

FINANCIAL REPORT

**TOWN OF GRIMSBY**

DECEMBER 31, 2022

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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, 2022, 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, 2022, 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 8, 2023

Chartered Professional Accountants  
Licensed Public Accountants

**TOWN OF GRIMSBY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

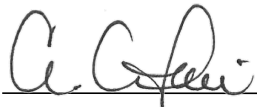
As at December 31, 2022

	2022	2021
<b>Financial assets</b>		
Cash and cash equivalents	\$ 33,677,213	\$ 40,211,461
Portfolio investments (Note 2)	39,025,901	20,557,699
Taxes receivable (Note 3)	3,551,164	3,937,297
User charges receivable	2,054,883	1,963,223
Other receivables	3,375,034	3,303,774
Investment in Government Business Enterprises (Note 4)	18,164,491	17,624,569
	<b>99,848,686</b>	<b>87,598,023</b>
<b>Financial liabilities</b>		
Payables and accruals	5,272,848	5,195,462
Due to trust funds	139,929	88,436
Deferred revenue – obligatory reserve funds (Note 5)	28,635,272	22,307,215
Deferred revenue – other (Note 6)	1,720,669	1,235,139
Employee benefit obligations (Note 7 and 18)	1,222,379	1,159,216
Long term debt (Note 8)	2,093,534	2,471,064
	<b>39,084,631</b>	<b>32,456,532</b>
<b>Net financial assets</b>	<b>60,764,055</b>	<b>55,141,491</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 9 and Pages 30 and 31)	262,006,873	262,935,222
Inventory and prepaid expenses	637,965	615,499
	<b>262,644,838</b>	<b>263,550,721</b>
<b>Accumulated surplus (Note 10)</b>	<b>\$ 323,408,893</b>	<b>\$ 318,692,212</b>

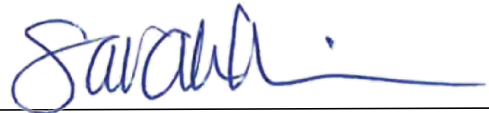
Commitments (Note 22)

Contingencies (Note 23)

Approved by



Director of Finance/Treasurer



Chief Administrative Officer

*See accompanying notes to the consolidated financial statements*

# TOWN OF GRIMSBY

## CONSOLIDATED STATEMENT OF OPERATIONS

For the Year Ended December 31, 2022

	2022 Budget (Note 24)	2022 Actual	2021 Actual
<b>Revenues</b>			
Taxation (Note 13)	\$ 22,432,550	\$ 22,257,625	\$ 21,798,544
User fees and charges (Note 15)	10,102,760	10,039,741	10,137,782
Government transfers (Note 16)	5,253,210	1,869,664	2,242,327
Other (Note 17)	19,276,630	6,975,154	3,684,767
	57,065,150	41,142,184	37,863,420
<b>Expenses</b>			
General government	4,834,660	5,732,853	4,372,429
Protection to persons and property	4,361,747	3,778,285	3,775,615
Transportation services	5,736,153	5,334,385	4,776,911
Environmental services	13,104,041	13,347,650	12,302,390
Health services	208,849	227,551	343,154
Social and family services	153,662	152,781	215,065
Recreation and cultural services	6,920,929	6,654,667	5,643,869
Planning and development	1,741,896	1,197,331	1,261,806
	37,061,937	36,425,503	32,691,059
<b>Annual surplus</b>	20,003,213	4,716,681	5,172,361
<b>Accumulated surplus (Note 10)</b>			
Beginning of year	318,692,212	318,692,212	313,519,851
End of year	\$ 338,695,425	\$ 323,408,893	\$ 318,692,212

