

Financial Report

Town of Grimsby

December 31, 2021

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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, 2021, 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, 2021, 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.

Emphasis of matter – Restated Comparative Information

We draw attention to Note 2 to the consolidated financial statements, which explains that certain comparative information presented for the year ended December 31, 2020 has been restated. Our opinion is not modified in respect of this matter.

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.

Grant Thornton LLP

Port Colborne, Canada
August 2, 2022

Chartered Professional Accountants
Licensed Public Accountants

Town of Grimsby

Consolidated Statement of Financial Position

As at December 31, 2021

	<u>2021</u>	<u>2020</u> (As restated) (Note 2)
Financial assets		
Cash and cash equivalents	\$ 40,211,461	\$ 29,944,556
Portfolio investments (Note 3)	20,557,699	20,247,950
Taxes receivable (Note 4)	3,937,297	4,253,663
User charges receivable	1,963,223	1,885,769
Other receivables	3,303,774	3,004,114
Investment in Government Business Enterprises (Note 5)	<u>17,624,569</u>	<u>18,062,693</u>
	<u>87,598,023</u>	<u>77,398,745</u>
Liabilities		
Payables and accruals	5,195,462	4,432,357
Due to trust funds	88,436	41,011
Deferred revenue - obligatory reserve funds (Note 6)	22,307,215	21,881,290
Deferred revenue - other (Note 7)	1,235,139	1,217,850
Employee benefit obligations (Notes 8 and 19)	1,159,216	1,140,664
Long term debt (Note 9)	<u>2,471,064</u>	<u>2,802,472</u>
	<u>32,456,532</u>	<u>31,515,644</u>
Net financial assets	<u>55,141,491</u>	<u>45,883,101</u>
Non-financial assets		
Tangible capital assets (Note 10 and Pages 32 and 33)	262,935,222	267,033,984
Inventory and prepaid expenses	<u>615,499</u>	<u>602,766</u>
	<u>263,550,721</u>	<u>267,636,750</u>
Accumulated surplus (Note 11)	<u>\$ 318,692,212</u>	<u>\$ 313,519,851</u>

Commitments (Note 23)
Contingencies (Note 24)
Impacts of COVID-19 (Note 27)

Approved by


Director of Finance/Town 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, 2021

	Budget <u>2021</u> (Note 25)	Actual <u>2021</u>	Actual <u>2020</u> As restated (Note 2)
Revenues			
Taxation (Note 14)	\$ 21,674,515	\$ 21,798,544	\$ 20,806,588
User fees and charges (Note 16)	9,942,090	10,137,782	9,588,779
Government transfers (Note 17)	2,464,420	2,242,327	3,314,348
Other (Note 18)	<u>9,601,260</u>	<u>3,684,767</u>	<u>4,597,940</u>
	<u>43,682,285</u>	<u>37,863,420</u>	<u>38,307,655</u>
Expenses			
General government	4,424,360	4,372,249	3,749,362
Protection to persons and property	4,671,170	3,775,615	3,821,440
Transportation services	5,023,619	4,776,911	5,009,127
Environmental services	13,371,583	12,302,390	12,531,227
Health services	336,817	343,154	292,102
Social and family services	315,892	215,065	194,034
Recreation and cultural services	6,742,005	5,643,869	5,257,641
Planning and development	<u>1,889,545</u>	<u>1,261,806</u>	<u>787,326</u>
	<u>36,774,991</u>	<u>32,691,059</u>	<u>31,642,259</u>
Annual surplus	<u>6,907,294</u>	<u>5,172,361</u>	<u>6,665,396</u>
Accumulated surplus (Note 11)			
Beginning of year			
As previously stated	312,440,530	312,440,530	305,509,777
Prior period adjustment (Note 2)	<u>1,079,321</u>	<u>1,079,321</u>	<u>1,344,678</u>
As restated	<u>313,519,851</u>	<u>313,519,851</u>	<u>306,854,455</u>
End of year	<u>\$ 320,427,145</u>	<u>\$ 318,692,212</u>	<u>\$ 313,519,851</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, 2021

	Budget 2021 (Note 25)	Actual 2021	Actual 2020 As restated (Note 2)
Annual surplus	\$ 6,907,294	\$ 5,172,361	\$ 6,665,396
Amortization of tangible capital assets	6,695,086	6,695,086	6,578,204
Acquisition of tangible capital assets	(15,361,320)	(2,658,378)	(6,661,988)
Contributed tangible capital assets	-	-	(770,687)
Proceeds on sale of tangible capital assets	-	95,460	185,502
Gain on disposal of tangible capital assets	-	(33,406)	(90,164)
	(1,758,940)	9,271,123	5,906,263
Acquisition of inventory and prepaid expenses	-	(12,733)	(47,073)
Increase (decrease) in net financial assets	<u>(1,758,940)</u>	<u>9,258,390</u>	<u>5,859,190</u>
Net financial assets			
Beginning of year			
As previously stated	44,803,780	44,803,780	38,679,233
Prior period adjustment (Note 2)	<u>1,079,321</u>	<u>1,079,321</u>	<u>1,344,678</u>
Beginning of year	<u>45,883,101</u>	<u>45,883,101</u>	<u>40,023,911</u>
End of year	<u>\$ 44,124,161</u>	<u>\$ 55,141,491</u>	<u>\$ 45,883,101</u>

See accompanying notes to the consolidated financial statements.

Town of Grimsby

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u> (As restated) (Note 2)
Increase (decrease) in cash and cash equivalents		
Operating activities		
Annual surplus	\$ 5,172,361	\$ 6,665,396
Non-cash items:		
Amortization of tangible capital assets	6,695,086	6,578,204
Gain on disposal of tangible capital assets	(33,406)	(90,164)
Contributed tangible capital assets	-	(770,687)
Changes in:		
Taxes receivable	316,366	699
User charges receivable	(77,454)	(181,862)
Other receivables	(299,660)	(1,473,063)
Payables and accruals	763,105	(3,311,541)
Due to trust funds	47,425	7,204
Deferred revenue - obligatory reserve funds	425,925	(1,047,916)
Deferred revenue - other	17,289	134,580
Employee benefit obligations	18,552	(30,597)
Inventory and prepaid expenses	(12,733)	(47,073)
	<u>13,032,856</u>	<u>6,433,180</u>
Capital activities		
Proceeds from disposal of tangible capital assets	95,460	185,502
Acquisition of tangible capital assets	(2,658,378)	(6,661,988)
	<u>(2,562,918)</u>	<u>(6,476,486)</u>
Investing activities		
Purchase of portfolio investments, net	(309,749)	(569,796)
Decrease (increase) in investment in Government Business Enterprises	438,124	(655,573)
	<u>128,375</u>	<u>(1,225,369)</u>
Financing activities		
Proceeds from long term debt issuance	52,279	-
Repayment of long term debt	(383,687)	(373,412)
	<u>(331,408)</u>	<u>(373,412)</u>
Net increase (decrease) in cash and cash equivalents	10,266,905	(1,642,087)
Cash and cash equivalents		
Beginning of year	<u>29,944,556</u>	<u>31,586,643</u>
End of year	<u>\$ 40,211,461</u>	<u>\$ 29,944,556</u>

See accompanying notes to the consolidated financial statements.

