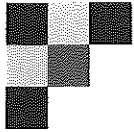


**THE CORPORATION OF THE  
TOWN OF HUNTSVILLE  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**THE CORPORATION OF THE TOWN OF HUNTSVILLE**  
**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

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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 Huntsville

*Opinion*

We have audited the consolidated financial statements of The Corporation of the Town of Huntsville, which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, the consolidated change in its net financial assets 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 financial position of The Corporation of the Town of Huntsville as at December 31, 2021, 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 Consolidated 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.

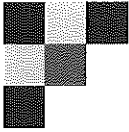
*Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*  
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal 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 Consolidated 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.
- 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.

Huntsville, Ontario  
July 25, 2022

*Pahapill and Associates*

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

**THE CORPORATION OF THE TOWN OF HUNTSVILLE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

	2021	2020
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents <i>(Note 2)</i>	\$ 25,829,909	\$ 16,651,901
Taxes receivable	5,017,805	6,076,455
Trade and other receivables, net of allowance of \$51,362 (2020 \$19,932)	2,319,845	2,928,674
Due from trust funds	85,713	75,580
Investment in Lakeland Holding Ltd. <i>(Note 5)</i>	13,247,177	12,546,815
	<b>46,500,449</b>	<b>38,279,425</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	9,498,520	6,498,477
Deferred revenue - general	559,680	280,340
Deferred revenue - obligatory reserve funds <i>(Note 6)</i>	4,767,822	3,690,812
Municipal debt <i>(Note 7)</i>	5,123,453	5,840,306
	<b>19,949,475</b>	<b>16,309,935</b>
<b>NET FINANCIAL ASSETS</b>	<b>26,550,974</b>	<b>21,969,490</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net <i>(Note 9, Schedule 1)</i>	79,961,277	78,571,542
Inventories of supplies	238,891	293,293
Prepaid expenses	299,352	231,768
	<b>80,499,520</b>	<b>79,096,603</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 107,050,494</b>	<b>\$ 101,066,093</b>

CONTINGENT LIABILITIES *(Note 14)*

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

**THE CORPORATION OF THE TOWN OF HUNTSVILLE**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget 2021 (Note 12)	Actual 2021	Actual 2020
<b>REVENUE</b>			
Property taxes	\$ 17,334,972	\$ 17,583,611	\$ 17,029,248
User fees	1,789,789	1,569,223	1,209,471
Government transfers	1,463,873	2,704,720	2,193,768
Government transfers - OMPF	1,841,000	1,841,000	1,840,000
Contributions from obligatory reserve fund	1,392,976	1,347,548	961,893
Lakeland Holding Ltd. - share of income (Note 5)	424,400	1,117,705	1,048,716
Other (Note 10)	2,885,609	6,610,687	2,991,521
<b>TOTAL REVENUE</b>	<b>27,132,619</b>	<b>32,774,494</b>	<b>27,274,617</b>
<b>EXPENSES</b>			
General government	4,945,406	4,457,144	4,099,640
Protection to persons and property	3,034,454	3,151,348	2,692,911
Transportation services	9,265,646	9,050,899	8,738,929
Environmental services	994,460	1,283,081	1,497,352
Health services	250,672	248,213	203,050
Social and family services	114,252	49,366	68,555
Recreation and culture	7,142,920	6,371,910	6,107,741
Planning and development	2,008,682	2,185,189	1,699,740
<b>TOTAL EXPENSES</b>	<b>27,756,492</b>	<b>26,797,150</b>	<b>25,107,918</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>(623,873)</b>	<b>5,977,344</b>	<b>2,166,699</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>101,066,093</b>	<b>101,066,093</b>	<b>98,888,612</b>
Lakeland Holding Ltd. - share of change in other comprehensive income	\$ -	\$ 7,057	\$ 7,057
Lakeland Holding Ltd. - remeasurement of defined benefit plan	\$ -	\$ -	\$ 3,725
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 100,442,220</b>	<b>\$ 107,050,494</b>	<b>\$ 101,066,093</b>