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, 2022

	2022 Budget (Note 24)	2022 Actual	2021 Actual
<b>Annual surplus</b>	\$ 20,003,213	\$ 4,716,681	\$ 5,172,361
Amortization of tangible capital assets	6,682,997	6,682,997	6,695,086
Acquisition of tangible capital assets	(29,152,770)	(3,420,227)	(2,658,378)
Contributed tangible capital assets	-	(2,362,771)	-
Proceeds on sale of tangible capital assets	-	95,508	95,460
Gain on disposal of tangible capital assets	-	(67,158)	(33,406)
	(2,466,560)	5,645,030	9,271,123
Acquisition of inventory and prepaid expenses	-	(22,466)	(12,733)
<b>Increase (decrease) in net financial assets</b>	(2,466,560)	5,622,564	9,258,390
<b>Net financial assets</b>			
Beginning of year	55,141,491	55,141,491	45,883,101
End of year	\$ 52,674,931	\$ 60,764,055	\$ 55,141,491

*See accompanying notes to the consolidated financial statements.*



## TOWN OF GRIMSBY

### CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	2022	2021
<b>Increase (decrease) in cash and cash equivalents</b>		
<b>Operating activities</b>		
Annual surplus	\$ 4,716,681	\$ 5,172,361
Non-cash items:		
Amortization of tangible capital assets	6,682,997	6,695,086
Gain on disposal of tangible capital assets	(67,158)	(33,406)
Contributed tangible capital assets	(2,362,771)	-
Changes in:		
Taxes receivable	386,133	316,366
User charges receivable	(91,660)	(77,454)
Other receivables	(71,260)	(299,660)
Payables and accruals	77,386	763,105
Due to trust funds	51,493	47,425
Deferred revenue – obligatory reserve funds	6,328,057	425,925
Deferred revenue – other	485,530	17,289
Employee benefit obligations	63,163	18,552
Inventory and prepaid expenses	(22,466)	(12,733)
	<b>16,176,125</b>	<b>13,032,856</b>
<b>Capital activities</b>		
Proceeds from disposal of tangible capital assets	95,508	95,460
Acquisition of tangible capital assets	(3,420,227)	(2,658,378)
	<b>(3,324,719)</b>	<b>(2,562,918)</b>
<b>Investing activities</b>		
Purchase of portfolio investments, net	(18,468,202)	(309,749)
Decrease (increase) in investment in Government Business Enterprises	(539,922)	438,124
	<b>(19,008,124)</b>	<b>128,375</b>
<b>Financing activities</b>		
Proceeds from long term debt issuance	9,000	52,279
Repayment of long term debt	(386,530)	(383,687)
	<b>(377,530)</b>	<b>(331,408)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(6,534,248)</b>	<b>10,266,905</b>
<b>Cash and cash equivalents</b>		
Beginning of year	40,211,461	29,944,556
End of year	\$ 33,677,213	\$ 40,211,461

See accompanying notes to the financial statements.

## TOWN OF GRIMSBY

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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### 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 to those of the Municipality and inter-organizational transactions and balances are not eliminated. The Municipality recognizes its equity interest in the annual income or loss of NPI in its Consolidated Statement of Operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Municipality may receive from NPI are reflected as reductions in the investment asset account.

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

## TOWN OF GRIMSBY

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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### 1. Significant accounting policies (continued)

#### (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.

#### (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, 2022

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### 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
Road infrastructure	6 to 75 years
Water and wastewater infrastructure	40 to 90 years

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

#### (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.

#### (j) Inventory

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

## TOWN OF GRIMSBY

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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### 1. Significant accounting policies (continued)

#### (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 and on behalf of the Region of Niagara for upper tier services and waste management. 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.

# TOWN OF GRIMSBY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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### 1. Significant accounting policies (continued)

#### (l) Revenue recognition (continued)

##### 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.

#### (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.

### 2. Portfolio investments

	<u>2022</u>	<u>2021</u>
Provincial bonds	\$ 3,604,994	\$ 5,847,699
Guaranteed investment certificates	35,420,907	14,710,000
	<b>\$ 39,025,901</b>	<b>\$ 20,557,699</b>

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Portfolio investments carry an effective interest rate from 3.5% to 5.09% and maturity dates ranging from May, 2023 to September, 2025. Interest is receivable on maturity. Portfolio investments reported on the Consolidated Statement of Financial Position have a market value of \$38,947,602 (2021 - \$20,894,875). 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.

