

Financial Report

Town of Grimsby

December 31, 2020

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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, 2020, 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, 2020, 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.

Grant Thornton LLP

Port Colborne, Canada
August 23, 2021

Chartered Professional Accountants
Licensed Public Accountants

Town of Grimsby

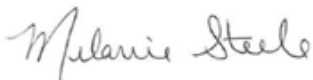
Consolidated Statement of Financial Position

As at December 31, 2020

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash and cash equivalents	\$ 29,944,556	\$ 31,586,643
Portfolio investments (Note 2)	20,247,950	19,678,154
Taxes receivable (Note 3)	4,253,663	4,254,362
User charges receivable	1,885,769	1,703,907
Other receivables	3,004,114	1,531,051
Investment in Government Business Enterprises (Note 4)	<u>18,062,693</u>	<u>17,407,120</u>
	<u>77,398,745</u>	<u>76,161,237</u>
Liabilities		
Payables and accruals	4,432,357	7,743,898
Due to trust funds	41,011	33,807
Deferred revenue - obligatory reserve funds (Note 5)	22,960,611	24,273,884
Deferred revenue - other (Note 6)	1,217,850	1,083,270
Employee benefit obligations (Notes 7 and 18)	1,140,664	1,171,261
Long term debt (Note 8)	<u>2,802,472</u>	<u>3,175,884</u>
	<u>32,594,965</u>	<u>37,482,004</u>
Net financial assets	<u>44,803,780</u>	<u>38,679,233</u>
Non-financial assets		
Tangible capital assets (Note 9 and Pages 31 and 32)	267,033,984	266,274,851
Inventory and prepaid expenses	<u>602,766</u>	<u>555,693</u>
	<u>267,636,750</u>	<u>266,830,544</u>
Accumulated surplus (Note 10)	<u>\$ 312,440,530</u>	<u>\$ 305,509,777</u>

Commitments (Note 22)
Contingencies (Note 23)
Impacts of COVID-19 (Note 26)

Approved by



Melanie Steele, MBA CPA CA
Interim Director of Finance/Treasurer



Harry Schlange
Chief Administrative Officer

See accompanying notes to the consolidated financial statements

Town of Grimsby Consolidated Statement of Operations

For the Year Ended December 31, 2020

	Budget <u>2020</u> (Note 24)	Actual <u>2020</u>	Actual <u>2019</u>
Revenues			
Taxation (Note 13)	\$ 21,068,292	\$ 20,806,588	\$ 18,980,952
User fees and charges (Note 15)	9,996,675	9,588,779	9,536,820
Government transfers (Note 16)	3,061,970	3,314,348	2,390,726
Other (Note 17)	<u>5,742,690</u>	<u>4,863,297</u>	<u>8,083,059</u>
	<u>39,869,627</u>	<u>38,573,012</u>	<u>38,991,557</u>
Expenses			
General government	4,108,717	3,749,362	2,897,361
Protection to persons and property	4,327,190	3,821,440	3,753,212
Transportation services	5,126,140	5,009,127	4,937,866
Environmental services	13,287,831	12,531,227	11,820,622
Health services	341,738	292,102	315,767
Social and family services	322,656	194,034	292,080
Recreation and culture services	6,806,778	5,257,641	5,952,955
Planning and development	<u>1,160,188</u>	<u>787,326</u>	<u>2,755,370</u>
	<u>35,481,238</u>	<u>31,642,259</u>	<u>32,725,233</u>
Annual surplus	4,388,389	6,930,753	6,266,324
Accumulated surplus (Note 10)			
Beginning of year	<u>305,509,777</u>	<u>305,509,777</u>	<u>299,243,453</u>
End of year	<u>\$ 309,898,166</u>	<u>\$ 312,440,530</u>	<u>\$ 305,509,777</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, 2020

	Budget <u>2020</u> (Note 24)	Actual <u>2020</u>	Actual <u>2019</u>
Annual surplus	\$ 4,388,389	\$ 6,930,753	\$ 6,266,324
Amortization of tangible capital assets	6,578,204	6,578,204	6,419,500
Acquisition of tangible capital assets	(13,185,948)	(6,661,988)	(4,996,361)
Contributed tangible capital assets	-	(770,687)	-
Proceeds on sale of tangible capital assets	-	185,502	52,167
(Gain) loss on disposal of tangible capital assets	-	(90,164)	8,129,785
	(2,219,355)	6,171,620	15,871,415
(Acquisition) usage of inventory and prepaid expenses	-	(47,073)	683,795
Increase (decrease) in net financial assets	(2,219,355)	6,124,547	16,555,210
Net financial assets			
Beginning of year	<u>38,679,233</u>	<u>38,679,233</u>	<u>22,124,023</u>
End of year	<u>\$ 36,459,878</u>	<u>\$ 44,803,780</u>	<u>\$ 38,679,233</u>

See accompanying notes to the consolidated financial statements.