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

**THE CORPORATION OF THE TOWN OF HUNTSVILLE**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget 2021 (Note 12)	Actual 2021	Actual 2020
<b>Annual surplus (deficit)</b>	\$ (623,873)	\$ 5,977,344	\$ 2,166,699
Lakeland Holding Ltd. - share of change in other comprehensive income	-	7,057	10,782
Acquisition of tangible capital assets	(9,242,642)	(7,726,299)	(6,169,302)
Amortization of tangible capital assets	7,675,814	7,675,814	7,430,512
Contributed tangible capital assets	-	(2,115,650)	-
(Gain) loss on disposition of tangible capital assets	-	747,163	597,866
Proceeds on disposition of tangible capital assets	-	29,237	99,787
Change in supplies inventories	-	54,402	(46,020)
Change in prepaid expense	-	(67,584)	(74,081)
<b>Increase in net financial assets</b>	<b>(2,190,701)</b>	<b>4,581,484</b>	<b>4,016,243</b>
<b>Net financial assets, beginning of year</b>	<b>21,969,490</b>	<b>21,969,490</b>	<b>17,953,247</b>
<b>Net financial assets, end of year</b>	<b>\$ 19,778,789</b>	<b>\$ 26,550,974</b>	<b>\$ 21,969,490</b>

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

**THE CORPORATION OF THE TOWN OF HUNTSVILLE**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ 5,977,344	\$ 2,166,699
Non-cash charges to operations:		
Amortization	7,675,814	7,430,512
(Gain) loss on disposal of tangible capital assets	747,163	597,866
	<b>14,400,321</b>	<b>10,195,077</b>
Changes in non-cash items:		
Taxes receivable	1,058,650	(387,511)
Trade and other receivables	608,829	(1,237,237)
Lakeland Holding Ltd. - share of income (Note 5)	(1,117,705)	(1,048,716)
Due to/from trust funds	(10,133)	(74,052)
Accounts payable and accrued liabilities	3,000,043	(1,746,137)
Deferred revenue - general	279,340	(157,874)
Deferred revenue - obligatory reserve funds	1,077,010	702,682
Inventories of supplies	54,402	(46,020)
Prepaid expenses	(67,584)	(74,081)
	<b>4,882,852</b>	<b>(4,068,946)</b>
<b>Cash provided by operating transactions</b>	<b>19,283,173</b>	<b>6,126,131</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(9,841,949)	(6,169,302)
Proceeds on disposal of tangible capital asset	29,237	99,787
<b>Cash applied to capital transactions</b>	<b>(9,812,712)</b>	<b>(6,069,515)</b>
<b>Investing transactions</b>		
Dividends received (Note 5)	424,400	424,400
<b>Cash provided by investing transactions</b>	<b>424,400</b>	<b>424,400</b>
<b>Financing transactions</b>		
Debt principal repayments	(716,853)	(728,980)
<b>Cash applied to financing transactions</b>	<b>(716,853)</b>	<b>(728,980)</b>
<b>Net change in cash and cash equivalents</b>	<b>9,178,008</b>	<b>(247,964)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>16,651,901</b>	<b>16,899,865</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 25,829,909</b>	<b>\$ 16,651,901</b>

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



# THE CORPORATION OF THE TOWN OF HUNTSVILLE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2021

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

### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Town of Huntsville (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 and Proportionally Consolidated entities

The following local boards are consolidated:

Huntsville Public Library Board  
Business Improvement Area Board of Management

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

(ii) Modified equity accounting

Government business enterprises are accounted for by the modified equity method. Under this method the business enterprises' accounting principles are not adjusted to conform with those of the Municipality and interorganizational transactions and balances are not eliminated. The following government business enterprise is included in these financial statements: Lakeland Holding Ltd.

(iii) Accounting for District and school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the District of Muskoka are not reflected in these consolidated financial statements.

(iv) 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.

## THE CORPORATION OF THE TOWN OF HUNTSVILLE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2021

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(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.

The Consolidated Statement of Financial Position reflects all of the financial assets and liabilities of the Municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Net financial assets represents the financial position of the Municipality and is the difference between its financial assets and liabilities. This provides information about the Municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

(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 contributions are recorded at their fair value at the date of receipt with a corresponding amount recorded as revenue. 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 - 3 to 30 years  
Buildings - 15 to 50 years  
Equipment, fleet and vehicles - 3 to 25 years  
Roads, bridges and storm systems - 5 to 50 years

Assets under construction are not amortized until the asset is available for productive use.

The Municipality has a capitalization threshold of \$5,000; individual tangible capital assets of lesser value are expensed in the year of purchase.