## TOWN OF GRIMSBY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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#### 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>2022</u>	<u>2021</u>
Current year’s taxes receivable	\$ 2,847,694	\$ 2,700,004
Prior year’s taxes receivable	596,243	760,819
Previous year’s taxes receivable	241,186	476,474
Allowance for uncollectable taxes	(133,959)	-
	<u>\$ 3,551,164</u>	<u>\$ 3,937,297</u>

#### 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>2022</u>	<u>2021</u>
Promissory note receivable from GPI	\$ 5,782,746	\$ 5,782,746
Common and preferred shares	6,962,470	6,962,470
Retained earnings	5,192,030	4,591,811
Add: adjustment on acquisition of subsidiary	915,004	915,004
Less: non-controlling interest	(687,759)	(627,462)
	<u>\$ 18,164,491</u>	<u>\$ 17,624,569</u>

The promissory note receivable from GPI bears interest at 3.49% (2021 - 4.54%) and matures February 1, 2027.

## TOWN OF GRIMSBY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

#### 4. Investment in Government Business Enterprises (continued)

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

	<u>2022</u>	<u>2021</u>
<b>Financial position</b>		
<b>Assets</b>		
Current assets	\$ 6,356,193	\$ 6,139,382
Capital assets	32,170,045	31,322,440
Long term assets	5,174,216	4,643,830
	<b>43,700,454</b>	<b>42,105,652</b>
<b>Liabilities</b>		
Current liabilities	7,377,366	5,617,859
Long term liabilities	22,697,763	23,462,382
	<b>30,035,129</b>	<b>29,080,241</b>
<b>Net assets</b>	<b>\$ 13,665,325</b>	<b>\$ 13,025,411</b>
<b>Results of operations</b>		
Revenues	\$ 39,040,329	\$ 39,943,439
Expenses	38,240,415	39,109,895
Net income	799,914	833,544
Dividends	(200,000)	(1,200,000)
Net increase (decrease) in equity of subsidiary	\$ 599,914	\$ (366,456)

#### Commitments and contingencies

A letter of credit in the amount of \$1,414,919 (2021 - \$1,414,919) has been issued by GPI in favour of the Independent Electricity System Operator ("IESO") as security for a subsidiary's purchase of electricity through IESO. No amounts were drawn down on the letter of credit at year end.

The financial position information is as reported by NPI at December 31, 2022 and the results of operations are as reported for the year ended December 31, 2022. The comparative financial position and results of operations figures are as reported by NPI at December 31, 2021.



## TOWN OF GRIMSBY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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#### 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>2022</u>	<u>2021</u>
Amounts received from NPI		
Interest on promissory note payable	\$ 201,818	\$ 262,537
Directors' fees	25,319	79,661
Property services, water and vehicle fuel costs	69,238	63,855
	<u>296,375</u>	<u>406,053</u>
Amounts paid to NPI		
Electricity and street lighting costs paid	\$ 564,111	\$ 687,851

#### 5. Deferred revenue – obligatory reserve funds

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

	<u>2022</u>	<u>2021</u>
Building code	\$ 2,486,686	\$ 2,336,642
Development charges	9,107,486	7,115,891
Canada Community Building Fund	5,513,663	4,544,157
Parkland dedication	9,351,751	8,053,213
Community benefit (Section 37)	306,220	100,429
Ontario Community Infrastructure Fund	1,869,466	156,883
	<u>\$ 28,635,272</u>	<u>\$ 22,307,215</u>