Town of Grimsby

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>
Increase (decrease) in cash and cash equivalents		
Operating activities		
Annual surplus	\$ 6,930,753	\$ 6,266,324
Non-cash items:		
Amortization of tangible capital assets	6,578,204	6,419,500
(Gain) loss on disposal of tangible capital assets	(90,164)	8,129,785
Contributed tangible capital assets	(770,687)	-
Changes in:		
Taxes receivable	699	67,499
User charges receivable	(181,862)	46,441
Other receivables	(1,473,063)	3,040,641
Payables and accruals	(3,311,541)	(566,831)
Due to trust funds	7,204	6,613
Deferred revenue - obligatory reserve funds	(1,313,273)	11,832,093
Deferred revenue - other	134,580	280,978
Employee benefit obligations	(30,597)	(1,102,019)
Inventory and prepaid expenses	(47,073)	683,795
	<u>6,433,180</u>	<u>35,104,819</u>
Capital activities		
Proceeds from disposal of tangible capital assets	185,502	52,167
Acquisition of tangible capital assets	(6,661,988)	(4,996,361)
	<u>(6,476,486)</u>	<u>(4,944,194)</u>
Investing activities		
Purchase of portfolio investments, net	(569,796)	(430,496)
Increase in investment in Government Business Enterprises	(655,573)	(1,125,999)
	<u>(1,225,369)</u>	<u>(1,556,495)</u>
Financing activities		
Repayment of long term debt	(373,412)	(7,623,809)
Net (decrease) increase in cash and cash equivalents	(1,642,087)	20,980,321
Cash and cash equivalents		
Beginning of year	<u>31,586,643</u>	<u>10,606,322</u>
End of year	<u>\$ 29,944,556</u>	<u>\$ 31,586,643</u>

See accompanying notes to the consolidated financial statements.

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

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 4). 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 20).

(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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

2. Portfolio investments	<u>2020</u>	<u>2019</u>
Provincial bonds	\$ 8,346,950	\$ 8,570,654
Guaranteed investment certificates	<u>11,901,000</u>	<u>11,107,500</u>
	<u>\$ 20,247,950</u>	<u>\$ 19,678,154</u>

Portfolio investments carry an effective interest rate from 0.70% to 10.95% and maturity dates ranging from April, 2021 to September, 2025. Interest is receivable on maturity. Portfolio investments reported on the Consolidated Statement of Financial Position have a market value of \$ 20,746,248 (2019 - \$ 19,961,300). 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.

3. 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>2020</u>	<u>2019</u>
Current year's taxes receivable	\$ 2,794,995	\$ 3,208,305
Prior year's taxes receivable	993,442	708,757
Previous year's taxes receivable	<u>465,226</u>	<u>337,300</u>
	<u>\$ 4,253,663</u>	<u>\$ 4,254,362</u>

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

4. 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>2020</u>	<u>2019</u>
Promissory note receivable from GPI	\$ 5,782,746	\$ 5,782,746
Common and preferred shares	6,962,470	6,962,470
Retained earnings	4,958,576	4,226,737
Add: adjustment on acquisition of subsidiary	915,004	915,004
Less: non-controlling interest	<u>(556,103)</u>	<u>(479,837)</u>
	<u>\$ 18,062,693</u>	<u>\$ 17,407,120</u>

The promissory note receivable from GPI bears interest at 4.54% (2019 – 4.54%) and matures February 1, 2022.

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

4. Investment in Government Business Enterprises (continued)

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

	<u>2020</u>	<u>2019</u>
Financial position		
Assets		
Current assets	\$ 7,117,554	\$ 6,812,136
Capital assets	29,798,288	29,111,192
Long term assets	<u>4,228,138</u>	<u>3,351,738</u>
	<u>41,143,980</u>	<u>39,275,066</u>
Liabilities		
Current liabilities	5,772,347	5,214,280
Long term liabilities	<u>21,979,766</u>	<u>21,400,758</u>
	<u>27,752,113</u>	<u>26,615,038</u>
Net assets	<u>\$ 13,391,867</u>	<u>\$ 12,660,028</u>
Results of operations		
Revenues	\$ 42,474,197	\$ 36,061,922
Expenses	<u>41,742,358</u>	<u>34,823,474</u>
Net income	<u>731,839</u>	<u>1,238,448</u>
Net increase in equity of subsidiary	<u>\$ 731,839</u>	<u>\$ 1,238,448</u>

Commitments and contingencies

A letter of credit in the amount of \$ 964,845 (2019 - \$ 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, 2020 and the results of operations are as reported for the year ended December 31, 2020. The comparative financial position and results of operations figures are as reported by NPI at December 31, 2019.

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

4. 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>2020</u>	<u>2019</u>
Amounts received from NPI		
Interest on promissory note payable	\$ 262,537	\$ 262,537
Directors' fees	34,526	51,830
Property services, water and vehicle fuel costs	78,850	61,345
Amounts paid to NPI		
Electricity and street lighting costs paid	622,268	689,174
Service costs paid	14,294	744

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

5. 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>2020</u>	<u>2019</u>
Building code	\$ 2,603,410	\$ 2,901,135
Development charges	7,297,257	7,877,512
Gas tax	2,802,462	2,293,286
Parkland dedication	8,989,549	8,850,071
Subdivision administration	1,079,321	1,344,680
Ontario Community Infrastructure Fund	<u>188,612</u>	<u>1,007,200</u>
	<u>\$ 22,960,611</u>	<u>\$ 24,273,884</u>