(b) Inventories of supplies

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(iii) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, balances with banks and short term deposits with original maturities of three months or less.

(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.

## THE CORPORATION OF THE TOWN OF HUNTSVILLE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2021

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- (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 and payments in lieu of parkland 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.
- (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) Investment income  
Investment income earned on surplus funds is reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the restricted deferred revenue balance.
- (ix) Fees and user charges  
Fees, user charges, permits, licenses and rents are recognized as revenue when the services are provided and there is reasonable assurance of collection.
- (x) Pensions and employee benefits  
The Municipality is an employer member of the Ontario Municipal Employee Retirement System (OMERS), a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for past employee service.

## THE CORPORATION OF THE TOWN OF HUNTSVILLE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2021

(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 allowance for uncollectible taxes, estimated useful lives of tangible capital assets, allowance for doubtful accounts 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.

(xii) Land inventory

Land inventory is held for resale and is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

## 2. CASH AND CASH EQUIVALENTS

Cash consists of the following:

	2021	2020
Unrestricted	\$ 21,578,293	\$ 13,343,795
Restricted		
Federal gas tax	762,082	723,512
Development charges act	3,003,187	2,115,778
Parkland in-Lieu	480,632	466,195
Parking in-Lieu	5,715	2,621
	<b>\$ 25,829,909</b>	<b>\$ 16,651,901</b>

## 3. OPERATIONS OF SCHOOL BOARDS AND THE DISTRICT MUNICIPALITY OF MUSKOKA

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

	2021 School Boards	2021 District	2021 Total	2020 Total
Payable (receivable) beginning of year	\$ (88,166)	\$ (322,137)	\$ (410,303)	\$ 293,276
Taxation and payments-in-lieu, net of adjustments	9,041,872	20,188,119	29,229,991	28,143,503
Remitted during the year	(9,056,129)	(19,834,986)	(28,891,115)	(28,847,082)
<b>Payable (receivable) end of year</b>	<b>\$ (102,423)</b>	<b>\$ 30,996</b>	<b>\$ (71,427)</b>	<b>\$ (410,303)</b>

## THE CORPORATION OF THE TOWN OF HUNTSVILLE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2021

### 4. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$753,297 (2020 \$734,682) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations. As such balances are held in trust by the Municipality for the benefit of others, they are not presented as part of the Municipality's financial position or operations.

### 5. INVESTMENT IN LAKELAND HOLDING LTD.

Effective June 8, 2018, the Town holds a 21.22% ownership in the common shares of Lakeland Holding Ltd.

As a government business enterprise of the Town, Lakeland Holding Ltd. is accounted for in these consolidated financial statements using the modified equity method. Lakeland Holding Ltd. and its subsidiaries are incorporated under the laws of Ontario and together they generate, sell and distribute hydro electric power and other retail services to users in Bracebridge, Burk's Falls, Huntsville, Magnetawan, Parry Sound and Sundridge, Ontario.

	2021	2020
<b>Consolidated Balance Sheet</b>		
Assets:		
Current assets	\$ 4,856,227	\$ 4,896,147
Capital and other assets	28,452,222	25,133,629
<b>Total Assets</b>	<b>\$ 33,308,449</b>	<b>\$ 30,029,776</b>
Liabilities:		
Other liabilities	20,061,272	17,482,961
<b>Total Liabilities</b>	<b>20,061,272</b>	<b>17,482,961</b>
Equity		
Shareholder's equity	13,247,177	12,546,815
<b>Total Equity</b>	<b>13,247,177</b>	<b>12,546,815</b>
<b>Total Liabilities and Equity</b>	<b>\$ 33,308,449</b>	<b>\$ 30,029,776</b>
<b>Municipality's share of equity</b>	<b>\$ 13,247,177</b>	<b>\$ 12,546,815</b>

**THE CORPORATION OF THE TOWN OF HUNTSVILLE**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2021

**Consolidated Statement of Operations, Retained Earnings and Comprehensive Income**

Total Revenues	\$ 13,703,100	\$ 14,344,712
Total Expenses	12,585,395	13,295,996
Net income	1,117,705	1,048,716
Less: dividends	(424,400)	(424,400)
Add: amortization of change in fair value of interest rate swap	7,057	7,057
Less: remeasurement of defined benefit plan	-	3,725
Net income, net of dividends	\$ 700,362	\$ 635,098
Municipality's share of net income, net of dividends	\$ 700,362	\$ 635,098
Investment balance, beginning of year	\$ 12,546,815	\$ 11,911,717
Investment balance, end of year	\$ 13,247,177	\$ 12,546,815

6. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

The 2021 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
Planning act	\$ 468,817	\$ 17,414	\$ 22,501	\$ (22,385)	\$ 486,347
Development charges	2,498,484	1,211,523	79,653	(270,267)	3,519,393
Federal gas tax	723,511	1,232,631	7,174	(1,201,234)	762,082
	<b>\$ 3,690,812</b>	<b>\$ 2,461,568</b>	<b>\$ 109,328</b>	<b>\$(1,493,886)</b>	<b>\$ 4,767,822</b>

## THE CORPORATION OF THE TOWN OF HUNTSVILLE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2021

### 7. MUNICIPAL DEBT

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

	2021	2020
Debenture payable to the District Municipality of Muskoka, repayable in semi annual payments of \$44,405 including interest calculated at 6.02% per annum, maturing 2023 and is secured by future funding.	\$ 165,024	\$ 240,482
Debenture payable to the District Municipality of Muskoka, repayable in semi annual payments of \$24,375 plus interest calculated at 2.45% per annum, maturing 2025 and is secured by future funding.	170,625	219,375
Debenture payable to the District Municipality of Muskoka, repayable in semi annual payments of \$61,478 including interest calculated at 5.34% per annum, maturing 2026 and is secured by future funding.	533,360	624,181
Debenture payable to the District Municipality of Muskoka, repayable in semi annual payments of \$54,433 including interest calculated at 5.23% per annum, maturing 2027 and is secured by future funding.	554,444	631,268
Debenture payable to the District Municipality of Muskoka, repayable in annual payments of \$425,000 (varies every 5 years) and semi-annual interest payments at 1.1% to 5.1% per annum, maturing 2030 and is secured by future funding.	3,700,000	4,125,000
	<b>\$ 5,123,453</b>	<b>\$ 5,840,306</b>

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

	Principal	Interest
2022	\$ 730,449	\$ 241,368
2023	744,808	205,521
2024	669,828	169,895
2025	655,965	137,247
2026	617,665	105,356
2027 onwards	1,704,738	166,928
	<b>\$ 5,123,453</b>	<b>\$ 1,026,315</b>

## THE CORPORATION OF THE TOWN OF HUNTSVILLE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2021

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

	2021	2020
Principal payments	\$ 716,853	\$ 728,980
Interest	269,675	304,145
	<b>\$ 986,528</b>	<b>\$ 1,033,125</b>

The annual principal and interest payments required to service the Municipality's debt were within the annual debt repayment limit of \$4,684,745 prescribed by the Ministry of Municipal Affairs and Housing.

#### 8. BANK INDEBTEDNESS

The Municipality has a revolving demand facility agreement with TD Canada Trust. The maximum amount available under this facility is \$4,500,000 (2020 \$4,500,000), of which \$NIL (2020 \$NIL) was used at the end of the year. The loan is payable on demand and bears interest at the bank's prime rate less 0.5%.

#### 9. TANGIBLE CAPITAL ASSETS

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

(a) Contributed tangible capital assets

The Municipality records all tangible capital assets contributed by external parties at the fair market value. During the year \$2,115,650 (2020 \$NIL) such contributions were recorded. The 2021 contributions consisted primarily of roads.

(b) Tangible capital assets recorded at nominal value

Certain tangible capital assets have been assigned a nominal value because of the difficulty of establishing a reasonable historical cost. Land is the only category where nominal values were assigned.

(c) Works of art and historical treasures

The Town holds various pieces of art and historical treasures including Muskoka Heritage Place, Public Art and Sports Memorabilia Collections. The value of these are not included in the balances provided in Schedule 1.

(d) Capitalization of Interest

The Municipality has a policy of expensing borrowing costs related to the acquisition of tangible capital assets.