## TOWN OF GRIMSBY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

#### 5. Deferred revenue – obligatory reserve funds (continued)

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

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 22,307,215	\$ 21,881,290
Contributions from		
Development Charges Act	2,452,042	63,370
Planning Act	1,328,304	209,682
Interest earned	619,749	292,864
Building surplus allocation	283,769	-
Grants received		
Canada Community Building Fund	866,268	1,699,035
Ontario Community Infrastructure Fund	2,269,747	1,112,750
	<u>7,819,879</u>	<u>3,377,701</u>
Utilized for		
Contributions refunded	-	(1,050,885)
Operations	(556,677)	(399,798)
Tangible capital asset acquisitions	(935,145)	(1,501,093)
	<u>(1,491,822)</u>	<u>(2,951,776)</u>
Balance, end of year	<u>\$ 28,635,272</u>	<u>\$ 22,307,215</u>

#### 6. Deferred revenue – other

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

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 1,235,139	\$ 1,217,850
Add: contributions	1,646,366	820,315
Less: revenue recognized	(1,022,646)	(668,824)
Less: refunds during the year	(138,190)	(134,202)
Balance, end of year	<u>\$ 1,720,669</u>	<u>\$ 1,235,139</u>

#### 7. Employee benefit obligations

	<u>2022</u>	<u>2021</u>
Workplace Safety and Insurance Board future benefits	\$ 162,279	\$ 83,716
Post-employment benefits	1,060,100	1,075,500
	<u>\$ 1,222,379</u>	<u>\$ 1,159,216</u>

## TOWN OF GRIMSBY

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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### 7. Employee benefit obligations (continued)

#### (a) Workplace Safety and Insurance Board future benefits

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

An estimate of future liabilities has been completed and forms the basis for the estimated liability reported in these financial statements. The estimated future liability amounts to \$162,279 (2021 - \$83,716). The Municipality remits payments to the WSIB as required to fund disability payments. During the year \$47,208 (2021 - \$28,559) was paid by the Municipality to the WSIB in relation to these benefits.

The Municipality also maintains an insurance policy, which protects it against single claims 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, 2022 of \$1,060,100 (2021 - \$1,075,500) was determined by actuarial valuation using a discount rate of 3.1% (2021 - 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 \$70,970 (2021 - \$74,229) were paid to retirees.

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

The most recent actuarial valuation was prepared at December 31, 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.

## TOWN OF GRIMSBY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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(c) **Post-employment benefits** (continued)

	<u>2022</u>	<u>2021</u>
Accrued benefit obligation		
Beginning of the year	\$ 1,075,500	\$ 1,093,100
Current service cost	37,500	36,400
Interest cost	29,300	29,400
Benefits paid	(70,500)	(70,500)
Amortization of actuarial gain	(11,700)	(12,900)
	<u>\$ 1,060,100</u>	<u>\$ 1,075,500</u>
<hr/>		
Funded status		
Deficit	\$ 940,400	\$ 944,100
Unamortized actuarial gain	119,700	131,400
	<u>\$ 1,060,100</u>	<u>\$ 1,075,500</u>

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

Current service cost	\$ 37,500	\$ 36,400
Interest cost	29,300	29,400
Amortization of actuarial gain	(11,700)	(12,900)
	<u>\$ 55,100</u>	<u>\$ 52,900</u>

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## TOWN OF GRIMSBY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

#### 8. Long term debt

	<u>2022</u>	<u>2021</u>
(a) The Municipality has assumed responsibility for the payment of principal and interest charges on certain long term debt issued by Infrastructure Ontario. At the end of the year, the outstanding principal amount of the debt is	\$ 2,043,563	\$ 2,419,161
Capital lease obligations	49,971	51,903
	<b>\$ 2,093,534</b>	<b>\$ 2,471,064</b>

(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>2022</u>	<u>2021</u>
Fire Station #2	2.81%	2027	\$ 2,043,563	\$ 2,419,161
Leased equipment	0% to 2.20%	2026-2027	49,971	51,903
			<b>\$ 2,093,534</b>	<b>\$ 2,471,064</b>

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

2023	\$ 397,404
2024	409,185
2025	421,354
2026	432,862
2027	432,729

(d) Total charges for interest, which are reported on the Consolidated Statement of Operations amounts to \$66,167 (2021 - \$73,436).

