

FINANCIAL STATEMENT

TOWN OF GRIMSBY

DECEMBER 31, 2023

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Independent auditor's report

To the Members of Council, Inhabitants and Taxpayers of the Corporation of the Town of Grimsby

Opinion

We have audited the consolidated financial statements of the Corporation of the Town of Grimsby ("the Municipality"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, changes in net financial assets and 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 Grimsby as at December 31, 2023, and its results of operations, its changes in its net financial assets, 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 these 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 these 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 related to a 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 Responsibilities 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:

- 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 and the organizations it controls 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.

Doane Grant Thornton LLP

Port Colborne, Canada
October 7, 2024

Chartered Professional Accountants
Licensed Public Accountants

TOWN OF GRIMSBY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	2023	2022 As restated (Note 2)
Financial assets		
Cash	\$ 43,412,014	\$ 33,677,213
Portfolio investments (Note 3)	37,465,951	39,025,901
Taxes receivable (Note 4)	3,073,864	3,551,164
User charges receivable	2,923,957	2,054,883
Other receivables	3,410,843	3,375,034
Investment in Government Business Enterprises (Note 5)	18,945,285	18,164,491
	109,231,914	99,848,686
Financial liabilities		
Payables and accruals	8,630,433	5,272,848
Due to trust funds	1,109,381	139,929
Deferred revenue – obligatory reserve funds (Note 6)	28,329,421	28,635,272
Deferred revenue – other (Note 7)	1,532,263	1,720,669
Employee benefit obligations (Note 8 and 20)	1,241,100	1,222,379
Asset retirement obligation (Note 9)	321,621	306,653
Long term debt (Note 10)	1,696,130	2,093,534
	42,860,349	39,391,284
Net financial assets	66,371,565	60,457,402
Non-financial assets		
Tangible capital assets (Note 11 and Pages 43 and 44)	264,785,740	262,020,911
Inventory and prepaid expenses	1,460,621	637,965
	266,246,361	262,658,876
Accumulated surplus (Note 12)		
As previously stated	332,617,926	323,408,893
Prior period adjustment (Note 2)	-	(292,615)
Accumulated surplus as restated	\$ 332,617,926	\$ 323,116,278

Commitments (Note 24)

Contingencies (Note 25)

Approved by



Director of Finance/Treasurer



Chief Administrative Officer

See accompanying notes to the consolidated financial statements.

TOWN OF GRIMSBY

CONSOLIDATED STATEMENT OF OPERATIONS

For the Year Ended December 31, 2023

	2023 Budget (Note 26)	2023 Actual	2022 Actual As restated (Note 2)
Revenues			
Taxation (Note 15)	\$ 21,664,500	\$ 21,718,717	\$ 22,257,625
User fees and charges (Note 17)	12,867,910	13,266,576	10,039,741
Government transfers (Note 18)	18,190,110	2,842,159	1,869,664
Other (Note 19)	13,056,250	9,775,903	6,975,154
	<u>65,778,770</u>	<u>47,603,355</u>	<u>41,142,184</u>
Expenses			
General government	5,635,574	4,810,945	5,732,853
Protection to persons and property	4,177,985	3,784,942	3,778,285
Transportation services	6,045,696	5,337,123	5,334,385
Environmental services	14,109,751	15,069,936	13,347,650
Health services	241,390	226,861	227,551
Social and family services	167,856	175,026	152,781
Recreation and cultural services	7,301,783	7,270,770	6,670,088
Planning and development	2,310,540	1,426,104	1,197,331
	<u>39,990,575</u>	<u>38,101,707</u>	<u>36,440,924</u>
Annual surplus	25,788,195	9,501,648	4,701,260
Accumulated surplus (Note 12)			
Beginning of year			
As previously stated	323,408,893	323,408,893	318,692,212
Prior period adjustment (Note 2)	(292,615)	(292,615)	(277,194)
As restated	<u>323,116,278</u>	<u>323,116,278</u>	<u>318,415,018</u>
End of year	<u>\$ 348,904,473</u>	<u>\$ 332,617,926</u>	<u>\$ 323,116,278</u>

See accompanying notes to the consolidated financial statements.

TOWN OF GRIMSBY
CONSOLIDATED STATEMENT OF CHANGES IN NET
FINANCIAL ASSETS

For the Year Ended December 31, 2023

	2023 Budget (Note 26)	2023 Actual	2022 Actual As restated (Note 2)
Annual surplus	\$ 25,788,195	\$ 9,501,648	\$ 4,701,260
Amortization of tangible capital assets	6,826,165	6,826,165	6,684,146
Acquisition of tangible capital assets	(52,104,740)	(8,848,107)	(3,420,227)
Contributed tangible capital assets	-	(744,801)	(2,362,771)
Proceeds on sale of tangible capital assets	-	16,668	95,508
Gain on disposal of tangible capital assets	-	(14,754)	(67,158)
	(19,490,380)	6,736,819	5,630,758
Acquisition of inventory and prepaid expenses	-	(822,656)	(22,466)
Increase (decrease) in net financial assets	(19,490,380)	5,914,163	5,608,292
Net financial assets			
Beginning of year			
As previously stated	60,764,055	60,764,055	55,141,491
Prior year adjustment (Note 2)	(306,653)	(306,653)	(292,381)
As restated	60,457,402	60,457,402	54,849,110
End of year	\$ 40,967,022	\$ 66,371,565	\$ 60,457,402

See accompanying notes to the consolidated financial statements.

TOWN OF GRIMSBY

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023	2022 As restated (Note 2)
Increase (decrease) in cash		
Operating activities		
Annual surplus	\$ 9,501,648	\$ 4,701,260
Non-cash items:		
Amortization of tangible capital assets	6,826,165	6,684,146
Gain on disposal of tangible capital assets	(14,754)	(67,158)
Contributed tangible capital assets	(744,801)	(2,362,771)
Asset retirement obligations accretion expense	14,968	14,272
Changes in:		
Taxes receivable	477,300	386,133
User charges receivable	(869,074)	(91,660)
Other receivables	(35,809)	(71,260)
Payables and accruals	3,357,585	77,386
Due to trust funds	969,452	51,493
Deferred revenue – obligatory reserve funds	(305,851)	6,328,057
Deferred revenue – other	(188,406)	485,530
Employee benefit obligations	18,721	63,163
Inventory and prepaid expenses	(822,656)	(22,466)
	18,184,488	16,176,125
Capital activities		
Proceeds from disposal of tangible capital assets	16,668	95,508
Acquisition of tangible capital assets	(8,848,107)	(3,420,227)
	(8,831,439)	(3,324,719)
Investing activities		
Purchase of portfolio investments, net	1,559,950	(18,468,202)
Increase in investment in Government Business Enterprises	(780,794)	(539,922)
	779,156	(19,008,124)
Financing activities		
Proceeds from long term debt issuance	-	9,000
Repayment of long term debt	(397,404)	(386,530)
	(397,404)	(377,530)
Net increase (decrease) in cash	9,734,801	(6,534,248)
Cash		
Beginning of year	33,677,213	40,211,461
End of year	\$ 43,412,014	\$ 33,677,213

See accompanying notes to the financial statements.

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. Significant accounting policies

Management responsibility

The consolidated financial statements of the Town of Grimsby (“Municipality”) are the responsibility of and prepared by management in accordance with Canadian Public Sector Accounting Standards. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The significant accounting policies used are as follows:

(a) Reporting entity

The consolidated financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Municipality and which are owned or controlled by the Municipality. In addition to general government tax-supported operations, they include the following:

- Grimsby Public Library Board
- Grimsby Museum
- Grimsby Public Art Gallery
- Grimsby Downtown Business Improvement Area

Interdepartmental and organizational transactions and balances are eliminated.

Niagara Power Incorporated (“NPI”) is a subsidiary corporation of the Municipality and is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for Government Business Enterprises (Note 5). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the Municipality and inter-organizational transactions and balances are not eliminated. The Municipality recognizes its equity interest in the annual income or loss of NPI in its Consolidated Statement of Operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Municipality may receive from NPI are reflected as reductions in the investment asset account.

Trust funds and their related operations administered by the Municipality are not consolidated but are reported separately on the Trust Funds Statements of Financial Position and Operations (Note 22).