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

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	<u>\$ 24,273,884</u>	<u>\$ 12,441,791</u>
Contributions from		
Development Charges Act	309,007	4,606,134
Building Code Act	-	268,789
Planning Act	3,458	6,289,915
Subdivider contributions	69,218	49,413
Interest earned	375,284	323,278
Grants received		
Federal gas tax	828,604	1,650,252
Ontario Community Infrastructure Fund	<u>1,112,750</u>	<u>1,105,077</u>
	<u>2,698,321</u>	<u>14,292,858</u>
Utilized for		
Operations	(422,498)	(588,187)
Tangible capital asset acquisitions	<u>(3,589,096)</u>	<u>(1,872,578)</u>
	<u>(4,011,594)</u>	<u>(2,460,765)</u>
Balance, end of year	<u>\$ 22,960,611</u>	<u>\$ 24,273,884</u>

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

6. Deferred revenue - other

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

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 1,083,270	\$ 802,292
Add: contributions	919,561	899,832
Less: revenue recognized	(640,722)	(498,625)
Less: refunds during the year	<u>(144,259)</u>	<u>(120,229)</u>
Balance, end of year	<u>\$ 1,217,850</u>	<u>\$ 1,083,270</u>

7. Employee benefit obligations

	<u>2020</u>	<u>2019</u>
Workplace Safety and Insurance Board future benefits	\$ 47,564	\$ 61,961
Post-employment benefits	<u>1,093,100</u>	<u>1,109,300</u>
	<u>\$ 1,140,664</u>	<u>\$ 1,171,261</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 actuarial 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 \$ 47,564 (2019 - \$ 61,961). The Municipality remits payments to the WSIB as required to fund disability payments. During the year \$ Nil (2019 - \$ 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, 2020 is \$ 157,252 (2019 - \$ 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, 2020 of \$ 1,093,100 (2019 - \$ 1,109,300) was determined by actuarial valuation using a discount rate of 3.1% (2019 - 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 \$ 66,800 (2019 - \$ 52,100) were paid to retirees.

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

7. 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>2020</u>	<u>2019</u>
Accrued benefit obligation		
Beginning of year	\$ 1,109,300	\$ 1,085,500
Current service cost	35,300	38,200
Interest cost	29,500	43,000
Benefits paid	(66,800)	(52,100)
Amortization of actuarial gain	<u>(14,200)</u>	<u>(5,300)</u>
	<u>\$ 1,093,100</u>	<u>\$ 1,109,300</u>
Funded status		
Deficit	\$ 948,800	\$ 950,800
Unamortized actuarial gain	<u>144,300</u>	<u>158,500</u>
	<u>\$ 1,093,100</u>	<u>\$ 1,109,300</u>

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

Current service cost	\$ 35,300	\$ 38,200
Interest cost	29,500	43,000
Amortization of actuarial gain	<u>(14,200)</u>	<u>(5,300)</u>
	<u>\$ 50,600</u>	<u>\$ 75,900</u>

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

8. Long term debt 2020 2019

(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

	\$ 2,784,423	\$ 3,139,634
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Capital lease obligations	<u>18,049</u>	<u>36,250</u>
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	<u>\$ 2,802,472</u>	<u>\$ 3,175,884</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>2020</u>	<u>2019</u>
Fire station #2	2.81%	2027	\$ 2,784,423	\$ 3,139,634
Leased equipment	2.77% to 12.46%	2021-2022	<u>18,049</u>	<u>36,250</u>
			<u>\$ 2,802,472</u>	<u>\$ 3,175,884</u>

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

2021	\$ 382,624
2022	376,285
2023	386,227
2024	397,156
2025	408,394

(d) Total charges for interest, which are reported on the Consolidated Statement of Operations amounts to \$ 84,121 (2019 - \$ 94,479).

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

9. Tangible capital assets	<u>2020</u>	<u>2019</u>
Net book value		
Land	\$ 37,862,494	\$ 37,862,494
Land improvements	9,237,571	9,126,590
Buildings	28,410,824	28,925,809
Vehicles, machinery and equipment	<u>7,591,720</u>	<u>7,043,217</u>
	<u>83,102,609</u>	<u>82,958,110</u>
Infrastructure		
Roads	91,252,469	90,675,619
Water and wastewater	<u>92,416,637</u>	<u>92,085,058</u>
	<u>183,669,106</u>	<u>182,760,677</u>
Construction in process	<u>262,269</u>	<u>556,064</u>
	<u>\$ 267,033,984</u>	<u>\$ 266,274,851</u>

See pages 31 and 32 for more detail.

10. Accumulated surplus	<u>2020</u>	<u>2019</u>
Operating surplus	\$ 393,325	\$ 410,701
Investment in tangible capital assets	267,033,984	266,274,851
Investment in Government Business Enterprises (Note 4)	18,062,693	17,407,120
Reserves and reserve funds (Note 11)	31,391,158	25,764,250
Unfunded liabilities (Note 12)	<u>(4,440,630)</u>	<u>(4,347,145)</u>
	<u>\$ 312,440,530</u>	<u>\$ 305,509,777</u>

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

11. Reserves and reserve funds	<u>2020</u>	<u>2019</u>
Reserves set aside by Council for specific purposes:		
Working funds (uncollectible taxes)	\$ 700,000	\$ 700,000
Contingencies	1,759,884	1,176,244
Equipment replacement	6,138,297	5,075,784
Insurance	47,779	47,779
Workplace safety and insurance	157,252	157,252
Parking revenues	5,538	5,538
Downtown Improvement Area	83,321	58,420
Other	298,863	408,723
Capital projects		
General government	916,502	786,568
Protection to persons and property	294,402	280,402
Transportation services	1,781,690	1,924,649
Environmental services	15,727,848	12,753,913
Health	284,236	14,246
Social and family services	34,541	20,541
Recreation and culture services	2,429,758	1,838,904
Planning and development	<u>278,493</u>	<u>80,705</u>
Total reserves	<u>30,938,404</u>	<u>25,329,668</u>
Reserve funds set aside by Council for specific purposes:		
Museum	89,841	91,930
Tree planting	15,127	125
Other	<u>347,786</u>	<u>342,527</u>
Total reserve funds	<u>452,754</u>	<u>434,582</u>
Total reserves and reserve funds	<u>\$ 31,391,158</u>	<u>\$ 25,764,250</u>