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

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 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 with 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 21).

(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.

(c) Cash and cash equivalents

Cash and temporary investments include cash on hand, balances with banks and guaranteed investment certificates that mature within three months.

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

1. Significant accounting policies (continued)

(d) Portfolio investments

Portfolio investments are valued at the lower of cost and market value. Interest income is reported as revenue in the period earned.

(e) 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.

(f) 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.

(g) 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
 - accepts responsibility;
- 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, 2021

1. Significant accounting policies (continued)

(h) 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
Roads 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.

(i) 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.

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

1. Significant accounting policies (continued)

(j) Inventory

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

(k) 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.

(l) 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 amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. 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.

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.

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

1. Significant accounting policies (continued)

(l) Revenue recognition (continued)

vi) Grimsby Energy Incorporated

Revenue is recognized on cyclical billings of energy transmitted back to the electrical distribution system. Interest income is recognized as earned.

(m) 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.

(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 and the contaminated sites and landfill liabilities.

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

2. Prior period adjustment

During the year, management identified that a deferred revenue balance was no longer supported by existing legislation and there are no conditions placed on the use of the fees collected. As a result, the Town has identified this as an error and has closed the Fund by reversing the deferred revenue and increasing the reserve balance and revenues recorded in prior years. The balance of the Fund has been transferred to the Public Works Asset Rehabilitation & Renewal Public Works Asset Rehabilitation and Renewal reserve as part of the reserve rationalization strategy.

As a result of the error, the following financial statement items have been increased (decreased) as follows:

	Previously reported	Adjustments	As restated
<u>Consolidated Statement of Financial Position</u>			
<u>As at December 31, 2020</u>			
Liabilities			
Deferred revenue - obligatory reserve funds	\$ 22,960,611	\$ (1,079,321)	\$ 21,881,290
Accumulated surplus	312,440,530	1,079,321	313,519,851
<u>Consolidated Statement of Operations</u>			
<u>For the Year Ended December 31, 2020</u>			
Revenue			
Other	4,863,297	(265,357)	4,597,940
Annual surplus	6,930,753	(265,357)	6,665,396
Accumulated surplus			
Beginning of year	305,509,777	1,344,678	306,854,455
End of year	312,440,530	1,079,321	313,519,851
<u>Consolidated Statement of Changes in Net Financial Assets</u>			
<u>For the Year Ended December 31, 2020</u>			
Annual surplus	6,930,753	(265,357)	6,665,396
Net financial assets			
Beginning of year	38,679,233	1,344,678	40,023,911
End of year	44,803,780	1,079,321	45,883,101
<u>Consolidated Statement of Cash Flows</u>			
<u>As at December 31, 2020</u>			
Operating activities			
Annual surplus	6,930,753	(265,357)	6,665,396
Changes in:			
Deferred revenue - obligatory reserve funds	(1,313,273)	265,357	(1,047,916)

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

3. Portfolio investments

	<u>2021</u>	<u>2020</u>
Provincial bonds	\$ 5,847,699	\$ 8,346,950
Guaranteed investment certificates	<u>14,710,000</u>	<u>11,901,000</u>
	<u>\$ 20,557,699</u>	<u>\$ 20,247,950</u>

Portfolio investments carry an effective interest rate from 0.80% to 4.40% and maturity dates ranging from May, 2022 to September, 2025. Interest is receivable on maturity. Portfolio investments reported on the Consolidated Statement of Financial Position have a market value of \$ 20,894,875 (2020 - \$ 20,746,248). The Municipality's investment policy is to be able to hold investments until maturity. Accordingly, the financial statements only recognize gains or losses on investments sold prior to maturity.

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 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>2021</u>	<u>2020</u>
Current year's taxes receivable	\$ 2,700,004	\$ 2,794,995
Prior year's taxes receivable	760,819	993,442
Previous year's taxes receivable	<u>476,474</u>	<u>465,226</u>
	<u>\$ 3,937,297</u>	<u>\$ 4,253,663</u>

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

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.

The investment in subsidiary is represented by the following:

	<u>2021</u>	<u>2020</u>
Promissory note receivable from GPI	\$ 5,782,746	\$ 5,782,746
Common and preferred shares	6,962,470	6,962,470
Retained earnings	4,591,811	4,958,576
Add: adjustment on acquisition of subsidiary	915,004	915,004
Less: non-controlling interest	<u>(627,462)</u>	<u>(556,103)</u>
	<u>\$ 17,624,569</u>	<u>\$ 18,062,693</u>

The promissory note receivable from GPI bears interest at 4.54% (2020 – 4.54%) and matures February 1, 2027.

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

5. Investment in Government Business Enterprises (continued)

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

	<u>2021</u>	<u>2020</u>
Financial position		
Assets		
Current assets	\$ 6,139,382	\$ 7,117,554
Capital assets	31,322,440	29,798,288
Long term assets	<u>4,643,830</u>	<u>4,228,138</u>
	<u>42,105,652</u>	<u>41,143,980</u>
Liabilities		
Current liabilities	5,617,859	5,772,347
Long term liabilities	<u>23,462,382</u>	<u>21,979,766</u>
	<u>29,080,241</u>	<u>27,752,113</u>
Net assets	<u>\$ 13,025,411</u>	<u>\$ 13,391,867</u>
Results of operations		
Revenues	\$ 39,943,439	\$ 42,474,197
Expenses	<u>39,109,895</u>	<u>41,742,358</u>
Net income	833,544	731,839
Dividends	<u>(1,200,000)</u>	<u>-</u>
Net (decrease) increase in equity of subsidiary	<u>\$ (366,456)</u>	<u>\$ 731,839</u>

Commitments and contingencies

A letter of credit in the amount of \$ 1,414,919 (2020 - \$ 964,845) 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, 2021 and the results of operations are as reported for the year ended December 31, 2021. The comparative financial position and results of operations figures are as reported by NPI at December 31, 2020.