(b) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting records revenues in the period they are earned and measurable and expenses in the period the goods and services are acquired and a liability is incurred.

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. Significant accounting policies (continued)

(c) Deferred revenue

Resources restricted by agreement with an external party are recognized as revenue in the entity's financial statements in the period in which the resources are used for the purpose or purposes specified. An externally restricted inflow received before this criterion has been met is recorded as a liability until the resources are used for the purpose or purposes specified.

(d) Employee future benefits

- i) The Municipality provides certain employee benefits which will require funding in future periods. These benefits include extended health and dental benefits for a closed group of early retirees. An independent actuarial study to determine the liabilities for future payments of extended health and dental benefits has been undertaken using management's best estimate of insurance and health care cost trends, long term inflation rates and discount rates.
- ii) The costs of multi-employer defined benefit pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period.

(e) Asset retirement obligations

A liability for an asset retirement obligation is recognized when all of the following criteria are met:

- 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 is measured at the Municipality's best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date. The estimate includes costs directly attributable to the asset retirement activities. The costs also include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset and the costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

Upon initial recognition of the liability for an asset retirement obligation, the carrying amount of the corresponding tangible capital asset (or component thereof) is increased by the same amount. The capitalized asset retirement cost is expensed in a rational and systematic manner over the useful life of the tangible capital asset (or a component thereof).

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. Significant accounting policies (continued)

(e) Asset retirement obligations (continued)

For obligations for which there is no tangible capital asset recognized or for tangible capital assets that are no longer in productive use, the asset retirement costs are expensed immediately. Subsequently, the liability is reviewed at each financial statement reporting date and adjusted for (1) changes as a result of the passage of time with corresponding accretion expense and (2) adjusted for any revisions to the timing, amount of the original estimate of undiscounted cash flows, or the discount rate. Adjustments to the liability as a result of revisions to the timing, amount of the estimate of undiscounted cash flows or the discount rate are adjusted to the cost of the related tangible capital asset and the revised carrying amount of the related tangible capital asset is amortized except for adjustments related to tangible capital assets that are not recognized or no longer in productive use, which are expensed in the period they are incurred.

The asset retirement costs are amortized on a straight-line basis over the estimated useful life of the related asset.

A recovery related to asset retirement obligation is recognized when the recovery can be appropriately measured; reasonably estimated and it is expected that future economic benefits will be obtained. The recovery is not netted against the liability.

(f) Contaminated sites liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability would be recorded net of any expected recoveries. A liability for remediation of contaminated sites would be recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Municipality:
 - is directly responsible; or
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made

The liability would be recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. Significant accounting policies (continued)

(g) Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location and in the condition necessary for its intended use. Contributed tangible capital assets are capitalized at their estimated fair value upon acquisition.

The Municipality does not capitalize interest as part of the costs of its capital assets.

Works of art for display in municipal property are not included as capital assets. The works of art are held for exhibition, educational and historical interest. Such assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. The cost of art is not determinable or relevant to their significance. No valuation of the collection has been conducted or disclosed in the consolidated financial statements

Leases are classified as capital or operating leases. Leases that transfer substantially all benefits incidental to ownership are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its estimated useful life for all classes except land. Land is considered to have an infinite life without amortization. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the Consolidated Statement of Operations.

Amortization is based on the following classifications and useful lives:

<u>Classification</u>	<u>Useful Life</u>
Land Improvements	15 to 60 years
Buildings	10 to 70 years
Vehicles, machinery and equipment	3 to 20 years
Road infrastructure	6 to 75 years
Water and wastewater infrastructure	40 to 90 years

One-half the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. Significant accounting policies (continued)

(h) Subdivision infrastructure

Subdivision streets, lighting, sidewalks, drainage and other infrastructure are required to be provided by subdivision developers. Upon completion, they are turned over to the Municipality and recorded as tangible capital assets. The Municipality is not involved in the construction.

(i) Inventory

Inventory is recorded at the lower of average cost and replacement cost.

(j) Reserves for future expenses

Certain amounts, as approved by Municipal Council, are set aside in reserves and reserve funds for future operating and capital expenses.

(k) Revenue recognition

i) Taxation

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 amount the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes and on behalf of the Region of Niagara for upper-tier services, waste management and transit. Realty taxes are billed based on the assessment rolls provided by MPAC. Taxation revenues are recorded at the time tax billings are issued.

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 roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Assessments of the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the Region of Niagara and school boards, as appropriate.

ii) User charges

User charges are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. Significant accounting policies (continued)

(k) Revenue recognition (continued)

iii) Government transfers

Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met. Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

iv) Other

Other revenue is recorded when it is earned, and collection is reasonably assured.

v) Investment income

Investment income earned on operating surplus funds and reserves and reserve funds (other than obligatory reserve funds) are recorded as revenue in the period earned. Investment income earned on obligatory reserve funds are recorded directly to each respective fund balance and forms part of the deferred revenue – obligatory reserve funds balance.

(l) Region of Niagara and school board transactions

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

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. Significant accounting policies (continued)

(m) Financial instruments

All financial instruments are recorded at their cost or amortized cost except for portfolio investments in equity instruments quoted in an active market and derivatives which are recorded at their fair value with unrealized remeasurement gains and losses recorded in the Statement of Remeasurement Gains and Losses. Once realized, remeasurement gains and losses are transferred to the Statement of Operations. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the Statement of Operations.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the Statement of Financial Position when, and only when, they are discharged or cancelled or expire.

Financial assets measured at amortized cost include cash, portfolio investments, and other receivables.

Financial liabilities measured at amortized cost include payables and accruals, due to trust funds, deferred revenue – other and long term debt.

(n) Use of estimates

The preparation of the consolidated financial statements in accordance 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Areas in which management make estimates are with regards to an allowance for uncollectible taxes receivable, obligations for employee benefits, contaminated sites liability and useful lives of tangible capital assets.

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

2. Adoption of new guidance

Effective January 1, 2023, the Municipality adopted new public sector accounting standards sections PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments along with the related amendments.

PS1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses. In accordance with PS 2601 Foreign Currency, the Municipality has made the irrevocable election to directly recognize foreign exchange gains/losses in the Statement of Operations.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost (using the effective interest method), or, by policy choice, at fair value when the Municipality defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

The measurement requirements were applied prospectively. The recognition, derecognition, and measurement policies followed in the comparative period were not reversed and the comparative figures have not been restated. The Municipality elected to account for embedded derivatives required to be reported in accordance with the section on a prospective basis.

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

2. Adoption of new guidance (continued)

There were no adjustments required and there are no remeasurement gains or losses or embedded derivatives requiring the presentation of a Statement of Remeasurement Gains or Losses.

Effective January 1, 2023, the Municipality adopted new public sector accounting standard section PS 3280 Asset Retirement Obligations ("ARO") which recognizes legal obligations associated with the retirement of tangible capital assets. As this standard includes solid waste landfill sites active and post-closing obligations, upon adoption of this new standard, existing Section PS 3270 Solid Waste Landfill Closure and Post-Closure Liability section PS 3270 was withdrawn. The financial statements of the comparative year have been restated to reflect this change in accounting policy, which has been applied using a modified retroactive method. Under the modified retroactive method, the obligation and asset retirement costs were measured using information, assumptions and discounts rates that were current at January 1, 2023.

As a result of the adoption of this new accounting policy, the following changes have been made to the following 2022 financial statement items:

Consolidated Statement of Financial Position

As at December 31, 2022

Increase in asset retirement obligations	\$ 306,653
Increase in cost of tangible capital assets	55,359
Increase in accumulated amortization of tangible capital assets	41,321
Net increase in tangible capital assets	14,038
Decrease in accumulated surplus	(292,615)

Consolidated Statement of Operations

For the Year Ended December 31, 2022

Increase in amortization of tangible capital assets	1,149
Increase in asset retirement obligation accretion expense	14,272
Net increase in expenses	15,421

Consolidated Statement of Changes in Net Financial Assets

For the Year Ended December 31, 2022

Decrease in annual surplus	(15,421)
Decrease in net financial assets	(306,653)

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2022

Decrease in annual surplus	(15,421)
Increase in amortization of tangible capital assets	1,149
Increase in asset retirement obligation accretion expense	14,272

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

3. Portfolio investments

	<u>2023</u>	<u>2022</u>
Provincial bonds	\$ 3,565,808	\$ 3,604,994
Guaranteed investment certificates	33,900,143	35,420,907
Book value	<u>\$ 37,465,951</u>	<u>\$ 39,025,901</u>
Provincial bonds	\$ 3,512,390	\$ 3,526,695
Guaranteed investment certificates	33,900,143	35,420,907
Market value	<u>\$ 37,412,533</u>	<u>\$ 38,947,602</u>

Portfolio investments carry interest rates from 4.40% to 5.64% and maturity dates range from March 2024 to April 2026. Interest is receivable on maturity. The Municipality's investment policy is to hold investments until maturity. As investments mature, the Municipality's cash flow requirements are evaluated, and reinvestment opportunities are considered.