12. Unfunded liabilities	<u>2020</u>	<u>2019</u>
Vacation pay	\$ 497,494	\$ -
Employee benefit obligations	1,140,664	1,171,261
Long term debt	<u>2,802,472</u>	<u>3,175,884</u>
	<u>\$ 4,440,630</u>	<u>\$ 4,347,145</u>

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

13. Taxation	Budget <u>2020</u>	Actual <u>2020</u>	Actual <u>2019</u>
Real property		\$ 63,556,725	\$ 59,194,783
From other governments			
Payments in lieu of taxes		<u>815,779</u>	<u>725,538</u>
		<u>64,372,504</u>	<u>59,920,321</u>
Less: taxation collected on behalf of (Note 14):			
Region of Niagara		32,645,442	30,075,426
School boards		<u>10,920,474</u>	<u>10,863,943</u>
		<u>43,565,916</u>	<u>40,939,369</u>
Net taxes available for municipal purposes		<u>\$ 20,806,588</u>	<u>\$ 18,980,952</u>
Residential, multi-residential and farm	\$ 17,577,162	\$ 17,486,059	\$ 15,820,357
Commercial and industrial	<u>3,491,130</u>	<u>3,320,529</u>	<u>3,160,595</u>
Net taxes available for municipal purposes	<u>\$ 21,068,292</u>	<u>\$ 20,806,588</u>	<u>\$ 18,980,952</u>

14. 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>2020</u>	<u>2019</u>
Region of Niagara	\$ 32,645,442	\$ 30,075,426
School boards	<u>10,920,474</u>	<u>10,863,943</u>
	<u>\$ 43,565,916</u>	<u>\$ 40,939,369</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, 2020

15. User fees and charges	Budget 2020	Actual 2020	Actual 2019
Operating			
Fees and service charges	\$ 2,673,575	\$ 1,934,417	\$ 2,619,113
Water charges	7,172,140	7,451,733	6,749,558
Sewer charges	<u>150,960</u>	<u>202,629</u>	<u>168,149</u>
	<u>\$ 9,996,675</u>	<u>\$ 9,588,779</u>	<u>\$ 9,536,820</u>

16. Government transfers	Budget 2020	Actual 2020	Actual 2019
Operating			
Government of Canada	\$ 35,900	\$ 55,663	\$ 104,353
Province of Ontario	187,760	923,749	924,859
Municipal	<u>68,310</u>	<u>31,171</u>	<u>94,460</u>
	<u>291,970</u>	<u>1,010,583</u>	<u>1,123,672</u>
Capital			
Government of Canada	845,000	359,938	971,239
Province of Ontario	<u>1,925,000</u>	<u>1,943,827</u>	<u>295,815</u>
	<u>2,770,000</u>	<u>2,303,765</u>	<u>1,267,054</u>
	<u>\$ 3,061,970</u>	<u>\$ 3,314,348</u>	<u>\$ 2,390,726</u>

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

16. 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>2020</u>	<u>2019</u>
Revenues		
Government of Canada		
Federal gas tax	\$ 359,938	\$ 971,241
Canada railway grant	-	5,138
Federation of Canadian Municipalities	-	21,218
Operating grants		
Library	-	2,600
Art gallery	47,470	45,704
Museum	2,173	650
Wage subsidies	<u>6,020</u>	<u>29,041</u>
	<u>415,601</u>	<u>1,075,592</u>
Province of Ontario		
Covid Safe Restart grant	682,100	-
Ontario Municipal Partnership Fund	54,100	63,600
OMAFRA/OCIF	846,296	6,675
OMAFRA drainage superintendent	(8,625)	8,625
Cannabis grant	-	18,617
Modernization grant	20,000	692,182
Operating grants		
Senior citizens centre	42,700	52,727
Library	31,391	31,391
Art gallery	26,987	29,933
Museum	54,954	22,674
Recreation facilities	20,141	5,111
Environmental	-	293
Capital grants		
Roads	<u>1,097,532</u>	<u>288,846</u>
	<u>2,867,576</u>	<u>1,220,674</u>
Municipal		
Provincial Offences Act	27,250	81,613
Operating grants		
Art gallery	-	722
Museum	-	2,500
Heritage	<u>3,921</u>	<u>9,625</u>
	<u>31,171</u>	<u>94,460</u>
	<u>\$ 3,314,348</u>	<u>\$ 2,390,726</u>