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

5. Investment in Government Business Enterprises (continued)

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>2021</u>	<u>2020</u>
Amounts received from NPI		
Interest on promissory note payable	\$ 262,537	\$ 262,537
Directors' fees	79,661	34,526
Property services, water and vehicle fuel costs	63,855	78,850
Amounts paid to NPI		
Electricity and street lighting costs paid	687,851	622,268
Service costs paid	-	14,294

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

6. Deferred revenue - obligatory reserve funds

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

	<u>2021</u>	<u>2020</u> (As restated) (Note 2)
Building code	\$ 2,336,642	\$ 2,603,410
Development charges	7,115,891	7,297,257
Gas tax	4,544,157	2,802,462
Parkland dedication	8,053,213	8,989,549
Community benefit (Section 37)	100,429	-
Ontario Community Infrastructure Fund	<u>156,883</u>	<u>188,612</u>
	<u>\$ 22,307,215</u>	<u>\$ 21,881,290</u>

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

	<u>2021</u>	<u>2020</u> (As restated) (Note 2)
Balance, beginning of year	\$ <u>21,881,290</u>	\$ <u>22,929,204</u>
Contributions from		
Development Charges Act	63,370	309,007
Planning Act	209,682	3,458
Interest earned	292,864	354,503
Grants received		
Federal gas tax	1,699,035	828,604
Ontario Community Infrastructure Fund	<u>1,112,750</u>	<u>1,112,750</u>
	<u>3,377,701</u>	<u>2,608,322</u>
Utilized for		
Contributions refunded	(1,050,885)	-
Operations	(399,798)	(83,638)
Tangible capital asset acquisitions	<u>(1,501,093)</u>	<u>(3,572,598)</u>
	<u>(2,951,776)</u>	<u>(3,656,236)</u>
Balance, end of year	<u>\$ 22,307,215</u>	<u>\$ 21,881,290</u>

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

7. Deferred revenue - other

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

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 1,217,850	\$ 1,083,270
Add: contributions	820,315	919,561
Less: revenue recognized	(668,824)	(640,722)
Less: refunds during the year	<u>(134,202)</u>	<u>(144,259)</u>
Balance, end of year	<u>\$ 1,235,139</u>	<u>\$ 1,217,850</u>

8. Employee benefit obligations

	<u>2021</u>	<u>2020</u>
Workplace Safety and Insurance Board future benefits	\$ 83,716	\$ 47,564
Post-employment benefits	<u>1,075,500</u>	<u>1,093,100</u>
	<u>\$ 1,159,216</u>	<u>\$ 1,140,664</u>

(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 \$ 83,716 (2020 - \$ 47,564). The Municipality remits payments to the WSIB as required to fund disability payments. During the year \$ Nil (2020 - \$ Nil) was paid by the Municipality to the WSIB in relation to these benefits.

A workplace safety and insurance reserve, funded by annual contributions from operations, has also been established to protect against any unknown future liability. The balance in the reserve at December 31, 2021 is \$ Nil (2020 - \$ 157,252).

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

(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, 2021 of \$ 1,075,500 (2020 - \$ 1,093,100) was determined by actuarial valuation using a discount rate of 3.1% (2020 - 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 \$ 70,500 (2020 - \$ 66,800) were paid to retirees.

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

8. Employee benefit obligations (continued)

(b) Post-employment benefits (continued)

Actuarial valuations for accounting purposes are 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, 2019. The main actuarial assumptions employed for the valuation are as follows:

Discount rate - the accrued benefit obligation was determined using a rate of 3.1%.

Dental costs – dental costs were assumed to be 5% per annum.

Medical costs – medical costs were assumed to be 7% in year 1, 6% in year 2, and 5% thereafter.

	<u>2021</u>	<u>2020</u>
Accrued benefit obligation		
Beginning of year	\$ 1,093,100	\$ 1,109,300
Current service cost	36,400	35,300
Interest cost	29,400	29,500
Benefits paid	(70,500)	(66,800)
Amortization of actuarial gain	<u>(12,900)</u>	<u>(14,200)</u>
	<u>\$ 1,075,500</u>	<u>\$ 1,093,100</u>
Funded status		
Deficit	\$ 944,100	\$ 948,800
Unamortized actuarial gain	<u>131,400</u>	<u>144,300</u>
	<u>\$ 1,075,500</u>	<u>\$ 1,093,100</u>

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

Current service cost	\$ 36,400	\$ 35,300
Interest cost	29,400	29,500
Amortization of actuarial gain	<u>(12,900)</u>	<u>(14,200)</u>
	<u>\$ 52,900</u>	<u>\$ 50,600</u>

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

9. Long term debt 2021 2020

(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 this debt is

	\$	2,419,161	\$	2,784,423
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Capital lease obligations		<u>51,903</u>		<u>18,049</u>
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	\$	<u>2,471,064</u>	\$	<u>2,802,472</u>
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(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>2021</u>	<u>2020</u>
Fire station #2	2.81%	2027	\$ 2,419,161	\$ 2,784,423
Leased equipment	2.77% to 12.46%	2022-2026	<u>51,903</u>	<u>18,049</u>
			<u>\$ 2,471,064</u>	<u>\$ 2,802,472</u>

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

2022		\$ 385,629
2023		395,602
2024		407,384
2025		419,553
2026		431,061

(d) Total charges for interest, which are reported on the Consolidated Statement of Operations amounts to \$ 73,436 (2020 - \$ 84,121).

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

10. Tangible capital assets	<u>2021</u>	<u>2020</u>
Net book value		
Land	\$ 37,862,494	\$ 37,862,494
Land improvements	9,470,892	9,237,571
Buildings	27,916,581	28,410,824
Vehicles, machinery and equipment	<u>7,163,644</u>	<u>7,591,720</u>
	<u>82,413,611</u>	<u>83,102,609</u>
Infrastructure		
Roads	89,515,971	91,252,469
Water and wastewater	<u>90,562,627</u>	<u>92,416,637</u>
	<u>180,078,598</u>	<u>183,669,106</u>
Construction in process	<u>443,013</u>	<u>262,269</u>
	<u>\$ 262,935,222</u>	<u>\$ 267,033,984</u>

See pages 32 and 33 for more detail.