4. Taxes receivable

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government. All assessed property values in the Municipality were reviewed and new values were established based on a common valuation date that was used by the Municipality in computing the property tax bills. However, the property tax revenue and taxes receivable of the Municipality are subject to measurement uncertainty as a number of appeals submitted by taxpayers have yet to be heard. Any adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined, and the effect shared with the Region of Niagara and school boards, as appropriate.

	<u>2023</u>	<u>2022</u>
Current year's taxes receivable	\$ 2,325,281	\$ 2,847,694
Prior year's taxes receivable	504,141	596,243
Previous year's taxes receivable	378,401	241,186
Allowance for uncollectable taxes	(133,959)	(133,959)
	<u>\$ 3,073,864</u>	<u>\$ 3,551,164</u>

5. Investment in Government Business Enterprises

Niagara Power Incorporated ("NPI") is the holding company of Grimsby Power Incorporated ("GPI"), which is 90% owned and controlled by the Municipality. The remaining 10% is owned by Fortis Inc. The Municipality owns 23 common shares and 90 Class A preferred shares in NPI.

GPI is structured to carry out all the regulatory requirements including capital and maintenance work on the plant infrastructure (poles, wires and underground equipment). It is also responsible for the local administration plus the billing and collection function that was previously done under the auspices of the former Grimsby Hydro-Electric Commission. As well, GPI is also the provider of electricity to customers who do not sign an agreement for power with a retailer.

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

5. Investment in Government Business Enterprises (continued)

The investment in subsidiary is represented by the following:

	<u>2023</u>	<u>2022</u>
Promissory note receivable from GPI	\$ 5,782,746	\$ 5,782,746
Common and preferred shares	6,962,470	6,962,470
Retained earnings	6,059,579	5,192,030
Add: adjustment on acquisition of subsidiary	915,004	915,004
Less: non-controlling interest	(774,514)	(687,759)
	<u>\$ 18,945,285</u>	<u>\$ 18,164,491</u>

The promissory note receivable from GPI bears interest at 3.49% (2022 – 3.49%) and matures on February 1, 2027.

The following table provides condensed supplementary financial information for the subsidiary:

	<u>2023</u>	<u>2022</u>
Financial position		
Assets		
Current assets	\$ 7,014,646	\$ 6,356,193
Capital assets	33,797,452	32,170,045
Long term assets	4,799,936	5,174,216
	<u>45,612,034</u>	<u>43,700,454</u>
Liabilities		
Current liabilities	7,330,985	7,377,366
Long term liabilities	23,788,174	22,697,763
	<u>31,119,159</u>	<u>30,075,129</u>
Equity	<u>\$ 14,492,875</u>	<u>\$ 13,625,325</u>
Results of operations		
Revenues	\$ 38,454,525	\$ 39,040,329
Expenses	37,386,975	38,240,415
Net income	1,067,550	799,914
Dividends	(200,000)	(200,000)
Net increase in equity of subsidiary	<u>\$ 867,550</u>	<u>\$ 599,914</u>

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

5. Investment in Government Business Enterprises (continued)

Commitments and contingencies

A letter of credit in the amount of \$1,414,919 (2022 - \$1,414,919) has been issued by GPI in favour of the Independent Electricity System Operator (“IESO”) as security for a subsidiary’s purchase of electricity through IESO. No amounts were drawn down on the letter of credit at year end.

The financial position information is as reported by NPI at December 31, 2023 and the results of operations are as reported for the year ended December 31, 2023. The comparative financial position and results of operations figures are as reported by NPI at December 31, 2022.

The following summarizes the Municipality’s related party transactions with NPI for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

	<u>2023</u>	<u>2022</u>
Amounts received from NPI		
Interest on promissory note payable	\$ 206,975	\$ 201,818
Directors’ fees	23,248	25,319
Property services, water and vehicle fuel costs	65,989	69,238
	<u>296,212</u>	<u>296,375</u>
Amounts paid to NPI		
Electricity and street lighting costs paid	\$ 667,019	\$ 564,111

6. Deferred revenue – obligatory reserve funds

The following balances are reflected as deferred revenue – obligatory reserve funds as provincial and federal legislation restricts how these funds may be used and under certain circumstances, these funds may be refunded:

	<u>2023</u>	<u>2022</u>
Building permit fees	\$ 2,080,125	\$ 2,486,686
Development Charges Act	9,179,987	9,107,486
Canada Community Building Fund	6,161,969	5,513,663
Parkland Dedication (Planning Act)	7,575,646	9,351,751
Community Benefit Charge (Section 37)	321,156	306,220
Ontario Community Infrastructure Fund	3,010,538	1,869,466
	<u>\$ 28,329,421</u>	<u>\$ 28,635,272</u>

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

6. Deferred revenue – obligatory reserve funds (continued)

The continuity of deferred revenue – obligatory reserve funds reported on the Consolidated Statement of Financial Position is made up of the following:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 28,635,272	\$ 22,307,215
Contributions to / (from)		
Development Charges Act	283,561	2,452,042
Parkland dedication (Planning Act)	247,750	1,328,304
Building permit fees (Building Code Act)	(414,949)	283,769
Interest earned	1,357,324	619,749
Grants received		
Canada Community Building Fund	903,932	866,268
Ontario Community Infrastructure Fund	2,209,251	2,269,747
	<u>4,586,869</u>	<u>7,819,879</u>
Utilized for		
Operations	(192,980)	(556,677)
Tangible capital asset acquisitions	(4,699,740)	(935,145)
	<u>(4,892,720)</u>	<u>(1,491,822)</u>
Balance, end of year	<u>\$ 28,329,421</u>	<u>\$ 28,635,272</u>

7. Deferred revenue – other

The continuity of deferred revenue – other is made up of the following:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 1,720,669	\$ 1,235,139
Add: contributions	1,394,940	1,646,366
Less: revenue recognized	(1,271,518)	(1,022,646)
Less: refunds during the year	(311,828)	(138,190)
Balance, end of year	<u>\$ 1,532,263</u>	<u>\$ 1,720,669</u>

8. Employee benefit obligations

	<u>2023</u>	<u>2022</u>
Workplace Safety and Insurance Board future benefits	\$ 148,200	\$ 162,279
Post-employment benefits	1,092,900	1,060,100
	<u>\$ 1,241,100</u>	<u>\$ 1,222,379</u>

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

8. Employee benefit obligations (continued)

(a) Workplace Safety and Insurance Board future benefits

The Municipality is a Workplace Safety and Insurance Board (“WSIB”) Schedule II employer under the Workplace Safety & Insurance Act and follows a policy of self-insurance for all its employees.

An estimate of future liabilities has been completed and forms the basis for the estimated liability reported in these financial statements. The estimated future liability amounts to \$148,200 (2022 - \$162,300). The Municipality remits payments to the WSIB as required to fund disability payments. During the year \$17,800 (2022 - \$47,208) was paid by the Municipality to the WSIB in relation to these benefits.

The Municipality also maintains an insurance policy, which protects it against single claims, excluding volunteer firefighters, in excess of \$500,000.

Actuarial valuations for accounting purposes are typically performed every three years to project future benefits after the valuation date. The most recent actuarial valuation was prepared at December 31, 2023. The main actuarial assumptions employed for the valuation are as follows:

Discount rate – the estimated future liability was determined using a rate of 4.3%.

