonably determined. These costs have been capitalized as part of the assets' carrying value and are amortized over the assets' estimated remaining useful lifes. The Town received a study in 2025, related to 2024 year-end, for the community centre that resulted in a reduction of the asset retirement obligation.

Changes in the asset retirement obligations during the year are as follows:

	2025	2024
Opening balance	$ 886,150	$ 1,743,869
Adjustment on adoption of PS 3280	-	-
Accretion expense	124,504	109,166
Less: change in estimate	-	(966,885)
Less: settlement of obligations	-	-
	$ 1,010,654	**$ 886,150**

10. CREDIT FACILITY AGREEMENT

The Municipality has a revolving credit facility agreement with Scotiabank. The amount available at any time is limited to $1,000,000 (2024 $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 2024-19, which authorizes $3,200,000, of which NIL (2024 NIL) was used at the end of the year.

11. 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.

12. COMMITMENTS

During 2023, the Town entered into a five year service agreement, ending in 2029, for fire communications services at a total cost of $247,483 over the five year term.

During 2023, the Town entered into a three year funding committment to the Muskoka and Area Ontario Health Team (MAOHT) Human Resources Task Force. Unless other provincial funding opportunities arise to offset the cost, the funding will be used for their efforts on recruitment and retention of primary care clinicians followed by specialist physicians and other health care providers. One year remains on this commitment which has annual costs of $10,000 per year.

During 2023, the Town entered into a funding commitment of $1,000,000 to the Muskoka Algonquin Healthcare two-hospital model of care. The Town has transferred a total of $605,616 into a Health Services Reserve Fund. The financial commitment will not be fulfilled until such time as construction is to commence.

During 2021, the Town entered into a five year service agreement for a Cloudpermit Building Module. One year remains on this agreement which has annual costs of $26,000 per year.

During 2025, the Town entered into a five year agreement with the Gravenhurst Chamber of Commerce for the delivery of tourism related services on behalf of the Town. Four years remain on this agreement which has annual costs of $56,000 in the first year, increasing by 1% annually.

13. 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 $4,551,800 (2024 $nil) such contributions were recorded. 2025 contributions consisted primarily of buildings.

. (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.

14. OTHER INCOME

	2025	2024
Penalties and interest on taxation	$ 461,901	$ 394,593
Investment income	2,976,187	2,220,107
Donations	27,230	19,784
Contributed tangible capital assets	4,551,800	-
Sale of miscellaneous items and other	261,398	550,835
Gain (loss) on sale of tangible capital assets	(712,609)	(57,249)
Municipal accomodation tax	365,297	234,694
Transfers from (to) obligatory reserves	1,219,854	(1,102)
	$ 9,151,058	**$ 3,361,662**

THE CORPORATION OF THE TOWN OF GRAVENHURST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025

15. 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, and wharf properties.

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, 2025

15. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2025

	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	$ 9,844,017	$ 1,508,341	$ 4,078,319	$ 89,500	$ 93,450	$ 3,821,485	$ 1,241,757	$ 716,025	$ 21,392,894
User fees	493,263	662,917	1,263,887	-	75,958	1,263,185	684,758	-	4,443,968
Government transfers	-	(49,049)	1,867,230	-	-	69,999	-	2,076,300	3,964,480
Other	2,226,001	475,242	996,240	-	21,411	4,582,636	1,763,099	(913,571)	9,151,058
TOTAL REVENUE	12,563,281	2,597,451	8,205,676	89,500	190,819	9,737,305	3,689,614	1,878,754	38,952,400
EXPENSES									
Salaries, wages and benefits	2,418,922	2,345,552	2,274,243	14,278	159,166	2,397,592	1,312,100	-	10,921,853
Long-term debt charges (interest)	63,783	-	-	-	-	171,275	-	-	235,058
Operating expenses	2,464,456	971,195	3,959,448	63,300	71,095	2,851,176	367,801	-	10,748,471
Amortization	623,732	488,543	4,938,125	58,856	37,007	1,687,364	22,941	-	7,856,568
TOTAL EXPENSES	5,570,893	3,805,290	11,171,816	136,434	267,268	7,107,407	1,702,842	-	29,761,950
ANNUAL SURPLUS (DEFICIT)	$ 6,992,388	$ (1,207,839)	$ (2,966,140)	$ (46,934)	$ (76,449)	$ 2,629,898	$ 1,986,772	$ 1,878,754	$ 9,190,450