11. Accumulated surplus	<u>2021</u>	<u>2020</u> (As restated) (Note 2)
Operating surplus	\$ 241,554	\$ 127,968
Investment in Government Business Enterprises (Note 5)	17,624,569	18,062,693
Investment in tangible capital assets	262,935,222	267,033,984
Reserves and reserve funds (Note 12)	41,967,257	32,735,836
Unfunded liabilities (Note 13)	<u>(4,076,390)</u>	<u>(4,440,630)</u>
	<u>\$ 318,692,212</u>	<u>\$ 313,519,851</u>

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

12. Reserves and reserve funds	<u>2021</u>	<u>2020</u> (As restated) (Note 2)
Reserves set aside by Council for specific purposes:		
Contingencies	\$ 3,885,751	\$ 3,162,924
Equipment	6,477,747	5,965,326
Buildings	4,271,957	3,021,795
Capital projects	4,228,549	3,730,786
Other	1,960,478	954,553
Downtown Improvement Area	97,472	83,322
Sanitary sewer	14,603,538	12,431,075
Water	<u>6,359,258</u>	<u>3,296,214</u>
Total reserves	<u>41,884,750</u>	<u>32,645,995</u>
Reserve funds set aside by Council for specific purposes:		
Museum	<u>82,507</u>	<u>89,841</u>
Total reserve funds	<u>82,507</u>	<u>89,841</u>
Total reserves and reserve funds	<u>\$ 41,967,257</u>	<u>\$ 32,735,836</u>

13. Unfunded liabilities	<u>2021</u>	<u>2020</u>
Vacation pay	\$ 446,110	\$ 497,494
Employee benefit obligations	1,159,216	1,140,664
Long term debt	<u>2,471,064</u>	<u>2,802,472</u>
	<u>\$ 4,076,390</u>	<u>\$ 4,440,630</u>

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

14. Taxation	Budget <u>2021</u>	Actual <u>2021</u>	Actual <u>2020</u>
Real property		\$ 64,985,023	\$ 63,556,725
From other governments			
Payments in lieu of taxes		<u>836,734</u>	<u>815,779</u>
		<u>65,821,757</u>	<u>64,372,504</u>
Less: taxation collected on behalf of (Note 15):			
Region of Niagara		33,733,690	32,645,442
School boards		<u>10,289,523</u>	<u>10,920,474</u>
		<u>44,023,213</u>	<u>43,565,916</u>
Net taxes available for municipal purposes		<u>\$ 21,798,544</u>	<u>\$ 20,806,588</u>
Residential, multi-residential and farm	\$ 18,163,601	\$ 18,258,147	\$ 17,486,059
Commercial and industrial	<u>3,510,914</u>	<u>3,540,397</u>	<u>3,320,529</u>
Net taxes available for municipal purposes	<u>\$ 21,674,515</u>	<u>\$ 21,798,544</u>	<u>\$ 20,806,588</u>

15. 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>2021</u>	<u>2020</u>
Region of Niagara	\$ 33,733,690	\$ 32,645,442
School boards	<u>10,289,523</u>	<u>10,920,474</u>
	<u>\$ 44,023,213</u>	<u>\$ 43,565,916</u>

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).

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

16. User fees and charges	Budget <u>2021</u>	Actual <u>2021</u>	Actual <u>2020</u>
Operating			
Fees and service charges	\$ 2,565,810	\$ 2,045,101	\$ 1,934,417
Water charges	7,225,280	7,897,427	7,451,733
Sewer charges	<u>151,000</u>	<u>195,254</u>	<u>202,629</u>
	<u>\$ 9,942,090</u>	<u>\$ 10,137,782</u>	<u>\$ 9,588,779</u>

17. Government transfers	Budget <u>2021</u>	Actual <u>2021</u>	Actual <u>2020</u>
Operating			
Government of Canada	\$ 104,700	\$ 108,749	\$ 55,663
Province of Ontario	207,960	902,311	923,749
Municipal	<u>56,760</u>	<u>72,794</u>	<u>31,171</u>
	<u>369,420</u>	<u>1,083,854</u>	<u>1,010,583</u>
Capital			
Government of Canada	340,000	5,344	359,938
Province of Ontario	<u>1,755,000</u>	<u>1,153,129</u>	<u>1,943,827</u>
	<u>2,095,000</u>	<u>1,158,473</u>	<u>2,303,765</u>
	<u>\$ 2,464,420</u>	<u>\$ 2,242,327</u>	<u>\$ 3,314,348</u>

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

17. Government transfers (continued)

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>2021</u>	<u>2020</u>
Revenues		
Government of Canada		
Federal gas tax	\$ 5,344	\$ 359,936
My Main Street Community Activator grant	58,243	-
Operating grants		
Art gallery	13,448	47,470
Museum	15,898	2,173
Wage subsidies	21,160	6,022
	<u>114,093</u>	<u>415,601</u>
Province of Ontario		
COVID-19 Safe Restart Grant	690,771	682,100
Ontario Municipal Partnership Fund	46,000	54,100
OMAFRA/OCIF	1,174,917	846,296
OMAFRA drainage superintendent	-	(8,625)
Fire safety	11,300	-
Modernization grant	3,027	20,000
Operating grants		
Senior citizens centre	42,700	42,700
Library	31,391	31,391
Art gallery	26,987	26,987
Museum	22,674	54,954
Recreation facilities	-	20,141
Environmental	-	1,097,532
Capital grants		
Museum	5,673	-
	<u>2,055,440</u>	<u>2,867,576</u>
Municipal		
Provincial Offences Act	40,322	27,250
Operating grants		
Art gallery	10,500	-
Recreation facilities	9,272	-
Heritage	12,700	3,921
	<u>72,794</u>	<u>31,171</u>
	<u>\$ 2,242,327</u>	<u>\$ 3,314,348</u>