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

17. Other revenue	Budget 2020	Actual 2020	Actual 2019
Operating			
Penalties and interest on taxes	\$ 560,000	\$ 504,679	\$ 605,627
Fines	50,000	34,386	61,129
Licences and permits	723,500	257,771	659,063
Rental income	28,000	22,403	22,695
Investment income – GPI	280,580	388,550	589,657
Investment income – subsidiaries	262,540	262,537	262,537
Investment income – reserves and reserve funds	-	6,672	11,785
Development charges	83,630	83,638	389,710
Donations	53,100	20,886	77,206
Donations - reserves and reserve funds	1,000	778	278
Reduction of WSIB future benefits	-	-	1,125,819
Other	535,340	800,166	587,671
Subsidiaries net earnings	-	655,573	1,125,999
1938427 Ontario Inc. revenue	-	-	1,677,178
Gain on sale of 1938427 Ontario Inc. (Note 25)	-	-	400,000
	<u>2,577,690</u>	<u>3,038,039</u>	<u>7,596,354</u>
Capital			
Development charges	1,557,000	926,576	543,833
Donations	1,435,000	-	-
Contributed tangible capital assets	-	770,687	-
Gain (loss) on disposal of tangible capital assets	-	90,164	(57,128)
Other	173,000	37,831	-
	<u>3,165,000</u>	<u>1,825,258</u>	<u>486,705</u>
	<u>\$ 5,742,690</u>	<u>\$ 4,863,297</u>	<u>\$ 8,083,059</u>

18. 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 \$ 7.7 billion (2019 - \$ 1.5 billion surplus) 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 2020 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 2020 current and past service was \$ 838,133 (2019 - \$ 775,836) 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, 2020

19. 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.

20. Trust funds

Trust funds administered by the Municipality amounting to \$ 1,159,527 (2019 - \$ 1,131,792) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

21. 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.

22. Commitments

Hospital

The Municipality has pledged financial support of \$ 9,300,000 to the West Lincoln Memorial Hospital Foundation for the building campaign. The funds are to be provided on 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, 2020 is approximately \$ 1,422,000 (2019 - \$ 12,906,000). 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, 2020

22. Commitments (continued)

Property revitalization tax increment grants

The Municipality has a commitment of \$ 570,618 (2019 - \$ 627,765) 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.

23. 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.

24. Budget

The budget bylaw adopted by Council on March 2, 2020 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		13,185,948
Principal repayments of long term debt		355,210
Less:		
Transfers from reserves and reserve funds, net		(2,574,565)
Amortization of tangible capital assets		<u>(6,578,204)</u>
Budgeted surplus per Consolidated Statement of Operations	\$	<u>4,388,389</u>

25. Sale of 1938427 Ontario Inc.

On October 7, 2019, the Municipality sold its shares in 1938427 Ontario Inc., including its wholly owned subsidiaries, Grimsby Hydro Incorporated and Grimsby Energy Incorporated for \$ 400,000. The sales agreement provided for the repayment of certain debts of Grimsby Energy Incorporated, including the bank loan with the Toronto Dominion Bank in the amount of \$ 4,800,000, and therefore the loan guarantees provided by the Municipality were released upon execution of the agreement.

Town of Grimsby

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

26. Impacts of COVID-19

Since December 31, 2019, the outbreak of COVID-19 and related global responses have caused material disruptions to businesses around the world, leading to an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. While governments and central banks have reacted with monetary and fiscal interventions designed to stabilize economic conditions, the duration and extent of the impact of the COVID-19 outbreak, as well as the effectiveness of government and central bank responses, remains unclear at this time.

The Municipality had to limit activity during its fiscal year due to the COVID-19 pandemic. The Municipality has 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 significant impact on the financial position and results of operations as of and for the year ended December 31, 2020.

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 Municipality for future periods.

27. 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, 2020

27. 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. Also reported in this functional area is the operations of 1938427 Ontario Inc., Grimsby Hydro Inc., and Grimsby Energy Inc.

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, 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 Tangible Capital Assets

For the Year Ended December 31, 2019

	<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>2019</u>
Cost								
Beginning of year	\$ 38,076,826	\$ 12,195,611	\$ 35,138,595	\$ 23,349,878	\$ 136,464,500	\$ 131,748,380	\$ 442,469	\$ 377,416,259
Additions	-	173,488	1,281,268	1,451,472	487,100	1,489,438	1,692,186	6,574,952
Disposals	<u>(214,332)</u>	<u>(94,162)</u>	<u>(202,415)</u>	<u>(9,193,285)</u>	<u>(4,783)</u>	<u>(387,168)</u>	<u>(1,578,591)</u>	<u>(11,674,736)</u>
End of year	<u>37,862,494</u>	<u>12,274,937</u>	<u>36,217,448</u>	<u>15,608,065</u>	<u>136,946,817</u>	<u>132,850,650</u>	<u>556,064</u>	<u>372,316,475</u>
Accumulated amortization								
Beginning of year	-	2,790,976	6,705,103	8,952,244	43,970,933	39,117,061	-	101,536,317
Amortization	-	451,533	615,887	1,118,302	2,305,051	1,928,727	-	6,419,500
Amortization on disposals	<u>-</u>	<u>(94,162)</u>	<u>(29,351)</u>	<u>(1,505,698)</u>	<u>(4,786)</u>	<u>(280,196)</u>	<u>-</u>	<u>(1,914,193)</u>
End of year	<u>-</u>	<u>3,148,347</u>	<u>7,291,639</u>	<u>8,564,848</u>	<u>46,271,198</u>	<u>40,765,592</u>	<u>-</u>	<u>106,041,624</u>
Net book value	<u>\$ 37,862,494</u>	<u>\$ 9,126,590</u>	<u>\$ 28,925,809</u>	<u>\$ 7,043,217</u>	<u>\$ 90,675,619</u>	<u>\$ 92,085,058</u>	<u>\$ 556,064</u>	<u>\$ 266,274,851</u>