Health benefits – health costs were assumed to be 4% per annum

	<u>2023</u>	<u>2022</u>
Accrued benefit obligation		
Beginning of the year	\$ 162,300	\$ 83,700
Current service cost	28,900	132,100
Interest cost	5,700	5,800
Benefits paid	(17,800)	(59,300)
Transitional obligation	(30,900)	-
	\$ 148,200	\$ 162,300

The net benefit expense for the employee benefit plan is as follows:

Current service cost	\$ 28,900	\$ 132,100
Interest cost	5,700	5,800
Recognition of transitional obligation	(30,900)	-
	\$ 3,700	\$ 137,900

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

8. Employee benefit obligations (continued)

(b) Post-employment benefits

The Municipality pays certain medical and dental benefits for early retirees and life insurance benefits on behalf of its retired employees.

The accrued benefit obligation at December 31, 2023 of \$1,092,900 (2022 - \$1,060,100) was determined by actuarial valuation using a discount rate of 4.3% (2022 - 3.1%).

The Municipality's obligation under the post-employment benefits provision of employment agreements will be funded out of current revenue. During the year, benefit payments of \$70,458 (2022 - \$70,970) were paid to retirees.

Actuarial valuations for accounting purposes are typically performed every three years using the projected benefit method, pro-rated on service. Under this method, the projected post-employment benefits are deemed to be earned on a pro-rata basis over the employee's years of service.

The most recent actuarial valuation was prepared at December 31, 2023. The main actuarial assumptions employed for the valuation are as follows:

Discount rate - the accrued benefit obligation was determined using a rate of 4.3%.

Dental costs – dental costs were assumed to be 4.5% per annum.

Medical costs – medical costs were assumed to be 6.07% per annum.

	<u>2023</u>	<u>2022</u>
Accrued benefit obligation		
Beginning of the year	\$ 1,060,100	\$ 1,075,500
Current service cost	68,600	37,500
Interest cost	39,300	29,300
Benefits paid	(92,200)	(70,500)
Amortization of actuarial loss (gain)	17,100	(11,700)
	\$ 1,092,900	\$ 1,060,100

Funded status		
Deficit	\$ 1,097,600	\$ 940,400
Unamortized actuarial (loss) gain	(4,700)	119,700
	\$ 1,092,900	\$ 1,060,100

The net benefit expense for the employee benefit plan is as follows:

Current service cost	\$ 68,600	\$ 37,500
Interest cost	39,300	29,300
Amortization of actuarial loss (gain)	17,100	(11,700)
	\$ 125,000	\$ 55,100

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

9. Asset retirement obligations

The Municipality has recognized an asset retirement obligation related to the removal and disposal of designated substances such as asbestos, lead and glycol in Municipality buildings. The Municipality reports liabilities related to the legal obligations where the Municipality is obligated to incur costs to retire a tangible capital asset.

The Municipality's ongoing efforts to assess the extent to which designated substances exist in Municipality assets and new information obtained through regular maintenance and renewal of Municipality assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes in the estimated costs to fulfil the obligation. The measurement of asset retirement obligations is also impacted by activities that occurred to settle all or part of the obligation or any changes in the legal obligation. Revisions to the estimated cost of the obligation result in revisions to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis. When obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows.

As at December 31, 2023, all liabilities for asset retirement obligations are reported at estimated present value. The liability balances are based on the cost estimates, with a 3% inflation (CPI) adjustment to reflect cost as of the evaluation date.

The discount rate represents the spot rate percentages from Infrastructure Ontario for the useful life of facilities, ranging from 4.72% to 5.17%.

This ARO standard has been applied with the restatement of the prior year comparative amounts. The adoption of the new standard has impacted the Municipality's consolidated financial statement as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of the year	\$ 306,653	\$ 292,281
Accretion expense	14,968	14,272
Balance, end of year	\$ 321,621	\$ 306,653

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

10. Long term debt

	<u>2023</u>	<u>2022</u>
(a) The Municipality has assumed responsibility for the payment of principal and interest charges on certain long term debt issued by Infrastructure Ontario. At the end of the year, the outstanding principal amount of the debt is	\$ 1,657,336	\$ 2,043,563
Capital lease obligations	38,794	49,971
	\$ 1,696,130	\$ 2,093,534

(b) The net long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2023</u>	<u>2022</u>
Fire Station #2	2.81%	2027	\$ 1,657,336	\$ 2,043,563
Leased equipment	0% to 2.20%	2026-2027	38,794	49,971
			\$ 1,696,130	\$ 2,093,534

(c) Principal repayments in each of the next four years are due as follows:

2024	\$ 409,185
2025	421,354
2026	432,862
2027	432,729

(d) Total charges for interest, which are reported on the Consolidated Statement of Operations amount to \$52,054 (2022 - \$66,167).

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

11. Tangible capital assets

	<u>2023</u>	<u>2022</u> <u>As restated</u> <u>(Note 2)</u>
Net book value		
Land	\$ 37,862,494	\$ 37,862,494
Land improvements	9,696,220	9,589,393
Buildings	26,888,444	27,360,704
Vehicles, machinery and equipment	7,321,857	7,244,074
	<u>81,769,015</u>	<u>82,056,665</u>
Infrastructure		
Roads	88,962,138	89,784,378
Water and wastewater	89,399,806	89,298,787
	<u>178,361,944</u>	<u>179,083,165</u>
Construction in progress	4,654,781	881,081
	<u>\$ 264,785,740</u>	<u>\$ 262,020,911</u>

See pages 43 and 44 for more detail.

12. Accumulated surplus

	<u>2023</u>	<u>2022</u> <u>As restated</u> <u>(Note 2)</u>
Operating surplus	\$ 86,013	\$ 165,711
Investment in Government Business Enterprises (Note 5)	18,945,285	18,164,491
Tangible capital assets (Note 11)	264,785,740	262,020,911
Reserve and reserve funds (Note 13)	52,534,301	46,832,152
Unfunded liabilities (Note 14)	(3,733,413)	(4,066,987)
	<u>\$ 332,617,926</u>	<u>\$ 323,116,278</u>

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

13. Reserve and reserve funds

	<u>2023</u>	<u>2022</u>
Reserves set aside by Council for specific purposes:		
Contingencies	\$ 4,299,058	\$ 3,521,004
Equipment	8,429,894	7,141,116
Buildings	5,079,177	4,538,654
Capital projects	5,177,739	4,755,616
Other	3,827,232	2,206,309
BIA Projects & Stabilization	172,148	141,166
Wastewater	15,949,483	15,594,390
Water	9,517,063	8,851,390
Total reserves	<u>52,451,794</u>	<u>46,749,645</u>
Reserve funds set aside by Council for specific purposes:		
Museum	<u>82,507</u>	<u>82,507</u>
Total reserve and reserve funds	<u>\$ 52,534,301</u>	<u>\$ 46,832,152</u>

14. Unfunded liabilities

	<u>2023</u>	<u>2022</u> <u>As restated</u> <u>(Note 2)</u>
Vacation pay	\$ 474,562	\$ 444,421
Employee benefit obligations	1,241,100	1,222,379
Asset retirement obligation	321,621	306,653
Long term debt	1,696,130	2,093,534
	<u>\$ 3,733,413</u>	<u>\$ 4,066,987</u>

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

15. Taxation

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2022 Actual</u>
Real property		\$ 70,513,680	67,684,141
From other governments			
Payments in lieu of taxes		1,120,807	858,955
		71,634,487	68,543,096
Less: taxation collected on behalf of (Note 15):			
Region of Niagara		38,887,714	35,480,615
School boards		11,028,056	10,804,856
		49,915,770	46,285,471
Net taxes available for municipal purposes		\$ 21,718,717	\$ 22,257,625
Residential, multi-residential and farm	\$ 17,972,164	\$ 18,067,813	\$ 18,703,265
Commercial and industrial	3,692,336	3,650,904	3,554,360
	\$ 21,664,500	\$ 21,718,717	\$ 22,257,625

16. Collections for the Region of Niagara and school boards

Total taxation received or receivable on behalf of the Region of Niagara and the school boards were as follows:

	<u>2023</u>	<u>2022</u>
Region of Niagara	\$ 38,887,714	\$ 35,480,615
School boards	11,028,056	10,804,856
	\$ 49,915,770	\$ 46,285,471

The Municipality is required to levy and collect taxes on behalf of the Region of Niagara and the school boards. These taxes are recorded as revenue at the amounts levied. The taxes levied over (under) the amounts requisitioned are recorded as accounts payable (receivable).