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

18. Other revenues	Budget <u>2021</u>	Actual <u>2021</u>	Actual <u>2020</u> (As restated) (Note 2)
Operating			
Penalties and interest on taxes	\$ 560,000	\$ 707,497	\$ 504,679
Fines	50,000	41,582	34,386
Licences and permits	712,500	417,078	257,771
Rental income	28,000	19,160	22,403
Investment income	280,570	274,604	388,550
Investment income – subsidiaries	262,540	262,537	262,537
Investment income – reserves and reserve funds	-	1,165	27,453
Development charges	526,120	150,868	83,638
Donations	53,500	48,108	20,886
Donations - reserves and reserve funds	1,000	900	778
Other	680,930	687,010	530,525
Subsidiary net earnings	<u>300,000</u>	<u>741,876</u>	<u>655,573</u>
	<u>3,455,160</u>	<u>3,352,385</u>	<u>2,789,179</u>
Capital			
Development charges	4,185,600	187,748	926,576
Donations	260,500	-	-
Contributed tangible capital assets	-	-	770,687
Gain on disposal of tangible capital assets	-	33,406	90,164
Other	<u>1,700,000</u>	<u>111,228</u>	<u>21,334</u>
	<u>6,146,100</u>	<u>332,382</u>	<u>1,808,761</u>
	<u>\$ 9,601,260</u>	<u>\$ 3,684,767</u>	<u>\$ 4,597,940</u>

19. 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 \$ 70 million (2020 - \$ 7.7 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. Contributions were made in the 2021 calendar year at rates ranging from 9.0% to 15.8% 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 2021 current and past service was \$ 845,015 (2020 - \$ 838,133) and were matched by employee contributions in a similar amount.

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

20. 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.

21. Trust funds

Trust funds administered by the Municipality amounting to \$ 1,224,257 (2020 - \$ 1,159,527) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

22. 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.

23. Commitments

West Lincoln Memorial Hospital

The Municipality has pledged financial support totalling \$ 9,300,926 to the West Lincoln Memorial Hospital Foundation for the building campaign. The funds are to be provided over thirty years beginning after the commencement of the construction of the new hospital facility.

Capital expenses

The estimated future capital expense commitments based on projects in progress at December 31, 2021 is approximately \$ 578,000 (2020 - \$ 1,422,000). These projects will be financed by grants, taxation and long term liabilities in future years.

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

23. Commitments (continued)

Property revitalization tax increment grants

The Municipality has a commitment of \$ 553,517 (2020 - \$ 570,618) 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.

24. 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.

25. Budget

The budget bylaw adopted by Council on March 1, 2021 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		15,361,320
Principal repayments of long term debt		365,260
Less:		
Transfers from reserves and reserve funds, net		(2,124,200)
Amortization of tangible capital assets		<u>(6,695,086)</u>
Budgeted surplus per Consolidated Statement of Operations	\$	<u>6,907,294</u>

26. Comparative figures

Certain of the comparative figures have been reclassified to conform with the consolidated financial statement presentation adopted for the current year.

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

27. Impacts of COVID-19

The outbreak of a novel strain of coronavirus (“COVID-19”) was declared a global pandemic by the World Health Organization in March, 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Municipality had to limit activity during its fiscal year due to the COVID-19 pandemic, however it has not identified any related events which occurred during its fiscal year or were determined to be subsequent events that had a significant impact on the financial position and results of operations as of and for the year ended December 31, 2021.

It is not possible to reliably estimate the duration and severity of the consequences of COVID-19, as well as the impact on the financial position and results of the Municipality for future periods.

28. 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, Town Manager, Finance and Information Systems.

Protection to persons and property

Reported in this functional area are Fire 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 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.

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

28. Segmented information (continued)

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.

Environmental services

Reported in this functional area are Sanitary, 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 Parks 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 Recreation and Culture departments are 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 Recreation and Culture departments are 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 Tangible Capital Assets

For the Year Ended December 31, 2021

	<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 Process</u>	<u>2021</u>
Cost								
Beginning of year	\$ 37,862,494	\$ 12,790,117	\$ 36,259,590	\$ 15,974,534	\$ 139,853,784	\$ 134,781,104	\$ 262,269	\$ 377,783,892
Additions	-	682,235	137,314	822,429	731,192	104,464	180,744	2,658,378
Disposals	-	-	-	(715,144)	(408,337)	(151,985)	-	(1,275,466)
End of year	<u>37,862,494</u>	<u>13,472,352</u>	<u>36,396,904</u>	<u>16,081,819</u>	<u>140,176,639</u>	<u>134,733,583</u>	<u>443,013</u>	379,166,804
Accumulated amortization								
Beginning of year	-	3,552,546	7,848,766	8,382,814	48,601,315	42,364,467	-	110,749,908
Amortization	-	448,914	631,557	1,248,579	2,407,562	1,958,474	-	6,695,086
Amortization on disposals	-	-	-	(713,218)	(348,209)	(151,985)	-	(1,213,412)
End of year	-	<u>4,001,460</u>	<u>8,480,323</u>	<u>8,918,175</u>	<u>50,660,668</u>	<u>44,170,956</u>	-	116,231,582
Net book value	<u>\$ 37,862,494</u>	<u>\$ 9,470,892</u>	<u>\$ 27,916,581</u>	<u>\$ 7,163,644</u>	<u>\$ 89,515,971</u>	<u>\$ 90,562,627</u>	<u>\$ 443,013</u>	\$ 262,935,222

Town of Grimsby

Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2020

	<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 Process</u>	<u>2020</u>
Cost								
Beginning of year	\$ 37,862,494	\$ 12,274,937	\$ 36,217,448	\$ 15,608,065	\$ 136,946,817	\$ 132,850,650	\$ 556,064	\$ 372,316,475
Additions	-	563,142	113,823	1,805,615	2,921,586	2,322,304	2,201,535	9,928,005
Disposals	-	(47,962)	(71,681)	(1,439,146)	(14,619)	(391,850)	(2,495,330)	(4,460,588)
End of year	<u>37,862,494</u>	<u>12,790,117</u>	<u>36,259,590</u>	<u>15,974,534</u>	<u>139,853,784</u>	<u>134,781,104</u>	<u>262,269</u>	<u>377,783,892</u>
Accumulated amortization								
Beginning of year	-	3,148,347	7,291,639	8,564,848	46,271,198	40,765,592	-	106,041,624
Amortization	-	452,161	628,808	1,203,336	2,344,736	1,949,163	-	6,578,204
Amortization on disposals	-	(47,962)	(71,681)	(1,385,370)	(14,619)	(350,288)	-	(1,869,920)
End of year	-	<u>3,552,546</u>	<u>7,848,766</u>	<u>8,382,814</u>	<u>48,601,315</u>	<u>42,364,467</u>	-	<u>110,749,908</u>
Net book value	<u>\$ 37,862,494</u>	<u>\$ 9,237,571</u>	<u>\$ 28,410,824</u>	<u>\$ 7,591,720</u>	<u>\$ 91,252,469</u>	<u>\$ 92,416,637</u>	<u>\$ 262,269</u>	<u>\$ 267,033,984</u>

Contributed tangible capital assets are recognized at fair market value at the date of contribution. The value of contributed assets during the year is \$ 770,687.