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	<u>2020</u>
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 revenue	<u>764,139</u>	<u>854,300</u>	<u>1,653,477</u>	<u>1,176,430</u>	<u>120,748</u>	<u>5,939</u>	<u>268,801</u>	<u>19,463</u>	<u>4,863,297</u>
	<u>3,216,977</u>	<u>3,555,857</u>	<u>10,091,087</u>	<u>16,328,965</u>	<u>406,322</u>	<u>195,111</u>	<u>4,153,136</u>	<u>625,557</u>	<u>38,573,012</u>
Expenses									
Salaries 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>\$ (532,385)</u>	<u>\$ (265,583)</u>	<u>\$ 5,081,960</u>	<u>\$ 3,797,738</u>	<u>\$ 114,220</u>	<u>\$ 1,077</u>	<u>\$ (1,104,505)</u>	<u>\$ (161,769)</u>	<u>\$ 6,930,753</u>

Town of Grimsby

Consolidated Schedule of Segment Disclosure

For the Year Ended December 31, 2019

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2019
Revenues									
Taxation	\$ 1,947,002	\$ 2,044,532	\$ 4,322,515	\$ 6,737,314	\$ 132,260	\$ 113,069	\$ 3,331,238	\$ 353,022	\$ 18,980,952
User charges	383,712	227,368	55,321	6,917,707	100,187	98,216	1,427,259	327,050	9,536,820
Government transfers	864,397	2,342	340,968	-	-	52,727	1,097,677	32,615	2,390,726
Other revenue	<u>1,656,812</u>	<u>2,079,856</u>	<u>1,396,059</u>	<u>665,986</u>	<u>115,970</u>	<u>8,754</u>	<u>445,111</u>	<u>1,714,511</u>	<u>8,083,059</u>
	<u>4,851,923</u>	<u>4,354,098</u>	<u>6,114,863</u>	<u>14,321,007</u>	<u>348,417</u>	<u>272,766</u>	<u>6,301,285</u>	<u>2,427,198</u>	<u>38,991,557</u>
Expenses									
Salaries and benefits	2,340,425	2,351,384	2,014,960	2,002,893	189,176	185,342	3,145,933	594,033	12,824,146
Debt service	1,179	93,128	-	-	-	-	172	-	94,479
Operating materials and supplies	512,793	325,193	893,049	126,874	27,817	38,399	1,117,035	1,806,889	4,848,049
Contracted services	524,356	334,238	646,468	5,616,658	3,022	44,642	593,715	303,476	8,066,575
Rents and financial expenses	97,207	56,091	63,485	73,841	5,379	6,410	120,108	14,964	437,485
External transfers to others	34,999	-	-	-	-	-	-	-	34,999
Amortization	356,037	460,978	1,693,654	3,101,543	14,903	6,500	784,597	1,288	6,419,500
Interfunctional expenses	<u>(969,635)</u>	<u>132,200</u>	<u>(373,750)</u>	<u>898,813</u>	<u>75,470</u>	<u>10,787</u>	<u>191,395</u>	<u>34,720</u>	<u>-</u>
	<u>2,897,361</u>	<u>3,753,212</u>	<u>4,937,866</u>	<u>11,820,622</u>	<u>315,767</u>	<u>292,080</u>	<u>5,952,955</u>	<u>2,755,370</u>	<u>32,725,233</u>
Annual surplus (deficit)	<u>\$ 1,954,562</u>	<u>\$ 600,886</u>	<u>\$ 1,176,997</u>	<u>\$ 2,500,385</u>	<u>\$ 32,650</u>	<u>\$ (19,314)</u>	<u>\$ 348,330</u>	<u>\$ (328,172)</u>	<u>\$ 6,266,324</u>

Town of Grimsby

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2020

General government	Budget <u>2020</u>	Actual <u>2020</u>	Actual <u>2019</u>
Revenues			
Taxation	\$ 1,643,993	\$ 1,623,573	\$ 1,947,002
User charges	286,950	747,915	383,712
Government transfers	112,410	81,350	864,397
Other	116,079	764,139	1,656,812
	<u>2,159,432</u>	<u>3,216,977</u>	<u>4,851,923</u>
Expenses			
Salaries and wages	2,814,682	2,635,731	2,340,425
Debt service	-	730	1,179
Operating materials and supplies	676,660	531,612	512,793
Contracted services	909,700	1,079,379	524,356
Rents and financial expenses	125,540	125,310	97,207
External transfers to others	200,000	5,000	34,999
Amortization	365,835	365,835	356,037
Interfunctional expenses	(983,700)	(994,235)	(969,635)
	<u>4,108,717</u>	<u>3,749,362</u>	<u>2,897,361</u>
Annual (deficit) surplus	\$ <u>(1,949,285)</u>	\$ <u>(532,385)</u>	\$ <u>1,954,562</u>