17. User fees and charges

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2022 Actual</u>
Operating			
Fees and service charges	\$ 2,760,450	\$ 2,902,211	\$ 2,325,154
Water charges	7,846,860	7,766,966	7,630,369
Wastewater charges	2,260,600	2,597,399	84,218
	\$ 12,867,910	\$ 13,266,576	\$ 10,039,741

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

18. Government transfers

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2022 Actual</u>
Operating			
Government of Canada	\$ 42,860	\$ 104,254	\$ 153,808
Province of Ontario	173,940	179,759	357,506
Municipal	-	750	-
	216,800	284,763	511,314
Capital			
Government of Canada	1,616,000	571,546	480,286
Province of Ontario	16,069,810	1,941,850	781,293
Municipal	287,500	44,000	96,771
	17,973,310	2,557,396	1,358,350
	\$ 18,190,110	\$ 2,842,159	\$ 1,869,664

The Municipality recognizes the transfer of government funding as revenues or expenses in the period that the events giving rise to the transfer occurred. The government transfers reported on the Consolidated Statement of Operations are:

	<u>2023</u>	<u>2022</u>
Revenues		
Government of Canada		
Canada Community Building Fund	\$ 529,757	\$ 22,773
Digital Access to Heritage	31,994	-
Celebrate Canada – Canada Summer Games & Canada Day	7,000	42,429
Commemorate Canada – Reopening Fund	-	50,000
Investing in Canada Infrastructure Program	-	422,735
Canada Community Revitalization Fund	41,790	-
Exhibition Circulation Fund/Museum Assistance Program	3,914	-
Operating grants		
Art gallery	33,138	19,855
Museum	-	42,890
Library	619	500
Wage subsidies	27,588	32,912
	675,800	634,094

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

18. Government transfers (continued)

	<u>2023</u>	<u>2022</u>
Revenues (continued)		
Province of Ontario		
Provincial Offences Act	-	12,343
Ontario Municipal Partnership Fund	33,300	39,100
Digital Main Street Grant	31,019	14,909
Ontario Community Infrastructure Fund	1,123,124	608,353
Modernization grant	178,126	230,978
Strategic Priorities Infrastructure Fund	609,580	60,457
Reconnect Ontario	-	23,125
Operating grants		
Senior citizens centre	65,407	67,118
Library	31,392	31,390
Art gallery	26,987	26,987
Museum	22,674	24,039
	2,121,609	1,138,799
Municipal		
Combined Sewer Overflow	-	94,995
Public Realm Investment Program	44,000	946
Other	750	830
	44,750	96,771
	\$ 2,842,159	\$ 1,869,664

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

19. Other revenues

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2022 Actual</u>
Operating			
Penalties and interest on taxes	\$ 597,580	\$ 581,808	\$ 600,944
Fines	98,000	172,536	79,873
Licenses and permits	861,500	377,989	606,919
Rental income	46,000	50,121	39,403
Investment income	1,875,820	2,695,712	1,023,689
Investment income – subsidiaries	201,820	206,975	201,818
Development charges	833,320	229,848	326,763
Donations	147,500	157,302	29,053
Donations – reserve and reserve funds	43,000	-	-
Other	358,190	682,560	527,327
Subsidiary net earnings	-	960,794	719,923
	<hr/> 5,062,730	<hr/> 6,115,645	<hr/> 4,155,712
Capital			
Development charges	5,309,020	425,166	345,193
Contributions from others	1,019,500	-	-
Contributed tangible capital assets	-	744,801	2,362,771
Gain on disposal of tangible capital assets	-	14,854	67,158
Parkland dedication	1,665,000	2,475,437	44,320
	<hr/> 7,993,520	<hr/> 3,660,258	<hr/> 2,819,442
	<hr/>	<hr/>	<hr/>
	<hr/> \$ 13,056,250	<hr/> \$ 9,775,903	<hr/> \$ 6,975,154

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

20. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of the members of its staff. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Since OMERS is a multi-employer pension plan, the Municipality does not recognize any share of the pension plan deficit of \$7.6 billion (2022 - \$6.1 billion deficit) based on the fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, additional increases in contributions may be required. Contributions were made in the 2023 calendar year at rates ranging from 9.0% to 14.6% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the Consolidated Statement of Operations. Employer contributions to OMERS for 2023 current and past service was \$973,675 (2022 - \$930,275) and were matched by employee contributions in a similar amount.

21. 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. Currently no such contaminated sites have been identified 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 reasonably estimable.

22. Trust funds

Trust funds administered by the Municipality amounting to \$1,358,430 (2022 - \$1,303,537) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

23. Credit facility

The Municipality has a credit facility agreement with a Canadian financial institution bearing interest at the bank's prime rate less 0.5%. The maximum draw under the terms of the operating line is \$2,000,000. At year end the Municipality has not utilized any amount under this credit facility.

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

24. Commitments

West Lincoln Memorial Hospital

The Municipality has committed to providing financial assistance of \$9,300,926 to the West Lincoln Memorial Hospital Foundation's building campaign. As of December 31, 2023, \$1,393,000 has been collected through the operating tax levy. An additional \$538,000 contribution is anticipated in 2024. The hospital construction is projected to be finished by early 2025 and the obligation is required to be paid thirty days prior to substantial completion. The remaining funds of \$7,369,926 will be sourced through a debenture.

Capital expenses

The estimated future capital expense commitments based on projects in progress at December 31, 2023, is \$13,752,124 (2022 - \$3,479,000). These projects will be financed by grants, taxation and long-term liabilities in future years.

Property revitalization tax increment grants

The Municipality has a commitment of \$519,316 (2022 - \$536,417) resulting from agreements entered into as part of the Property Revitalization Tax Increment Grant program. Grant expenses will be recognized over a period of ten years following reassessment by MPAC and when all other eligibility criteria have been met by the applicants.

Property revitalization tax increment grant payments for each of the next 5 years are as follows:

2024	\$ 60,482
2025	60,482
2026	60,482
2027	60,482
2028	60,482

25. Contingencies

The Municipality is involved from time to time in litigation, which arises in the normal course of business. In respect of any outstanding claims, the Municipality believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation, therefore no provision has been made in the accompanying consolidated financial statements.

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

26. Budget

The budget bylaw adopted by Council on April 3, 2023 was not prepared on a basis consistent with that used to report actual results in accordance with Canadian Public Sector Accounting Standards. The budget was prepared on a modified accrual basis while Canadian Public Sector Accounting Standards require a full accrual basis. As a result, the budget figures presented in the Consolidated Statement of Operations and Consolidated Statement of Changes in Net Financial Assets represent the budget adopted by Council with the following adjustments:

Budgeted annual surplus	\$	-
Add:		
Acquisition of tangible capital assets		52,104,740
Principal repayments of long term debt		386,230
Less:		
Transfers from reserves and reserve funds, net		(2,921,220)
Long term debt financing		(16,955,390)
Amortization of tangible capital assets		(6,826,165)
Budgeted surplus per Consolidated Statement of Operations	\$	25,788,195

27. Comparative figures

Certain comparative figures have been reclassified to conform to the consolidated financial statement presentation adopted for the current year. The taxation revenue allocation methodology for segmented reporting has been amended and the 2022 comparative figures have been updated to reflect these changes in allocations.

28. Financial instruments

The Municipality is exposed to various risks through its financial instruments. The following analysis provides a measure of the Municipality's risk exposures as at December 31, 2023:

Credit risk

Credit risk is the risk of financial loss to the Municipality if a debtor fails to pay the amounts owing to the Municipality. The Municipality is exposed to this risk arising from its cash and cash equivalents, portfolio investments, taxes receivable, user charges receivable and other receivables. The Municipality holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Municipality's cash accounts are insured up to \$ 136,951 (2022 - \$ 127,168).

Receivables are primarily due from government, corporations and individuals. Credit risk is mitigated by the highly diversified nature of the debtors and other customers. The Municipality measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up for specific accounts deemed to be possibly uncollectible. In the current and prior years, an impairment allowance was recorded relating to the taxes receivable and other receivables.