## TOWN OF GRIMSBY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

#### 9. Tangible capital assets

	<u>2022</u>	<u>2021</u>
Net book value		
Land	\$ 37,862,494	\$ 37,862,494
Land improvements	9,589,393	9,470,892
Buildings	27,346,666	27,916,581
Vehicles, machinery and equipment	7,244,074	7,163,644
	<u>82,042,627</u>	<u>82,413,611</u>
Infrastructure		
Roads	89,784,378	89,515,971
Water and wastewater	89,298,787	90,562,627
	<u>179,083,165</u>	<u>180,078,598</u>
Construction in progress	881,081	443,013
	<u>\$ 262,006,873</u>	<u>\$ 262,935,222</u>

See pages 30 and 31 for more detail.

#### 10. Accumulated surplus

	<u>2022</u>	<u>2021</u>
Operating surplus	\$ 165,711	\$ 241,554
Investment in Government Business Enterprises (Note 4)	18,164,491	17,624,569
Tangible capital assets (Note 9)	262,006,873	262,935,222
Reserve and reserve funds (Note 11)	46,832,152	41,967,257
Unfunded liabilities (Note 12)	(3,760,334)	(4,076,390)
	<u>\$ 323,408,893</u>	<u>\$ 318,692,212</u>

## TOWN OF GRIMSBY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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#### 11. Reserve and reserve funds

	<u>2022</u>	<u>2021</u>
Reserves set aside by Council for specific purposes:		
Contingencies	\$ 3,521,004	\$ 3,885,751
Equipment	7,141,116	6,477,747
Buildings	4,538,654	4,271,957
Capital projects	4,755,616	4,228,549
Other	2,206,309	1,960,478
Downtown Improvement Area	141,166	97,472
Wastewater	15,594,390	14,603,538
Water	8,851,390	6,359,258
Total reserves	<u>46,749,645</u>	<u>41,884,750</u>
Reserve funds set aside by Council for specific purposes		
Museum	82,507	82,507
Total reserve and reserve funds	<u>\$ 46,832,152</u>	<u>\$ 41,967,257</u>

#### 12. Unfunded liabilities

	<u>2022</u>	<u>2021</u>
Vacation pay	\$ 444,421	\$ 446,110
Employee benefit obligations	1,222,379	1,159,216
Long term debt	2,093,534	2,471,064
	<u>\$ 3,760,334</u>	<u>\$ 4,076,390</u>

## TOWN OF GRIMSBY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

#### 13. Taxation

	<u>2022 Budget</u>	<u>2022 Actual</u>	<u>2021 Actual</u>
Real property		\$ 67,684,141	\$ 64,985,023
From other governments			
Payments in lieu of taxes		858,955	836,734
		<b>68,543,096</b>	65,821,757
Less: taxation collected on behalf of (Note 14):			
Region of Niagara		35,480,615	33,733,690
School boards		10,804,856	10,289,523
		<b>46,285,471</b>	44,023,213
Net taxes available for municipal purposes		<b>\$ 22,257,625</b>	\$ 21,798,544
Residential, multi-residential and farm	\$ 18,691,392	\$ 18,703,265	\$ 18,258,147
Commercial and industrial	3,741,158	3,554,360	3,540,397
	<b>\$ 22,432,550</b>	<b>\$ 22,257,625</b>	\$ 21,798,544

#### 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>2022</u>	<u>2021</u>
Region of Niagara	\$ 35,480,615	\$ 33,733,690
School boards	10,804,856	10,289,523
	<b>\$ 46,285,471</b>	\$ 44,023,213