THE CORPORATION OF THE TOWN OF GRAVENHURST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025

15. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2024

	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	$ 9,240,501	$ 1,438,836	$ 3,813,577	$ 89,500	$ 126,330	$ 3,514,710	$ 1,123,549	$ 602,215	$ 19,949,218
User fees	476,868	813,213	1,263,408	-	59,045	1,072,885	1,050,727	-	4,736,146
Government transfers	45,000	824,460	1,465,013	-	-	69,495	-	1,841,300	4,245,268
Other	928,781	493,858	-	-	32,886	226,553	2,472,197	(792,613)	3,361,662
TOTAL REVENUE	10,691,150	3,570,367	6,541,998	89,500	218,261	4,883,643	4,646,473	1,650,902	32,292,294
EXPENSES									
Salaries, wages and benefits	2,583,622	2,043,420	2,054,015	23,381	141,473	2,150,224	1,260,484	-	10,256,619
Long-term debt charges (interest)	68,031	-	6,097	-	-	306,449	-	-	380,577
Operating expenses	2,799,826	1,781,671	3,405,792	125,220	79,983	2,418,402	295,549	-	10,906,443
Amortization	569,111	422,635	4,944,870	58,856	28,013	1,633,148	19,776	-	7,676,409
TOTAL EXPENSES	6,020,590	4,247,726	10,410,774	207,457	249,469	6,508,223	1,575,809	-	29,220,048
ANNUAL SURPLUS (DEFICIT)	$ 4,670,560	$ (677,359)	$ (3,868,776)	$ (117,957)	$ (31,208)	$ (1,624,580)	$ 3,070,664	$ 1,650,902	$ 3,072,246

16. 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 2025 unconsolidated municipal operating surplus.

SUPPLEMENTARY MUNICIPAL INFORMATION

	Municipal Budget 2025
CONSOLIDATED ANNUAL SURPLUS (DEFICIT)	802,809
Transfer (to) from municipal reserves	(8,352,546)
Transfer to unfunded liabilities	(306,827)
Municipal amortization	7,856,564
MUNICIPAL SURPLUS (DEFICIT)	$ -

17. 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, 2025 The results of this valuation disclosed total actuarial liabilities of $151,365 million with respect to benefits accrued for service with actuarial assets at that date of $150,043 million indicating an actuarial deficit of $1,322 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 2025 was $807,778 (2024 $683,073) 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, 2025

Schedule 1

	Land and Land Improvements	Buildings	Machinery, Equipment and Furniture	Vehicles	Roads and Bridges	Storm Systems	Assets Under Construction	TOTAL 2025	TOTAL 2024
COST									
Balance, beginning of year	$ 31,828,670	$ 37,091,185	$ 10,155,311	$ 11,070,714	$ 114,216,935	$ 4,276,370	$ 3,281,408	$ 211,920,593	$ 211,130,566
Additions and betterments	467,212	4,831,923	835,081	3,331,018	38,950	-	7,581,102	17,085,286	10,274,108
Allocation from Work in Progress	241,752	79,076	38,281	76,232	1,394,942	-	(1,830,283)	-	(2,847,027)
Disposals and writedowns	-	(28,445)	(362,736)	(707,317)	(1,964,147)	-	-	(3,062,645)	(6,637,054)
BALANCE, END OF YEAR	32,537,634	41,973,739	10,665,937	13,770,647	113,686,680	4,276,370	9,032,227	225,943,234	211,920,593
ACCUMULATED AMORTIZATION									
Balance, beginning of year	11,554,548	21,554,139	6,388,176	6,083,514	85,961,982	1,183,157	-	132,725,516	130,763,263
Annual amortization	812,005	1,395,083	935,268	829,359	3,825,994	58,855	-	7,856,564	7,676,408
Amortization disposals	-	(28,445)	(362,331)	(707,317)	(1,193,153)	-	-	(2,291,246)	(5,714,155)
BALANCE, END OF YEAR	12,366,553	22,920,777	6,961,113	6,205,556	88,594,823	1,242,012	-	138,290,834	132,725,516
TANGIBLE CAPITAL ASSETS-NET	$ 20,171,081	$ 19,052,962	$ 3,704,824	$ 7,565,091	$ 25,091,857	$ 3,034,358	$ 9,032,227	$ 87,652,400	$ 79,195,077