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

28. Financial instruments (continued)

Credit risk (continued)

There were no changes in exposure to credit risk during the period. The amounts outstanding at year end were as follows:

	2023				
	Current	31-60 Days	61-90 Days	Over 90 Days	Total
Government receivables	\$ 1,068,002	\$ -	\$ -	\$ -	\$ 1,068,002
Other receivables	1,556,114	21,472	33,241	732,014	2,342,841
Total	\$ 2,624,116	\$ 21,472	\$ 33,241	\$ 732,014	\$ 3,410,843

	2022				
	Current	31-60 Days	61-90 Days	Over 90 Days	Total
Government receivables	\$ 1,641,886	\$ -	\$ -	\$ -	\$ 1,641,886
Other receivables	1,000,939	33,637	3,295	695,277	1,733,148
Total	\$ 2,642,825	\$ 33,637	\$ 3,295	\$ 695,277	\$ 3,375,034

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet all cash outflow obligations as they come due. The Municipality mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining cash and cash equivalents if unexpected cash outflows arise. The following undercounted cash-flows are required to settle the Municipality's financial liabilities:

	2023				
	Within 1 Year	1 to 2 Years	2 to 5 Years	Over 5 Years	Total
Payables and accruals	\$ 8,630,433	\$ -	\$ -	\$ -	\$ 8,630,433
Due to trust funds	1,109,381	-	-	-	1,109,381
Deferred revenue - other	1,532,263	-	-	-	1,532,263
Long term debt	409,185	854,216	432,729	-	1,696,130
Total	\$ 11,681,262	\$ 854,216	\$ 432,729	\$ -	\$ 12,968,207

	2022				
	Within 1 Year	1 to 2 Years	2 to 5 Years	Over 5 Years	Total
Payables and accruals	\$ 5,272,848	\$ -	\$ -	\$ -	\$ 5,272,848
Due to trust funds	139,929	-	-	-	139,929
Deferred revenue - other	1,720,669	-	-	-	1,720,669
Long term debt	397,404	830,539	865,591	--	2,093,534
Total	\$ 7,530,850	\$ 830,539	\$ 865,591	\$ -	\$ 9,226,980

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

28. Financial instruments (continued)

Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Municipality is mainly exposed to interest and currency risks.

Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Municipality is exposed to interest rate risk on its portfolio investments and long-term debt. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

29. Segmented information

The Municipality provides a wide range of services to its citizens. Municipal services are provided by departments and their activities are reported in the Consolidated Statement of Operations. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General government

The mandate of this functional area is to provide political governance, administrative executive management and those expenses and revenues which are corporate in nature and cannot be easily apportioned to other departments. Reported in this functional area are departments such as Council, Clerks, Office of the Chief Administration Officer, Finance and Information Systems.

Protection to persons and property

Reported in this functional area are Fire, By-Law and Building Services. The mandate of Fire Services is to provide emergency services through a range of services to protect the lives and property of the inhabitants of the Municipality. The mandate of the By-Law Services is to ensure compliance with the Town's general, and parking by- laws. The mandate of Building Services is to inform and assist customers to ensure safe and orderly development and provide efficient delivery of building approvals, inspections and management systems.

Transportation services

Reported in this functional area are Roadways and Winter Control. The mandate for Roadways is to provide quality road and traffic maintenance and operations to the residents and businesses of the Municipality. This area is also responsible for Winter Control.

TOWN OF GRIMSBY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

29. Segmented information (continued)

Environmental services

Reported in this functional area are Wastewater, Storm and Water Systems. The mandate is to provide a safe and reliable water resource system and is responsible for the maintenance and operation of the systems and monitoring and administering environmental programs.

Recreation and cultural services

Reported in this functional area are Parks, Recreation and Culture. The Community Services department is responsible for the maintenance, improvement and beautification of various parks as well as the planning and construction of new parkland and open space. The Community Services department is also responsible for the delivery of various related programs and the provision of facilities as well as the support of groups and organizations throughout the Municipality.

Health services

Reported in this functional area are Cemeteries. The Public Works department is responsible for providing the related services and the maintenance, improvement, and beautification of the cemetery sites.

Social and family services

Reported in this functional area is the Livingston Activity Centre. The Community Services department is responsible for the delivery of the various related senior-focused programs and the provision of the facility.

Planning and development

The Planning department creates the policy framework and implementation tools required to shape the future of the Municipality. The department is responsible for ensuring that the Municipality's land development standards are achieved on all development applications.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. The consolidated schedules of segment disclosure and the schedules of segment disclosure with budget information follow the notes.

TOWN OF GRIMSBY

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

For the Year Ended December 31, 2023

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2023
Revenues									
Taxation	\$ 3,107,543	\$ 3,304,988	\$ 4,378,303	\$ 4,461,018	\$ -	\$ 25,503	\$ 5,231,753	\$ 1,209,609	\$ 21,718,717
User charges	338,468	162,795	391,947	10,364,365	109,952	112,570	1,480,298	306,181	13,266,576
Government transfers	245,450	-	1,532,652	-	-	65,406	967,632	31,019	2,842,159
Other	1,486,708	1,705,166	1,412,883	907,283	98,306	4,092	3,841,222	320,243	9,775,903
	5,178,169	5,172,949	7,715,785	15,732,666	208,258	207,571	11,520,905	1,867,052	47,603,355
Expenses									
Salaries, wages and benefits	3,663,646	2,168,180	2,415,780	1,489,061	207,269	64,135	4,112,583	855,777	14,976,431
Debt service	-	52,054	-	-	-	-	-	-	52,054
Operating materials and supplies	974,736	244,764	858,591	94,089	9,461	52,610	1,453,904	113,689	3,801,844
Contracted services	985,265	571,657	581,853	8,142,325	(5,499)	42,653	788,354	454,008	11,560,616
Rents and financial expenses	817,438	292	-	-	-	8,562	58,306	-	884,598
Amortization	370,413	528,055	1,894,546	3,150,201	15,630	7,066	857,623	2,630	6,826,164
Interfunctional expenses	(2,000,553)	219,940	(413,647)	2,194,260	-	-	-	-	-
End of year	4,810,945	3,784,942	5,337,123	15,069,936	226,861	175,026	7,270,770	1,426,104	38,101,707
Annual surplus (deficit)	\$ 367,224	\$ 1,388,007	\$ 2,378,662	\$ 662,730	\$ (18,603)	\$ 32,545	\$ 4,250,135	\$ 440,948	\$ 9,501,648

TOWN OF GRIMSBY

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

For the Year Ended December 31, 2022

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2022 As restated (Note 2)
Revenues									
Taxation	\$ 2,740,366	\$ 3,347,098	\$ 4,276,179	\$ 6,326,791	\$ -	\$ 1,653	\$ 4,712,320	\$ 853,218	\$ 22,257,625
User charges	293,307	171,316	57,125	7,714,587	155,887	78,776	1,281,923	286,820	10,039,741
Government transfers	344,973	21,989	771,106	94,995	-	67,118	544,354	25,129	1,869,664
Other	969,102	1,247,325	2,451,030	1,216,394	152,444	136	770,804	167,919	6,975,154
	4,347,748	4,787,728	7,555,440	15,352,767	308,331	147,683	7,309,401	1,333,086	41,142,184
Expenses									
Salaries, wages and benefits	4,098,110	2,202,507	2,461,987	1,591,203	174,767	61,107	3,826,285	735,532	15,151,498
Debt service	3,412	62,755	-	-	-	-	-	-	66,167
Operating materials and supplies	715,159	271,007	911,631	140,101	29,107	48,762	1,252,913	127,095	3,495,775
Contracted services	1,694,822	504,000	423,674	6,503,755	6,988	30,730	720,574	331,998	10,216,541
Rents and financial expenses	722,552	219	-	-	-	5,190	53,668	-	781,629
External transfer to others	45,168	-	-	-	-	-	-	-	45,168
Amortization	339,440	524,407	1,845,393	3,131,871	16,689	6,992	816,648	2,706	6,684,146
Interfunctional expenses	(1,885,810)	213,390	(308,300)	1,980,720	-	-	-	-	-
End of year	5,732,853	3,778,285	5,334,385	13,347,650	227,551	152,781	6,670,088	1,197,331	36,440,924
Annual surplus (deficit)	\$ (1,385,105)	\$ 1,009,443	\$ 2,221,055	\$ 2,005,117	\$ 80,780	\$ (5,098)	\$ 639,313	\$ 135,755	\$ 4,701,260