Protection to persons and property	Budget <u>2020</u>	Actual <u>2020</u>	Actual <u>2019</u>
Revenues			
Taxation	\$ 1,890,862	\$ 1,867,374	\$ 2,044,532
User charges	188,330	132,083	227,368
Government transfers	-	702,100	2,342
Other	1,066,134	854,300	2,079,856
	<u>3,145,326</u>	<u>3,555,857</u>	<u>4,354,098</u>
Expenses			
Salaries and wages	2,798,370	2,357,505	2,351,384
Debt service	83,280	83,285	93,128
Operating materials and supplies	323,210	328,701	325,193
Contracted services	389,740	330,478	334,238
Rents and financial expenses	58,430	60,597	56,091
Amortization	519,390	519,390	460,978
Interfunctional expenses	154,770	141,484	132,200
	<u>4,327,190</u>	<u>3,821,440</u>	<u>3,753,212</u>
Annual (deficit) surplus	\$ <u>(1,181,864)</u>	\$ <u>(265,583)</u>	\$ <u>600,886</u>

Town of Grimsby Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2020

Transportation services	Budget <u>2020</u>	Actual <u>2020</u>	Actual <u>2019</u>
Revenues			
Taxation	\$ 6,189,220	\$ 6,112,339	\$ 4,322,515
User charges	42,500	30,130	55,321
Government transfers	2,780,000	2,295,141	340,968
Other	<u>2,713,743</u>	<u>1,653,477</u>	<u>1,396,059</u>
	<u>11,725,463</u>	<u>10,091,087</u>	<u>6,114,863</u>
Expenses			
Salaries and wages	2,171,920	2,099,615	2,014,960
Operating materials and supplies	863,730	854,192	893,049
Contracted services	573,220	617,414	646,468
Rents and financial expenses	66,440	66,446	63,485
Amortization	1,741,040	1,741,040	1,693,654
Interfunctional expenses	<u>(290,210)</u>	<u>(369,580)</u>	<u>(373,750)</u>
	<u>5,126,140</u>	<u>5,009,127</u>	<u>4,937,866</u>
Annual surplus	<u>\$ 6,599,323</u>	<u>\$ 5,081,960</u>	<u>\$ 1,176,997</u>

Environmental services	Budget <u>2020</u>	Actual <u>2020</u>	Actual <u>2019</u>
Revenues			
Taxation	\$ 7,592,485	\$ 7,498,173	\$ 6,737,314
User charges	7,323,100	7,654,362	6,917,707
Other	<u>1,157,537</u>	<u>1,176,430</u>	<u>665,986</u>
	<u>16,073,122</u>	<u>16,328,965</u>	<u>14,321,007</u>
Expenses			
Salaries and wages	2,581,330	2,540,370	2,002,893
Operating materials and supplies	230,790	171,071	126,874
Contracted services	6,333,400	5,719,630	5,616,658
Rents and financial expenses	79,740	79,735	73,841
Amortization	3,119,331	3,119,331	3,101,543
Interfunctional expenses	<u>943,240</u>	<u>901,090</u>	<u>898,813</u>
	<u>13,287,831</u>	<u>12,531,227</u>	<u>11,820,622</u>
Annual surplus	<u>\$ 2,785,291</u>	<u>\$ 3,797,738</u>	<u>\$ 2,500,385</u>

Town of Grimsby

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2020

Health services	Budget <u>2020</u>	Actual <u>2020</u>	Actual <u>2019</u>
Revenues			
Taxation	\$ 178,424	\$ 176,208	\$ 132,260
User charges	94,000	109,366	100,187
Other	<u>96,642</u>	<u>120,748</u>	<u>115,970</u>
	<u>369,066</u>	<u>406,322</u>	<u>348,417</u>
Expenses			
Salaries and wages	228,700	169,141	189,176
Operating materials and supplies	16,470	12,503	27,817
Contracted services	1,700	15,181	3,022
Rents and financial expenses	3,320	6,716	5,379
Amortization	14,878	14,878	14,903
Interfunctional expenses	<u>76,670</u>	<u>73,683</u>	<u>75,470</u>
	<u>341,738</u>	<u>292,102</u>	<u>315,767</u>
Annual surplus	<u>\$ 27,328</u>	<u>\$ 114,220</u>	<u>\$ 32,650</u>

Social and family services	Budget <u>2020</u>	Actual <u>2020</u>	Actual <u>2019</u>
Revenues			
Taxation	\$ 107,640	\$ 106,303	\$ 113,069
User charges	105,600	40,169	98,216
Government transfers	42,700	42,700	52,727
Other	<u>5,636</u>	<u>5,939</u>	<u>8,754</u>
	<u>261,576</u>	<u>195,111</u>	<u>272,766</u>
Expenses			
Salaries and wages	225,380	133,337	185,342
Operating materials and supplies	34,650	18,670	38,399
Contracted services	36,000	19,545	44,642
Rents and financial expenses	6,120	4,752	6,410
Amortization	6,746	6,746	6,500
Interfunctional expenses	<u>13,760</u>	<u>10,984</u>	<u>10,787</u>
	<u>322,656</u>	<u>194,034</u>	<u>292,080</u>
Annual surplus (deficit)	<u>\$ (61,080)</u>	<u>\$ 1,077</u>	<u>\$ (19,314)</u>