THE CORPORATION OF THE TOWN OF GRAVENHURST

SUPPLEMENTARY UNAUDITED SCHEDULE OF SURPLUS

2025

	2025	2024
RESERVES AND RESERVE FUNDS		
Working Capital	$ 1,352,094	$ 1,352,096
Tax Stabilization	100,401	546,261
Employee Benefit	-	41,341
Municipal Accomodation Tax	576,606	316,615
Strategic Property	224,353	209,300
Elections	145,165	142,723
Accessibility	14,371	14,371
Hall of Fame	22,194	22,194
Health Services	686,895	605,616
Community Improvement Plan	198,779	206,742
Planning	161,699	147,903
Fleet and Heavy Equipment	336,043	367,509
Furniture and Light Equipment	139,139	167,096
Information Systems and Technology	263,678	322,391
Facilities	1,935,939	1,406,622
Fire and Emergency Services	145,233	67,127
Infrastructure	4,844,467	4,761,770
Wharf Capital	809,222	777,125
Gravenhurst Public Library Board	15,326	30,180
Opera House Capital Improvements	74,660	96,156
Gravenhurst Business Improvement Area	79,945	82,728
Community Reinvestment	6,801,264	7,845,857
TOTAL RESERVES AND RESERVE FUNDS	18,927,473	19,529,723
	-	-
ENDOWMENTS		
Henderson Endowment (Gravenhurst Public Library Board)	486,294	468,893
Terence Haight Endowment	1,149,483	1,103,569
TOTAL ENDOWMENTS	1,635,777	1,572,462
OTHER		
Tangible Capital Assets	87,652,400	79,195,077
General Operating Surplus(Deficit)	708,712	(381,027)
Amounts to be Recovered	(5,904,666)	(6,211,493)
Asset Retirement Obligations	(1,010,654)	(886,150)
Accumulated Remeasurement Gains	2,550,772	2,030,615
TOTAL OTHER	83,996,564	73,747,022
ACCUMULATED SURPLUS	$104,559,814	$ 94,849,207

THE CORPORATION OF THE TOWN OF GRAVENHURST

SUPPLEMENTARY UNAUDITED SCHEDULE OF INTERNAL FINANCING

2025

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 Infrastructrure Ontario lending rates for Municipalities.

The following are the existing loans in place at December 31, 2025:

Description	Amound Borrowed	Loan Due	Balance Due at the end of 2025	Balance Due at the end of 2024
2014 Roof Repairs - Centennial Centre - 101 Centennial Dr	106,000	2025	-	11,846
2015 HVAC Repair -Opera House - 295 Muskoka Rd S	837,951	2025	-	91,307
2015 Roof Repairs - Discovery Centre	188,290	2025	-	20,329
2015 Streetlights - LED Conversion	409,868	2025	-	43,267
2015 Barkway Culvert replacement	125,277	2025	-	13,065
2015 Freightliner Plow Truck #51	219,100	2025	-	23,868
2015 Excavator EX-1	177,000	2025	-	19,334
2018 James Street Rehabilitation	87,149	2025	-	8,922
2010 Pierce Pumper- Fire Department	399,943	2025	-	31,653
2020 South Morrison Lake - Evanswood to Green Place Rd	146,000	2026	30,224	59,927
2020 Conservation Rd	235,000	2026	48,648	96,458
2017 Greavette Street Storm Sewer	1,023,727	2026	139,938	276,697
2015 Refrigeration Project - Centennial Centre	901,530	2026	85,870	169,621
2020 Tandem Plow	335,000	2026	69,350	137,504
2018 Wharf Boardwalk	355,934	2027	78,479	116,387
2022 Robinsons Bridge	40,000	2027	17,066	25,050
2013 Accessibility Renovation - Terence Haight Carnegie Arts Centre - 275 Muskoka Rd S	749,184	2028	169,761	224,123
2018 Bridge Works	317,964	2028	102,599	134,754
2023 One Ton Pickup	90,000	2028	56,774	73,818
2023 Half Ton Pickup	60,000	2028	37,849	49,212
2023 Industrial Drive	77,000	2028	48,573	63,155
2023 Dodge Ram Utility Pickup	25,000	2028	15,670	20,505
2023 Polaris UTV	70,000	2028	44,158	57,414
2013 Spartan Tanker - Fire Department	423,322	2029	130,781	161,215
2019 Snowmobile Bridge Rehabilitation	156,188	2029	63,660	78,606
2019 Jones Road	593,000	2029	256,115	316,245
2019 Barkway Road	875,000	2029	402,526	497,030
2019 Franklin Park Dock	152,718	2029	66,963	82,561
2020 Hopkins Bridge Replacement	385,000	2029	79,701	158,028
2020 Sparrow Lake Rte D - Elderberry to Sparrow D	300,000	2029	188,130	217,060
2020 Sparrow Lake Rte D - Elderberry to Southwood	535,000	2029	335,498	387,090
2025 Half ton pickup	80,000	2029	65,160	-
2025 Half ton pickup	80,000	2029	65,160	-
2021 Aerial Fire Truck	1,000,000	2030	627,098	723,533
2021 Winhara Road Rehabilitation	1,509,803	2030	946,795	1,092,392
2021 Single Axel Plow	300,000	2030	188,130	217,060
2022 Elderberry Lane Culvert	450,000	2032	335,165	375,144
2022 Pinedale Road	688,649	2032	512,914	574,095
2022 Beaver Ridge Road	290,000	2032	215,995	241,760
2022 N Morrison Lake Road	420,000	2032	312,821	350,135
2022 First Street	1,020,000	2032	759,709	850,327
2022 Single Axel Plow Truck #44	325,000	2032	242,064	270,938
2023 Single Axel Plow Truck	375,000	2033	314,576	345,564
2023 Tandem Axel Plow Truck	400,000	2033	335,548	368,602
2023 Jim Wood Lane	275,000	2033	230,689	253,414
2023 Pinetree Road Bridge	250,000	2033	209,717	230,376
2025 Kilworthy Road	770,000	2034	705,778	-
2025 Single Axel Plow	425,000	2034	389,553	-
2023 Oriole Crescent drainage	700,000	2038	635,250	668,473
2023 Redwing Drive drainage	400,000	2038	363,000	381,984
2023 Musquash Road drainage	500,000	2038	453,750	477,481
2023 Abbey Lane drainage	350,000	2038	317,625	334,236
2025 Musquash Road drainage	1,500,000	2039	1,426,359	-

2025 Kilworthy Road	797,000	2039	757,872	-
2024 Fairview Drive	930,000	2039	884,342	-
2007 Muskoka Wharf Construction Project	6,266,238	2028	1,092,087	1,436,883
	$ 30,498,835		$ 14,855,490	$ 12,858,448

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 2025 *(Note 16)*	Actual 2025	Actual 2024
REVENUE			
Provincial grants	46,800	57,328	44,493
Fines and fees	4,000	3,060	3,253
Other	27,700	16,670	16,926
TOTAL REVENUE	**78,500**	**77,058**	**64,672**
EXPENSES			
Wages and benefits	716,000	711,135	714,655
Materials and contracted services	274,100	221,242	219,972
Amortization	105,870	105,870	102,550
TOTAL EXPENSES	**1,095,970**	**1,038,247**	**1,037,177**
ANNUAL SURPLUS (DEFICIT)	**(1,017,470)**	**(961,189)**	**(972,505)**