TOWN OF GRIMSBY

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE WITH BUDGET INFORMATION

For the Year Ended December 31, 2023

General government			
	2023 Budget	2023 Actual	2022 Actual
Revenues			
Taxation	\$ 3,099,787	\$ 3,107,543	\$ 2,740,366
User charges	337,410	338,468	293,307
Government transfers	40,210	245,450	344,973
Other	436,275	1,486,708	969,102
	3,913,682	5,178,169	4,347,748
Expenses			
Salaries, wages and benefits	4,045,861	3,663,646	4,098,110
Debt service	-	-	3,412
Operating materials and supplies	982,920	974,833	715,159
Contracted services	1,318,160	985,265	1,694,822
Rents and financial expenses	818,870	817,438	722,552
External transfers to others	100,000	-	45,168
Amortization	370,413	370,413	339,440
Interfunctional expenses	(2,000,650)	(2,000,650)	(1,885,810)
	5,635,574	4,810,945	5,732,853
Annual surplus (deficit)	\$ (1,721,892)	\$ 367,224	\$ (1,385,105)
Protection to persons and property			
	2023 Budget	2023 Actual	2022 Actual
Revenues			
Taxation	\$ 3,296,737	\$ 3,304,988	\$ 3,347,098
User charges	140,000	162,795	171,316
Government transfers	-	-	21,989
Other	1,556,074	1,705,166	1,247,325
	4,992,811	5,172,949	4,787,728
Expenses			
Salaries, wages and benefits	2,642,030	2,168,180	2,202,507
Debt service	52,050	52,054	62,755
Operating materials and supplies	333,550	244,764	271,007
Contracted services	402,360	571,657	504,000
Rents and financial expenses	-	292	219
Amortization	528,055	528,055	524,407
Interfunctional expenses	219,940	219,940	213,390
	4,177,985	3,784,942	3,778,285
Annual surplus	\$ 814,826	\$ 1,388,007	\$ 1,009,443

TOWN OF GRIMSBY
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE
WITH BUDGET INFORMATION

For the Year Ended December 31, 2023

Transportation services			
	2023 Budget	2023 Actual	2022 Actual
Revenues			
Taxation	\$ 4,367,373	\$ 4,378,303	\$ 4,276,179
User charges	296,000	391,947	57,125
Government transfers	3,057,000	1,532,652	771,106
Other	2,270,801	1,412,883	2,451,030
	9,991,174	7,715,785	7,555,440
Expenses			
Salaries, wages and benefits	2,627,670	2,415,780	2,461,987
Operating materials and supplies	932,530	858,591	911,631
Contracted services	1,004,500	581,853	423,674
Amortization	1,894,546	1,894,546	1,845,393
Interfunctional expenses	(413,550)	(413,647)	(308,300)
	6,045,696	5,337,123	5,334,385
Annual surplus	\$ 3,945,478	\$ 2,378,662	\$ 2,221,055

Environmental services			
	2023 Budget	2023 Actual	2022 Actual
Revenues			
Taxation	\$ 4,449,882	\$ 4,461,018	\$ 6,326,791
User charges	10,107,460	10,364,365	7,714,587
Government transfers	162,500	-	94,995
Other	623,989	907,283	1,216,394
	15,343,831	15,732,666	15,352,767
Expenses			
Salaries, wages and benefits	1,695,620	1,489,061	1,591,203
Operating materials and supplies	187,300	94,089	140,101
Contracted services	6,882,370	8,142,325	6,503,755
Amortization	3,150,201	3,150,201	3,131,871
Interfunctional expenses	2,194,260	2,194,260	1,980,720
	14,109,751	15,069,936	13,347,650
Annual surplus	\$ 1,234,080	\$ 662,730	\$ 2,005,117

TOWN OF GRIMSBY

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE WITH BUDGET INFORMATION

For the Year Ended December 31, 2023

Health services			
	2023 Budget	2023 Actual	2022 Actual
Revenues			
Taxation	\$ -	\$ -	\$ -
User charges	144,000	109,952	155,887
Other	140,000	98,306	152,444
	284,000	208,258	308,331
Expenses			
Salaries, wages and benefits	200,690	207,269	174,767
Operating materials and supplies	20,470	9,461	29,107
Contracted services	4,600	(5,499)	6,988
Amortization	15,630	15,630	16,689
	241,390	226,861	227,551
Annual (deficit) surplus	\$ 42,610	\$ (18,603)	\$ 80,780

Social and family services			
	2023 Budget	2023 Actual	2022 Actual
Revenues			
Taxation	\$ 25,440	\$ 25,503	\$ 1,653
User charges	93,100	112,570	78,776
Government transfers	42,700	65,406	67,118
Other	3,141	4,092	136
	164,381	207,571	147,683
Expenses			
Salaries, wages and benefits	76,570	64,135	61,107
Operating materials and supplies	38,800	52,610	48,762
Contracted services	40,620	42,653	30,730
Rents and financial expenses	4,800	8,562	5,190
Amortization	7,066	7,066	6,992
	167,856	175,026	152,781
Annual surplus (deficit)	\$ (3,475)	\$ 32,545	\$ (5,098)

TOWN OF GRIMSBY

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE WITH BUDGET INFORMATION

For the Year Ended December 31, 2023

Recreation and cultural services			
	2023 Budget	2023 Actual	2022 Actual As restated (Note 2)
Revenues			
Taxation	\$ 5,218,692	\$ 5,231,753	\$ 4,712,320
User charges	1,442,820	1,480,298	1,281,923
Government transfers	14,865,070	967,632	544,354
Other	7,289,745	3,841,222	770,804
	28,816,327	11,520,905	7,309,401
Expenses			
Salaries, wages and benefits	4,284,930	4,112,583	3,826,285
Operating materials and supplies	1,520,110	1,453,904	1,252,913
Contracted services	588,120	788,354	720,574
Rents and financial expenses	51,000	58,306	53,668
Amortization	857,623	857,623	816,648
	7,301,783	7,270,770	6,670,088
Annual surplus	\$ 21,514,544	\$ 4,250,135	\$ 639,313

Planning and development			
	2023 Budget	2023 Actual	2022 Actual
Revenues			
Taxation	\$ 1,206,589	\$ 1,209,609	\$ 853,218
User charges	307,120	306,181	286,820
Government transfers	22,630	31,019	25,129
Other	736,225	320,243	167,919
	2,272,564	1,867,052	1,333,086
Expenses			
Salaries, wages and benefits	1,123,570	855,777	735,532
Operating materials and supplies	195,220	113,689	127,095
Contracted services	989,120	454,008	331,998
Amortization	2,630	2,630	2,706
	2,310,540	1,426,104	1,197,331
Annual surplus (deficit)	\$ (37,976)	\$ 440,948	\$ 135,755

TOWN OF GRIMSBY

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2022

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Vehicles, Machinery and Equipment</u>	<u>Roads Infrastructure</u>	<u>Water and Wastewater Infrastructure</u>	<u>Construction in Progress</u>	<u>2022 As restated (Note 2)</u>
Cost								
Beginning of year	\$ 37,862,494	\$ 13,472,352	\$ 36,396,904	\$ 16,081,819	\$ 140,176,639	\$ 134,733,583	\$ 443,013	\$ 379,166,804
ARO adjustment	-	-	55,359	-	-	-	-	55,359
Beginning of year, as restated	37,862,494	13,472,352	36,452,263	16,081,819	140,176,639	134,733,583	443,013	379,222,163
Additions	-	571,241	63,988	1,355,488	2,653,955	700,258	438,068	5,782,998
Disposal	-	(453,070)	-	(811,352)	(76,536)	(166,121)	-	(1,507,079)
End of year, as restated	37,862,494	13,590,523	36,516,251	16,625,955	142,754,058	135,267,720	881,081	383,498,082
Accumulated amortization								
Beginning of year	-	4,001,460	8,480,323	8,918,175	50,660,668	44,170,956	-	116,231,582
ARO adjustment	-	-	40,172	-	-	-	-	40,172
Beginning of year, as restated	-	4,001,460	8,520,495	8,918,175	50,660,668	44,170,956	-	116,271,754
Amortization	-	452,740	633,903	1,248,810	2,385,548	1,961,996	-	6,682,997
Amortization on disposals	-	(453,070)	-	(785,104)	(76,536)	(164,019)	-	(1,478,729)
ARO adjustment - amortization	-	-	1,149	-	-	-	-	1,149
End of year, as restated	-	4,001,130	9,155,547	9,381,881	52,969,680	45,968,933	-	121,477,171
Net book value, as restated	\$ 37,862,494	\$ 9,589,393	\$ 27,360,704	\$ 7,244,074	\$ 89,784,378	\$ 89,298,787	\$ 881,081	\$ 262,020,911

Contributed tangible capital assets are recognized at fair market value at the date of contribution. The value of contributed asset during the year is \$2,362,771.