Town of Grimsby

Consolidated Schedule of Segment Disclosure

For the Year Ended December 31, 2021

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2021
Revenues									
Taxation	\$ 2,279,240	\$ 2,298,145	\$ 5,580,624	\$ 6,445,301	\$ 145,672	\$ 130,352	\$ 4,193,742	\$ 725,468	\$ 21,798,544
User charges	393,549	177,611	213,528	8,092,681	96,851	20,758	725,007	417,797	10,137,782
Government transfers	144,566	705,098	1,152,800	-	-	42,700	157,002	40,161	2,242,327
Other	<u>890,970</u>	<u>958,736</u>	<u>599,276</u>	<u>446,252</u>	<u>140,513</u>	<u>7,450</u>	<u>532,861</u>	<u>108,709</u>	<u>3,684,767</u>
	<u>3,708,325</u>	<u>4,139,590</u>	<u>7,546,228</u>	<u>14,984,234</u>	<u>383,036</u>	<u>201,260</u>	<u>5,608,612</u>	<u>1,292,135</u>	<u>37,863,420</u>
Expenses									
Salaries, wages and benefits	2,963,911	2,259,144	2,027,094	2,526,516	211,139	144,030	3,215,954	786,868	14,134,656
Debt service	235	73,163	-	-	-	-	38	-	73,436
Operating materials and supplies	556,939	333,976	770,291	141,913	31,160	22,765	930,815	142,591	2,930,450
Contracted services	1,391,019	347,594	444,831	5,430,389	3,866	21,696	384,097	291,798	8,315,290
Rents and financial expenses	89,386	80,068	90,049	108,059	4,502	7,122	145,582	2,374	527,142
External transfers to others	15,000	-	-	-	-	-	-	-	15,000
Amortization	346,069	541,230	1,844,319	3,129,353	15,967	6,992	808,520	2,635	6,695,085
Interfunctional expenses	<u>(990,310)</u>	<u>140,440</u>	<u>(399,673)</u>	<u>966,160</u>	<u>76,520</u>	<u>12,460</u>	<u>158,863</u>	<u>35,540</u>	<u>-</u>
	<u>4,372,249</u>	<u>3,775,615</u>	<u>4,776,911</u>	<u>12,302,390</u>	<u>343,154</u>	<u>215,065</u>	<u>5,643,869</u>	<u>1,261,806</u>	<u>32,691,059</u>
Annual surplus (deficit)	\$ (663,924)	\$ 363,975	\$ 2,769,317	\$ 2,681,844	\$ 39,882	\$ (13,805)	\$ (35,257)	\$ 30,329	\$ 5,172,361

Town of Grimsby

Consolidated Schedule of Segment Disclosure

For the Year Ended December 31, 2020

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2020
Revenues									
Taxation	\$ 1,623,573	\$ 1,867,374	\$ 6,112,339	\$ 7,498,173	\$ 176,208	\$ 106,303	\$ 3,074,256	\$ 348,362	\$ 20,806,588
User charges	747,915	132,083	30,130	7,654,362	109,366	40,169	620,943	253,811	9,588,779
Government transfers	81,350	702,100	2,295,141	-	-	42,700	189,136	3,921	3,314,348
Other	<u>784,921</u>	<u>854,300</u>	<u>1,367,338</u>	<u>1,176,430</u>	<u>120,748</u>	<u>5,939</u>	<u>268,801</u>	<u>19,463</u>	<u>4,597,940</u>
	<u>3,237,759</u>	<u>3,555,857</u>	<u>9,804,948</u>	<u>16,328,965</u>	<u>406,322</u>	<u>195,111</u>	<u>4,153,136</u>	<u>625,557</u>	<u>38,307,655</u>
Expenses									
Salaries, wages and benefits	2,635,731	2,357,505	2,099,615	2,540,370	169,141	133,337	2,710,317	558,858	13,204,874
Debt service	730	83,285	-	-	-	-	106	-	84,121
Operating materials and supplies	531,612	328,701	854,192	171,071	12,503	18,670	1,003,237	57,422	2,977,408
Contracted services	1,079,379	330,478	617,414	5,719,630	15,181	19,545	423,244	127,447	8,332,318
Rents and financial expenses	125,310	60,597	66,446	79,735	6,716	4,752	111,849	4,927	460,332
External transfers to others	5,000	-	-	-	-	-	-	-	5,000
Amortization	365,835	519,390	1,741,040	3,119,331	14,878	6,746	808,618	2,368	6,578,206
Interfunctional expenses	<u>(994,235)</u>	<u>141,484</u>	<u>(369,580)</u>	<u>901,090</u>	<u>73,683</u>	<u>10,984</u>	<u>200,270</u>	<u>36,304</u>	<u>-</u>
	<u>3,749,362</u>	<u>3,821,440</u>	<u>5,009,127</u>	<u>12,531,227</u>	<u>292,102</u>	<u>194,034</u>	<u>5,257,641</u>	<u>787,326</u>	<u>31,642,259</u>
Annual surplus (deficit)	<u>\$ (511,603)</u>	<u>\$ (265,583)</u>	<u>\$ 4,795,821</u>	<u>\$ 3,797,738</u>	<u>\$ 114,220</u>	<u>\$ 1,077</u>	<u>\$ (1,104,505)</u>	<u>\$ (161,769)</u>	<u>\$ 6,665,396</u>