# THE CORPORATION OF THE TOWN OF HUNTSVILLE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2021

## 10. OTHER INCOME

	2021	2020
Fees, permits, licences and fines	\$ 3,547,936	\$ 2,331,521
Penalties and interest on taxation	734,138	658,233
Investment income	471,315	441,967
Donations	27,593	6,040
Contributed tangible capital assets	2,115,650	-
Sale of miscellaneous items and other	461,218	151,683
Gain (loss) on sale of tangible capital assets	(747,163)	(597,923)
	<b>\$ 6,610,687</b>	<b>\$ 2,991,521</b>

## THE CORPORATION OF THE TOWN OF HUNTSVILLE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2021

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### 11. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT

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

#### General Government

General Government accounts for the revenues and expenses that relate to the operations of the Municipality itself and cannot be directly attributed to any specific segment. Included in this category is Lakeland Holding Ltd. income.

#### Protection Services

Protection is comprised of fire protection, by-law enforcement services, emergency planning, and maintenance and enforcement of building and construction codes. The fire department is responsible to provide fire suppression services, fire prevention programs, training and education. The members of the fire department includes volunteers.

#### Transportation

Transportation is responsible for the maintenance of roads, winter control, storm sewer maintenance, street lighting and the municipal transit system.

#### Environmental Services

Includes storm system maintenance and solar generation activity.

#### Health Services

Included in health services is the maintenance and upkeep of the municipally controlled cemeteries.

#### Social and Family Services

This service area provides services meant to improve the health and development of the Municipality's citizens.

#### Recreation and Culture

Recreational programs and cultural programs like swimming and skating lessons are provided at arenas, aquatic centers and community centers. Also, the Municipality provides library services to assist with its citizens' information needs.

#### Planning and Development

This department provides a number of services including town and economic planning and review of all property development plans through its application process.

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 HUNTSVILLE**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year Ended December 31, 2021

**11. 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	Social and Family Services	Recreation and Culture	Planning and Development	Consolidated
<b>REVENUE</b>									
Property taxes	\$ 6,120,258	\$ 645,754	\$ 6,841,941	\$ 701,812	\$ 104,489	\$ (5,407)	\$ 2,739,613	\$ 435,151	\$ 17,583,611
User fees	163,632	74,706	166,480	15,632	121,754	7,113	603,483	416,423	1,569,223
Government transfers	1,129	1,226,349	1,179,120	-	-	51,948	209,247	36,927	2,704,720
Government transfers - OMPF	678,948	71,637	759,009	77,855	11,592	(600)	208,749	33,810	1,841,000
Contributions from obligatory reserve funds	-	-	1,169,171	-	-	-	178,377	-	1,347,548
Lakeland Holding Ltd - share of income	1,117,705	-	-	-	-	-	-	-	1,117,705
Penalties and interest on taxation	270,746	28,567	302,671	31,046	4,622	(239)	83,243	13,482	734,138
Other	1,037,899	1,485,490	1,777,086	27,114	27,245	2	45,313	1,476,410	5,876,549
<b>TOTAL REVENUE</b>	<b>9,390,307</b>	<b>3,532,503</b>	<b>12,195,478</b>	<b>853,459</b>	<b>269,702</b>	<b>52,817</b>	<b>4,068,025</b>	<b>2,412,203</b>	<b>32,774,494</b>
<b>EXPENSES</b>									
Salaries, wages and benefits	2,738,233	1,882,094	2,261,432	250,052	186,155	35,167	3,458,005	818,617	11,629,755
Long-term debt charges (interest)	51,270	17,473	70,624	1,219	-	-	129,089	-	269,675
Operating expenses	200,427	273,960	1,223,372	56,300	19,796	5,191	679,922	221,715	2,680,683
Contracted services	1,452,312	260,908	770,337	135,963	9,798	-	659,842	1,136,800	4,425,960
Rents and financial expenses	61,929	16,600	8,580	-	-	-	22,354	5,800	115,263
Internal allocations	(373,334)	390,806	(350,995)	347,319	-	-	(22,804)	-	-
Amortization	326,307	309,507	5,067,549	492,228	32,464	-	1,445,502	2,257	7,675,814
<b>TOTAL EXPENSES</b>	<b>4,457,144</b>	<b>3,151,348</b>	<b>9,050,899</b>	<b>1,283,081</b>	<b>248,213</b>	<b>49,366</b>	<b>6,371,910</b>	<b>2,185,189</b>	<b>26,797,150</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 4,933,163</b>	<b>\$ 381,155</b>	<b>\$ 3,144,579</b>	<b>\$ (429,622)</b>	<b>\$ 21,489</b>	<b>\$ 3,451</b>	<b>\$ (2,303,885)</b>	<b>\$ 227,014</b>	<b>\$ 5,977,344</b>