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, 2022

#### 15. User fees and charges

	<u>2022 Budget</u>	<u>2022 Actual</u>	<u>2022 Actual</u>
<b>Operating</b>			
Fees and service charges	\$ 2,563,570	\$ 2,325,154	\$ 2,045,101
Water charges	7,489,190	7,630,369	7,897,427
Sewer charges	50,000	84,218	195,254
	<u>\$ 10,102,760</u>	<u>\$ 10,039,741</u>	<u>\$ 10,137,782</u>

#### 16. Government transfers

	<u>2022 Budget</u>	<u>2022 Actual</u>	<u>2021 Actual</u>
<b>Operating</b>			
Government of Canada	\$ 64,110	\$ 153,808	\$ 108,749
Province of Ontario	301,210	357,506	942,632
Municipal	-	-	32,472
	<u>365,320</u>	<u>511,314</u>	<u>1,083,854</u>
<b>Capital</b>			
Government of Canada	1,454,790	480,286	5,344
Province of Ontario	3,118,100	781,293	1,153,129
Municipal	315,000	96,771	-
	<u>4,887,890</u>	<u>1,358,350</u>	<u>1,158,473</u>
	<u>\$ 5,253,210</u>	<u>\$ 1,869,664</u>	<u>\$ 2,242,327</u>

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>2022</u>	<u>2021</u>
<b>Revenues</b>		
Government of Canada		
Canada Community Building Fund	\$ 22,773	\$ 5,344
My Main Street Community Activator grant	-	58,243
Celebrate Canada – Canada Summer Games	34,779	-
Commemorate Canada – Reopening Fund	50,000	-
Investing in Canada Infrastructure Program	422,735	-
Operating grants		
Art gallery	19,855	13,448
Museum	50,540	15,898
Library	500	-
Wage subsidies	32,912	21,160
	<u>634,094</u>	<u>114,093</u>

## TOWN OF GRIMSBY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

#### 16. Government transfers (continued)

	<u>2022</u>	<u>2021</u>
Revenues (continued)		
Province of Ontario		
COVID-19 Safe Restart Grant	-	690,771
Provincial Offences Act	<b>12,343</b>	40,322
Ontario Municipal Partnership Fund	<b>39,100</b>	46,000
Digital Main Street Grant	<b>14,909</b>	-
Ontario Community Infrastructure Fund	<b>608,353</b>	1,174,917
Fire safety	-	11,300
Modernization grant	<b>230,978</b>	3,027
Strategic Priorities Infrastructure Fund	<b>60,457</b>	-
Reconnect Ontario	<b>23,125</b>	-
Operating grants		
Senior citizens centre	<b>67,118</b>	42,700
Library	<b>31,390</b>	31,391
Art gallery	<b>26,987</b>	26,987
Museum	<b>24,039</b>	22,674
Capital grants		
Museum	-	5,673
	<b>1,138,799</b>	2,095,762
Municipal		
Combined Sewer Overflow	<b>94,995</b>	-
Public Realm Investment Program	<b>946</b>	-
Operating grants		
Art gallery	-	10,500
Recreational facilities	-	9,272
Heritage	-	12,700
Capital		
Other	<b>830</b>	-
	<b>96,771</b>	32,472
	<b>\$ 1,869,664</b>	<b>\$ 2,242,327</b>