TOWN OF GRIMSBY

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2023

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Vehicles, Machinery and Equipment</u>	<u>Roads Infrastructure</u>	<u>Water and Wastewater Infrastructure</u>	<u>Construction in Progress</u>	<u>2023</u>
Cost								
Beginning of year	\$ 37,862,494	\$ 13,590,523	\$36,516,251	\$ 16,625,955	\$ 142,754,058	\$135,267,720	\$ 881,081	\$ 383,498,082
Additions	-	588,700	166,573	1,404,745	1,580,086	2,079,104	3,773,700	9,592,908
Disposal	-	(92,568)	-	(202,984)	(7,147)	(164,625)	-	(467,324)
End of year	37,862,494	14,086,655	36,682,824	17,827,716	144,326,997	137,182,199	4,654,781	392,623,666
Accumulated amortization								
Beginning of year	-	4,001,130	9,155,547	9,381,881	52,969,680	45,968,933	-	121,477,171
Amortization	-	481,873	638,833	1,325,048	2,402,326	1,978,085	-	6,826,165
Amortization on disposals	-	(92,568)	-	(201,070)	(7,147)	(164,625)	-	(465,410)
End of year	-	4,390,435	9,794,380	10,505,859	55,364,859	47,782,393	-	127,837,926
Net book value	\$ 37,862,494	\$ 9,696,220	\$26,888,444	\$ 7,321,857	\$ 88,962,138	\$ 89,399,806	\$ 4,654,781	\$ 264,785,740

Contributed tangible capital assets are recognized at fair market value at the date of contribution. The value of contributed asset during the year is \$744,801.

FINANCIAL STATEMENT

TOWN OF GRIMSBY TRUST FUNDS

DECEMBER 31, 2023

Independent auditor's report

To the Members of Council, Inhabitants and Taxpayers of the Corporation of the Town of Grimsby

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Town of Grimsby ("the Funds"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Trust Funds of the Corporation of the Town of Grimsby as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these 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 these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Funds' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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:

- Identify and assess the risks of material misstatement of the 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 Funds' 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 Funds' 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 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 Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Doane Grant Thornton LLP

Port Colborne, Canada
October 7, 2024

Chartered Professional Accountants
Licensed Public Accountants

TOWN OF GRIMSBY TRUST FUNDS
STATEMENT OF FINANCIAL POSITION

For the Year Ended December 31, 2023

	Cemetery Care and Maintenance – <u>Grounds</u>	Cemetery Care and Maintenance – <u>Markers</u>	<u>2023</u>	<u>2022</u>
Financial Assets				
Cash	\$ 94	\$ 11	\$ 105	\$ 7,311
Interest receivable	43,702	5,367	49,069	61,422
Due from the Town of Grimsby (Note 2)	988,029	121,352	1,109,381	139,929
Investments (Note 3)	178,012	21,863	199,875	1,094,875
Net Financial Assets	\$ 1,209,837	\$ 148,593	\$ 1,358,430	\$ 1,303,537

Approved by

 Director of Finance/Treasurer

 Chief Administrative Officer

See accompanying notes to financial statements

TOWN OF GRIMSBY TRUST FUNDS

STATEMENT OF OPERATIONS AND CHANGES IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2023

	Cemetery Care and Maintenance – <u>Grounds</u>	Cemetery Care and Maintenance – <u>Markers</u>	<u>2023</u>	<u>2022</u>
Revenues				
Care and maintenance agreements	\$ 47,893	\$ 7,000	\$ 54,893	\$ 79,280
Interest	68,615	8,361	76,976	31,421
	116,508	15,361	131,869	110,701
Expenses				
Interest earned distributed to the Town of Grimsby	68,615	8,361	76,976	31,421
Excess of revenues over expenses	47,893	7,000	54,893	79,280
Net Assets				
Beginning of year	1,161,944	141,593	1,303,537	1,224,257
End of year	\$ 1,209,837	\$ 148,593	\$ 1,358,430	\$ 1,303,537

See accompanying notes to financial statements

TOWN OF GRIMSBY TRUST FUNDS

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023	2022
Net Increase (decrease) in cash		
Operating activities		
Excess of revenues over expenses	\$ 54,893	\$ 79,280
Increase in interest receivable	12,353	(3,282)
Increase in due to from the Town of Grimsby	(969,452)	(51,493)
	(902,206)	24,505
Investing activities		
Increase in investments - net	895,000	\$ (30,062)
Net increase (decrease) in cash	(7,206)	(5,557)
Cash		
Beginning of year	7,311	12,868
End of year	\$ 105	\$ 7,311

See accompanying notes to the financial statements.

TOWN OF GRIMSBY TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. Significant accounting policies

Management responsibility

The financial statements the Town of Grimsby Trust Funds (“Trust Funds”) are the responsibility of and prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

The significant accounting policies used are as follows:

(a) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting records revenues in the period they are earned and measurable and expenses in the period the goods and services are acquired and a liability is incurred .

(b) Financial instruments

Financial instruments in arms length transactions

The Trust Funds consider any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Trust Funds accounts for the following as financial instruments:

- *Cash*
- *Interest receivable*
- *Investments*

A financial asset or liability is recognized when the Trust Funds becomes party to contractual provisions of the instrument. The Trust Funds initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions.

The Trust Funds subsequently measure all of its financial assets and financial liabilities from arm’s length transactions at amortized cost less any reduction for impairment, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the Statement of Operations.

Financial assets measured at cost or amortized cost less any reduction for impairment include cash, interest receivable and investments in money market funds, bonds and guaranteed investment certificates.

Financial liabilities measured at amortized cost include accounts payable.

Financial instruments measured at fair value include investments in equity funds. The fair value of investments in equity funds is determined using the closing price at year end.

Financial assets and financial liabilities in arm’s length transactions, which are not subsequently measured at fair value, are initially adjusted for transaction costs and financing fees directly attributable to their origination, acquisition, issuance or assumption. All other transaction costs are recognized in net income in the period incurred.

TOWN OF GRIMSBY TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. Significant accounting policies (continued)

(b) Financial instruments (continued)

Financial instruments in arms length transactions (continued)

The Trust Funds remove financial liabilities, or a portion thereof, when the obligation is discharged, cancelled or expires.

At the end of each reporting period, the Trust Funds assesses whether there are any indications that a financial asset (or group of similar financial assets) measured at cost or amortized cost may be impaired. When there is any such indication of impairment, the Trust Funds determine whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from that financial asset. Where this is the case, the carrying amount of the asset is reduced to the highest of the expected value that is actually recoverable from the asset either by holding the asset, by its sale or by exercising the right to any collateral, net of costs. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in net income. Previously recognized impairment losses are reversed to net income if improvements occur.

Financial instruments in related party transactions

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Trust Funds do not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized on the Statement of Operations when the transaction is in the normal course of operations, and in net assets when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Trust Funds initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, would be subsequently measured at amortized cost or fair value based on certain conditions.

2. Due from the Town of Grimsby

The amount due from the Town of Grimsby has no set terms of repayment and interest is calculated monthly using the Town's pooled investment rate.

TOWN OF GRIMSBY TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

3. Investments

Investments consist of a Canadian provincial bonds with interest rate of 2.30% maturing March 2024. Investments have an estimated market value of \$247,752 (2022 - \$ 1,132,357).

4. Financial instruments

The Trust Funds are exposed to various risks through its financial instruments. The following analysis provides a measure of the Trust Funds risk exposures and concentrations at December 31, 2023.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Trust Funds main credit risk relates to its due from the Town of Grimsby. There was no significant change in exposure from the prior year and no allowance for doubtful accounts is required.

Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Trust Funds is mainly exposed to interest rate risk.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust Funds is exposed to interest rate risk on its investments. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.