**THE CORPORATION OF THE TOWN OF HUNTSVILLE**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year Ended December 31, 2021

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

FOR THE YEAR ENDED DECEMBER 31, 2020

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Culture	Planning and Development	Consolidated
<b>REVENUE</b>									
Property taxes	\$ 5,665,101	\$ 1,289,262	\$ 5,960,247	\$ 834,013	\$ 62,811	\$ 14,387	\$ 2,719,535	\$ 483,892	\$ 17,029,248
User fees	101,113	34,610	149,395	13,820	103,375	4,302	538,573	264,283	1,209,471
Government transfers	1,917	994,494	994,684	-	-	51,187	84,935	66,551	2,193,768
Government transfers - OMPF	650,810	148,111	684,717	95,812	7,216	1,653	210,775	40,906	1,840,000
Contributions from obligatory reserve funds	-	-	819,803	-	-	-	142,090	-	961,893
Lakeland Holding Ltd - share of income	1,048,716	-	-	-	-	-	-	-	1,048,716
Penalties and interest on taxation	232,819	52,985	244,947	34,275	2,581	591	75,402	14,633	658,233
Other	406,645	1,216,042	(123,954)	18,957	80,052	1,206	(247,646)	981,986	2,333,288
<b>TOTAL REVENUE</b>	<b>8,107,121</b>	<b>3,735,504</b>	<b>8,729,839</b>	<b>996,877</b>	<b>256,035</b>	<b>73,326</b>	<b>3,523,664</b>	<b>1,852,251</b>	<b>27,274,617</b>
<b>EXPENSES</b>									
Salaries, wages and benefits	2,612,514	1,604,582	2,233,109	236,529	145,202	56,492	3,060,317	741,141	10,689,886
Long-term debt charges (interest)	59,856	19,607	78,734	1,519	-	-	144,429	-	304,145
Operating expenses	214,520	249,024	1,143,476	76,050	20,386	6,079	696,272	114,223	2,520,030
Contracted services	1,167,807	247,808	913,104	120,070	15,852	-	777,617	836,502	4,078,760
Rents and financial expenses	53,911	22	6,109	-	-	-	18,926	5,617	84,585
Internal allocations	(324,178)	278,728	(573,030)	566,883	-	5,984	45,613	-	-
Amortization	315,210	293,140	4,937,427	496,301	21,610	-	1,364,567	2,257	7,430,512
<b>TOTAL EXPENSES</b>	<b>4,099,640</b>	<b>2,692,911</b>	<b>8,738,929</b>	<b>1,497,352</b>	<b>203,050</b>	<b>68,555</b>	<b>6,107,741</b>	<b>1,699,740</b>	<b>25,107,918</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 4,007,481</b>	<b>\$ 1,042,593</b>	<b>\$ (9,090)</b>	<b>\$ (500,475)</b>	<b>\$ 52,985</b>	<b>\$ 4,771</b>	<b>\$ (2,584,077)</b>	<b>\$ 152,511</b>	<b>\$ 2,166,699</b>

## THE CORPORATION OF THE TOWN OF HUNTSVILLE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2021

#### 12. 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 2021 unconsolidated municipal operating surplus.

#### SUPPLEMENTARY MUNICIPAL INFORMATION

	Municipal Budget 2021
<b>CONSOLIDATED ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (623,873)</b>
Transfer (to) from municipal reserves	2,907,553
Transfer to unfunded liabilities	(716,852)
Municipal amortization	7,675,814
Municipal capital expenditures	(9,242,642)
<b>MUNICIPAL SURPLUS (DEFICIT)</b>	<b>\$ -</b>

#### 13. 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, 2021. The results of this valuation disclosed total actuarial liabilities of \$119,342 million with respect to benefits accrued for service with actuarial assets at that date of \$116,211 million indicating an actuarial deficit of \$3,131 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 the current year was \$744,865 (2020 \$749,532) for current service and is included as an expense on the Consolidated Statement of Operations.

#### 14. CONTINGENT LIABILITY

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.

## THE CORPORATION OF THE TOWN OF HUNTSVILLE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2021

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15. LIABILITIES FOR CONTAMINATED SITES

The Municipality reports environmental liabilities related to the management and remediation of any contaminated sites where the Municipality is obligated or likely obligated to incur such costs.