Town of Grimsby Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2020

Recreation and culture services	Budget <u>2020</u>	Actual <u>2020</u>	Actual <u>2019</u>
Revenues			
Taxation	\$ 3,112,924	\$ 3,074,256	\$ 3,331,238
User charges	1,505,820	620,943	1,427,259
Government transfers	126,860	189,136	1,097,677
Other	<u>568,450</u>	<u>268,801</u>	<u>445,111</u>
	<u>5,314,054</u>	<u>4,153,136</u>	<u>6,301,285</u>
Expenses			
Salaries and wages	3,639,390	2,710,317	3,145,933
Debt service	-	106	172
Operating materials and supplies	1,451,120	1,003,237	1,117,035
Contracted services	552,560	423,244	593,715
Rents and financial expenses	140,450	111,849	120,108
Amortization	808,618	808,618	784,597
Interfunctional expenses	<u>214,640</u>	<u>200,270</u>	<u>191,395</u>
	<u>6,806,778</u>	<u>5,257,641</u>	<u>5,952,955</u>
Annual (deficit) surplus	<u>\$ (1,492,724)</u>	<u>\$ (1,104,505)</u>	<u>\$ 348,330</u>
<hr/>			
Planning and development			
	Budget <u>2020</u>	Actual <u>2020</u>	Actual <u>2019</u>
Revenues			
Taxation	\$ 352,744	\$ 348,362	\$ 353,022
User charges	450,375	253,811	327,050
Government transfers	-	3,921	32,615
Other	18,469	19,463	37,333
1938427 Ontario Inc. revenues	<u>-</u>	<u>-</u>	<u>1,677,178</u>
	<u>821,588</u>	<u>625,557</u>	<u>2,427,198</u>
Expenses			
Salaries and wages	707,300	558,858	594,033
Operating materials and supplies	129,700	57,422	147,710
Contracted services	276,860	127,447	303,476
Rents and financial expenses	4,800	4,927	14,964
Amortization	2,368	2,368	1,288
Interfunctional expenses	39,160	36,304	34,720
1938427 Ontario Inc. expenses	<u>-</u>	<u>-</u>	<u>1,659,179</u>
	<u>1,160,188</u>	<u>787,326</u>	<u>2,755,370</u>
Annual deficit	<u>\$ (338,600)</u>	<u>\$ (161,769)</u>	<u>\$ (328,172)</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, 2020, 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, 2020, 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.

Grant Thornton LLP

Port Colborne, Canada
August 23, 2021

Chartered Professional Accountants
Licensed Public Accountants

**Town of Grimsby
Trust Funds
Statement of Financial Position**

As at December 31, 2020

	Cemetery Care and Maintenance - Grounds	Cemetery Care and Maintenance - Markers	<u>2020</u>	<u>2019</u>
Assets				
Cash and cash equivalents	\$ 493	\$ 62	\$ 555	\$ 692
Interest receivable	47,188	5,961	53,149	48,980
Due from the Town of Grimsby (Note 2)	36,411	4,599	41,010	33,807
Portfolio investments (Note 3)	<u>945,393</u>	<u>119,420</u>	<u>1,064,813</u>	<u>1,048,313</u>
Net assets	<u>\$ 1,029,485</u>	<u>\$ 130,042</u>	<u>\$ 1,159,527</u>	<u>\$ 1,131,792</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, 2020

	Cemetery Care and Maintenance - Grounds	Cemetery Care and Maintenance - Markers	<u>2020</u>	<u>2019</u>
Revenues				
Care and maintenance agreements	\$ 25,135	\$ 2,600	\$ 27,735	\$ 29,072
Interest	<u>18,489</u>	<u>2,336</u>	<u>20,825</u>	<u>22,868</u>
	43,624	4,936	48,560	51,940
Expenses				
Interest earned distributed to the Town of Grimsby	<u>18,489</u>	<u>2,336</u>	<u>20,825</u>	<u>22,868</u>
Excess of revenue over expenses	25,135	2,600	27,735	29,072
Net assets				
Beginning of year	<u>1,004,350</u>	<u>127,442</u>	<u>1,131,792</u>	<u>1,102,720</u>
End of year	<u>\$ 1,029,485</u>	<u>\$ 130,042</u>	<u>\$ 1,159,527</u>	<u>\$ 1,131,792</u>

See accompanying notes to the financial statements

Town of Grimsby
Trust Funds
Statement of Cash Flows

For the Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>
Net increase (decrease) in cash and cash equivalents		
Operating activities		
Excess of revenues over expenses	\$ 27,735	\$ 29,072
Increase in interest receivable	(4,169)	(11,439)
Increase in due from the Town of Grimsby	<u>(7,203)</u>	<u>(6,613)</u>
	<u>16,363</u>	<u>11,020</u>
Investing activities		
Increase in investments - net	<u>(16,500)</u>	<u>(11,001)</u>
Net (decrease) increase in cash and cash equivalents	(137)	19
Cash and cash equivalents		
Beginning of year	<u>692</u>	<u>673</u>
End of year	<u>\$ 555</u>	<u>\$ 692</u>

See accompanying notes to the financial statements

Town of Grimsby

Trust Funds

Notes to the Financial Statements

For the Year Ended December 31, 2020

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, 2020

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 guaranteed investment certificates with interest rates between 1.65% and 1.85% maturing May, 2021 to June, 2021. Portfolio investments have an estimated market value of \$ 1,126,356 (2019 - \$ 1,089,537).

4. Impacts of COVID-19

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite 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 great volatility and weakness at times. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. The Trust Funds' management is anticipating that the pandemic will not have a significant impact on its operations.

The Trust Funds have not identified any events related to the COVID-19 pandemic which 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, 2020.

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 their impact on the financial position and results of the Trust Funds for future periods.