Town of Grimsby

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2021

General government	Budget <u>2021</u>	Actual <u>2021</u>	Actual <u>2020</u>
Revenues			
Taxation	\$ 2,266,272	\$ 2,279,240	\$ 1,623,573
User charges	286,900	393,549	747,915
Government transfers	92,760	144,566	81,350
Other	439,341	890,970	784,921
	<u>3,085,273</u>	<u>3,708,325</u>	<u>3,237,759</u>
Expenses			
Salaries, wages and benefits	2,698,242	2,963,911	2,635,731
Debt service	-	235	730
Operating materials and supplies	708,890	556,939	531,612
Contracted services	1,205,500	1,391,019	1,079,379
Rents and financial expenses	134,980	89,386	125,310
External transfers to others	321,000	15,000	5,000
Amortization	346,069	346,069	365,835
Interfunctional expenses	(990,320)	(990,310)	(994,235)
	<u>4,424,361</u>	<u>4,372,249</u>	<u>3,749,362</u>
Annual deficit	<u>\$ (1,339,088)</u>	<u>\$ (663,924)</u>	<u>\$ (511,603)</u>
Protection to persons and property	Budget <u>2021</u>	Actual <u>2021</u>	Actual <u>2020</u>
Revenues			
Taxation	\$ 2,285,069	\$ 2,298,145	\$ 1,867,374
User charges	111,330	177,611	132,083
Government transfers	-	705,098	702,100
Other	1,224,847	958,736	854,300
	<u>3,621,246</u>	<u>4,139,590</u>	<u>3,555,857</u>
Expenses			
Salaries, wages and benefits	2,948,190	2,259,144	2,357,505
Debt service	73,160	73,163	83,285
Operating materials and supplies	440,710	333,976	328,701
Contracted services	447,440	347,594	330,478
Rents and financial expenses	80,000	80,068	60,597
Amortization	541,230	541,230	519,390
Interfunctional expenses	140,440	140,440	141,484
	<u>4,671,170</u>	<u>3,775,615</u>	<u>3,821,440</u>
Annual surplus (deficit)	<u>\$ (1,049,924)</u>	<u>\$ 363,975</u>	<u>\$ (265,583)</u>

Town of Grimsby Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2021

Transportation services	Budget <u>2021</u>	Actual <u>2021</u>	Actual <u>2020</u>
Revenues			
Taxation	\$ 5,548,872	\$ 5,580,624	\$ 6,112,339
User charges	42,500	213,528	30,130
Government transfers	2,105,000	1,152,800	2,295,141
Other	<u>4,424,406</u>	<u>599,276</u>	<u>1,367,338</u>
	<u>12,120,778</u>	<u>7,546,228</u>	<u>9,804,948</u>
Expenses			
Salaries, wages and benefits	2,235,730	2,027,094	2,099,615
Operating materials and supplies	876,330	770,291	854,192
Contracted services	390,690	444,831	617,414
Rents and financial expenses	90,050	90,049	66,446
Amortization	1,844,319	1,844,319	1,741,040
Interfunctional expenses	<u>(413,500)</u>	<u>(399,673)</u>	<u>(369,580)</u>
	<u>5,023,619</u>	<u>4,776,911</u>	<u>5,009,127</u>
Annual surplus	<u>\$ 7,097,159</u>	<u>\$ 2,769,317</u>	<u>\$ 4,795,821</u>

Environmental services	Budget <u>2021</u>	Actual <u>2021</u>	Actual <u>2020</u>
Revenues			
Taxation	\$ 6,408,629	\$ 6,445,301	\$ 7,498,173
User charges	7,376,280	8,092,681	7,654,362
Other	<u>438,663</u>	<u>446,252</u>	<u>1,176,430</u>
	<u>14,223,572</u>	<u>14,984,234</u>	<u>16,328,965</u>
Expenses			
Salaries, wages and benefits	2,770,540	2,526,516	2,540,370
Operating materials and supplies	230,790	141,913	171,071
Contracted services	6,166,660	5,430,389	5,719,630
Rents and financial expenses	108,060	108,059	79,735
Amortization	3,129,353	3,129,353	3,119,331
Interfunctional expenses	<u>966,180</u>	<u>966,160</u>	<u>901,090</u>
	<u>13,371,583</u>	<u>12,302,390</u>	<u>12,531,227</u>
Annual surplus	<u>\$ 851,989</u>	<u>\$ 2,681,844</u>	<u>\$ 3,797,738</u>

Town of Grimsby

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2021

Health services	Budget <u>2021</u>	Actual <u>2021</u>	Actual <u>2020</u>
Revenues			
Taxation	\$ 144,843	\$ 145,672	\$ 176,208
User charges	94,000	96,851	109,366
Other	<u>98,022</u>	<u>140,513</u>	<u>120,748</u>
	<u>336,865</u>	<u>383,036</u>	<u>406,322</u>
Expenses			
Salaries, wages and benefits	221,560	211,139	169,141
Operating materials and supplies	16,470	31,160	12,503
Contracted services	1,700	3,866	15,181
Rents and financial expenses	4,500	4,502	6,716
Amortization	15,967	15,967	14,878
Interfunctional expenses	<u>76,620</u>	<u>76,520</u>	<u>73,683</u>
	<u>336,817</u>	<u>343,154</u>	<u>292,102</u>
Annual surplus	<u>\$ 48</u>	<u>\$ 39,882</u>	<u>\$ 114,220</u>

Social and family services	Budget <u>2021</u>	Actual <u>2021</u>	Actual <u>2020</u>
Revenues			
Taxation	\$ 129,610	\$ 130,352	\$ 106,303
User charges	105,600	20,758	40,169
Government transfers	42,700	42,700	42,700
Other	<u>6,596</u>	<u>7,450</u>	<u>5,939</u>
	<u>284,506</u>	<u>201,260</u>	<u>195,111</u>
Expenses			
Salaries, wages and benefits	212,510	144,030	133,337
Operating materials and supplies	36,050	22,765	18,670
Contracted services	40,000	21,696	19,545
Rents and financial expenses	7,900	7,122	4,752
Amortization	6,992	6,992	6,746
Interfunctional expenses	<u>12,440</u>	<u>12,460</u>	<u>10,984</u>
	<u>315,892</u>	<u>215,065</u>	<u>194,034</u>
Annual (deficit) surplus	<u>\$ (31,386)</u>	<u>\$ (13,805)</u>	<u>\$ 1,077</u>