The Municipality identified one potential site. The extent and amount of any future remediation is currently unknown and therefore no liability has been recorded.

The Municipality's ongoing efforts to assess contaminated sites may result in future environmental remediation liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. Any changes to the Municipality's liabilities for contaminated sites will be accrued in the year in which they are assessed as likely and can be reasonably estimated.

16. IMPACT OF COVID-19

As the impacts of COVID-19 continue, there could be further impact on the Municipality, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Municipality's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Municipality is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Municipality's ability to continue delivering non-essential services and employ related staff, will depend on the legislative mandates from the various levels of government. The Municipality will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

**THE CORPORATION OF THE TOWN OF HUNTSVILLE  
 CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2021**

**Schedule 1**

	Land and Land Improvements	Buildings	Equipment, Fleet and Vehicles	Roads, Bridges, and Storm Systems	Assets Under Construction	TOTAL 2021	TOTAL 2020
<b>COST</b>							
Balance, beginning of year	\$ 15,308,130	\$ 43,096,742	\$ 13,256,217	\$ 104,413,536	\$ 389,606	\$ 176,464,231	\$ 173,509,458
Additions and betterments	909,997	324,038	1,635,931	4,208,740	2,763,243	9,841,949	6,169,302
Disposals and write-downs	(129,929)	(7,847)	(765,522)	(2,138,956)	(568,951)	(3,042,254)	(3,214,529)
Allocation from work in progress		96,343	100,946	371,662			
<b>BALANCE, END OF YEAR</b>	<b>16,088,198</b>	<b>43,509,276</b>	<b>14,227,572</b>	<b>106,854,982</b>	<b>2,583,898</b>	<b>183,263,926</b>	<b>176,464,231</b>
<b>ACCUMULATED AMORTIZATION</b>							
Balance, beginning of year	5,329,033	18,157,346	6,566,406	67,839,904		97,892,689	92,979,053
Annual amortization	604,762	1,108,164	1,021,205	4,941,683		7,675,814	7,430,512
Amortization disposals	(74,135)	(4,615)	(738,960)	(1,448,144)		(2,265,854)	(2,516,876)
<b>BALANCE, END OF YEAR</b>	<b>5,859,660</b>	<b>19,260,895</b>	<b>6,848,651</b>	<b>71,333,443</b>		<b>103,302,649</b>	<b>97,892,689</b>
<b>TANGIBLE CAPITAL ASSETS-NET</b>	<b>\$ 10,228,538</b>	<b>\$ 24,248,381</b>	<b>\$ 7,378,921</b>	<b>\$ 35,521,539</b>	<b>\$ 2,583,898</b>	<b>\$ 79,961,277</b>	<b>\$ 78,571,542</b>

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

**2021**

	2021	2020
<b>RESERVES AND RESERVE FUNDS</b>		
Operating		
BIA		
General government	\$ 86,508	\$ 99,030
Protection services	5,793,188	5,095,957
Transportation services	3,023,311	2,915,671
Health services	85,000	85,000
Recreation and culture	9,500	7,500
Planning and development	142,886	145,901
Working funds	846,658	606,937
Capital	4,041,524	1,981,804
Library	678,717	662,646
General government	1,627,785	1,348,722
Protection services	725,456	959,301
Transportation services	723,779	779,170
Health services	183,542	154,027
Recreation and culture	732,126	686,772
Planning and development	46,402	41,301
<b>TOTAL RESERVES AND RESERVE FUNDS</b>	<b>18,746,382</b>	<b>15,569,739</b>
<b>OTHER</b>		
Investment in tangible capital assets	79,961,277	78,571,542
General operating surplus (deficit)	(9,992)	(4,313)
Investment in inventory for own use	238,891	293,293
Unfunded accommodation tax reserve	(17,946)	(71,778)
Investment in Lakeland Holding Ltd. (Note 5)	13,247,177	12,546,815
Capital outlay financed by long-term liabilities and to be recovered in future years	(5,123,453)	(5,840,306)
Share of Lakeland Holding Ltd.'s accumulated comprehensive loss	(7,107)	(14,164)
Change in Lakeland Holding Ltd.'s comprehensive loss (defined benefit plan)	15,265	15,265
<b>TOTAL OTHER</b>	<b>88,304,112</b>	<b>85,496,354</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$107,050,494</b>	<b>\$101,066,093</b>