Town of Grimsby Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2021

Recreation and cultural services	Budget <u>2021</u>	Actual <u>2021</u>	Actual <u>2020</u>
Revenues			
Taxation	\$ 4,169,880	\$ 4,193,742	\$ 3,074,256
User charges	1,480,730	725,007	620,943
Government transfers	191,160	157,002	189,136
Other	<u>2,527,673</u>	<u>532,861</u>	<u>268,801</u>
	<u>8,369,443</u>	<u>5,608,612</u>	<u>4,153,136</u>
Expenses			
Salaries, wages and benefits	3,611,180	3,215,954	2,710,317
Debt service	-	38	106
Operating materials and supplies	1,467,420	930,815	1,003,237
Contracted services	521,735	384,097	423,244
Rents and financial expenses	174,610	145,582	111,849
Amortization	808,520	808,520	808,618
Interfunctional expenses	<u>158,540</u>	<u>158,863</u>	<u>200,270</u>
	<u>6,742,005</u>	<u>5,643,869</u>	<u>5,257,641</u>
Annual (deficit) surplus	<u>\$ 1,627,438</u>	<u>\$ (35,257)</u>	<u>\$ (1,104,505)</u>
<hr/>			
Planning and development			
	Budget <u>2021</u>	Actual <u>2021</u>	Actual <u>2020</u>
Revenues			
Taxation	\$ 721,340	\$ 725,468	\$ 348,362
User charges	444,750	417,797	253,811
Government transfers	32,800	40,161	3,921
Other	<u>441,712</u>	<u>108,709</u>	<u>19,463</u>
	<u>1,640,602</u>	<u>1,292,135</u>	<u>625,557</u>
Expenses			
Salaries, wages and benefits	896,100	786,868	558,858
Operating materials and supplies	201,750	142,591	57,422
Contracted services	755,800	291,798	127,447
Rents and financial expenses	-	2,374	4,927
Amortization	2,635	2,635	2,368
Interfunctional expenses	<u>33,260</u>	<u>35,540</u>	<u>36,304</u>
	<u>1,889,545</u>	<u>1,261,806</u>	<u>787,326</u>
Annual surplus (deficit)	<u>\$ (248,943)</u>	<u>\$ 30,329</u>	<u>\$ (161,769)</u>

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, 2021, 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, 2021, 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Port Colborne, Canada
August 2, 2022

Chartered Professional Accountants
Licensed Public Accountants

Town of Grimsby Trust Funds Statement of Financial Position

For the Year Ended December 31, 2021

	Cemetery Care and Maintenance <u>- Grounds</u>	Cemetery Care and Maintenance <u>- Markers</u>	<u>2021</u>	<u>2020</u>
Assets				
Cash and cash equivalents	\$ 11,466	\$ 1,402	\$ 12,868	\$ 555
Interest receivable	51,805	6,335	58,140	53,149
Due from the Town of Grimsby (Note 2)	78,800	9,636	88,436	41,010
Portfolio investments (Note 3)	<u>948,793</u>	<u>116,020</u>	<u>1,064,813</u>	<u>1,064,813</u>
Net assets	<u>\$ 1,090,864</u>	<u>\$ 133,393</u>	<u>\$ 1,224,257</u>	<u>\$ 1,159,527</u>

Impacts of COVID-19 (Note 4)

See accompanying notes to the financial statements

Town of Grimsby Trust Funds

Statement of Operations and Changes in Net Assets

For the Year Ended December 31, 2021

	Cemetery Care and Maintenance - <u>Grounds</u>	Cemetery Care and Maintenance - <u>Markers</u>	2021	<u>2020</u>
Revenues				
Care and maintenance agreements	\$ 61,379	\$ 3,351	\$ 64,730	\$ 27,735
Interest	<u>15,649</u>	<u>1,962</u>	<u>17,611</u>	<u>20,825</u>
	77,028	5,313	82,341	48,560
Expenses				
Interest earned distributed to the Town of Grimsby	<u>15,649</u>	<u>1,962</u>	<u>17,611</u>	<u>20,825</u>
Excess of revenues over expenses	61,379	3,351	64,730	27,735
Net assets				
Beginning of year	<u>1,029,485</u>	<u>130,042</u>	<u>1,159,527</u>	<u>1,131,792</u>
End of year	<u>\$ 1,090,864</u>	<u>\$ 133,393</u>	<u>\$ 1,224,257</u>	<u>\$ 1,159,527</u>

See accompanying notes to the financial statements

Town of Grimsby Trust Funds Statement of Cash Flows

For the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>
Net increase (decrease) in cash and cash equivalents		
Operating activities		
Excess of revenues over expenses	\$ 64,730	\$ 27,735
Increase in interest receivable	(4,991)	(4,169)
Increase in due from the Town of Grimsby	(47,426)	(7,203)
	<u>12,313</u>	<u>16,363</u>
Investing activities		
Increase in investments – net	-	(16,500)
	<u>12,313</u>	<u>(137)</u>
Net increase (decrease) in cash and cash equivalents		
	<u>12,313</u>	<u>(137)</u>
Cash and cash equivalents		
Beginning of year	<u>555</u>	<u>692</u>
End of year	<u>\$ 12,868</u>	<u>\$ 555</u>

See accompanying notes to the financial statements

Town of Grimsby Trust Funds

Notes to the Financial Statements

For the Year Ended December 31, 2021

1. Summary of significant accounting policies

Management responsibility

The financial statements 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) Cash and cash equivalents

Cash and cash equivalents are represented by cash on hand, cash on deposit in chartered banks and investments that mature within three months.

(c) Portfolio investments

Portfolio investments are valued at the lower of cost and market value. Interest income is reported as revenue in the period earned.

(d) Financial instruments

Initial measurement

The Trust Funds financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs.

Subsequent measurement

At each reporting date, the Trust Funds measure their financial assets and liabilities at cost. The financial instruments measured at cost are cash, interest receivable, due from the Town of Grimsby and investments.

For financial assets measured at cost, the Trust Funds regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Trust Funds determine that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Town of Grimsby Trust Funds

Notes to the Financial Statements

For the Year Ended December 31, 2021

2. Due from the Town of Grimsby

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

3. Portfolio investments

Portfolio investments consist of Canadian provincial bonds with interest rates between 2.41% and 2.88% maturing in June, 2022 to March, 2024 and a guaranteed investment certificate with an interest rate of 0.85% maturing June, 2022. Portfolio investments have an estimated market value of \$1,138,732 (2020 - \$ 1,126,356).

4. Impacts of COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March, 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Trust Funds have not identified any events related to the COVID-19 pandemic which occurred during its fiscal year or were determined to be subsequent events, and therefore there has been no impact on the financial position and results of operations as of and for the year ended December 31, 2021.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as the impact on the financial position and results of the Trust Funds for future periods.