## TOWN OF GRIMSBY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

#### 17. Other revenues

	<u>2022 Budget</u>	<u>2022 Actual</u>	<u>2021 Actual</u>
<b>Operating</b>			
Penalties and interest on taxes	\$ 590,000	\$ <b>600,944</b>	\$ 707,497
Fines	70,000	<b>79,873</b>	41,582
Licenses and permits	805,000	<b>606,919</b>	417,078
Rental income	46,000	<b>39,403</b>	19,160
Investment income	278,750	<b>1,023,689</b>	274,604
Investment income – subsidiaries	201,820	<b>201,818</b>	262,537
Investment income – reserves and reserve funds	-	-	1,165
Development charges	610,480	<b>326,763</b>	150,868
Donations	82,500	<b>29,053</b>	48,108
Donations – reserve and reserve funds	-	-	900
Other	629,900	<b>527,327</b>	687,010
Subsidiary net earnings	-	<b>719,923</b>	741,876
	<b>3,314,450</b>	<b>4,155,712</b>	<b>3,352,385</b>
<b>Capital</b>			
Development charges	10,681,180	<b>345,193</b>	187,748
Contributions from others	2,681,000	-	-
Contributed tangible capital assets	-	<b>2,362,771</b>	-
Gain on disposal of tangible capital assets	-	<b>67,158</b>	33,406
Parkland dedication	2,600,000	<b>44,320</b>	111,228
	<b>15,962,180</b>	<b>2,819,442</b>	<b>332,382</b>
	<b>\$ 19,276,630</b>	<b>\$ 6,975,154</b>	<b>\$ 3,684,767</b>

#### 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 \$6.1 billion (2021 - \$70 million deficit) based on the fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, additional increases in contributions may be required. Contributions were made in the 2022 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 2022 current and past service was \$930,275 (2021 - \$845,015) 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, 2022

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### 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 \$1,303,537 (2021 - \$1,224,257) 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

#### West Lincoln Memorial Hospital

The Municipality has committed to providing financial assistance of \$9,300,926 to the West Lincoln Memorial Hospital Foundation's building campaign. As of December 31, 2022, \$899,000 has been collected through the operating tax levy. An additional \$494,000 contribution is anticipated in both 2023 and 2024. The hospital construction is projected to be finished by early 2025 and the obligation is required to be paid thirty days prior to substantial completion. The remaining funds of \$7,413,926 will be sourced through a debenture or self-funding, depending on prevailing interest rates.

#### Capital expenses

The estimated future capital expense commitments based on projects in progress at December 31, 2022 is approximately \$3,479,000 (2021 - \$578,000). These projects will be financed by grants, taxation and long term liabilities in future years.

#### Property revitalization tax increment grants

The Municipality has a commitment of \$536,417 (2021 - \$553,517) 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.

## TOWN OF GRIMSBY

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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### 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 February 22, 2022 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		29,152,770
Principal repayments of long term debt		375,600
Less:		
Transfers from reserves and reserve funds, net		(2,842,160)
Amortization of tangible capital assets		(6,682,997)
<b>Budgeted surplus per Consolidated Statement of Operations</b>	<b>\$</b>	<b>20,003,213</b>

### 25. Comparative figures

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

### 26. Segmented information

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

#### General government

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

## TOWN OF GRIMSBY

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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### 26. Segmented information (continued)

#### Protection to persons and property

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

#### Transportation services

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

#### Environmental services

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

#### Recreation and cultural services

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

#### Health services

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

#### Social and family services

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

#### Planning and development

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

## TOWN OF GRIMSBY

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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### **26. Segmented information** (continued)

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, 2022

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Vehicles, Machinery and Equipment</u>	<u>Roads Infrastructure</u>	<u>Water and Wastewater Infrastructure</u>	<u>Construction in Progress</u>	<u>2022</u>
<b>Cost</b>								
Beginning of year	\$ 37,862,494	\$ 13,472,352	\$ 36,396,904	\$ 16,081,819	\$ 140,176,639	\$ 134,733,583	\$ 443,013	\$ 379,166,804
Additions	-	571,241	63,988	1,355,488	2,653,955	700,258	438,068	5,782,998
Disposal	-	(453,070)	-	(811,352)	(76,536)	(166,121)	-	(1,507,079)
End of Year	37,862,494	13,590,523	36,460,892	16,625,955	142,754,058	135,267,720	881,081	383,442,723
<b>Accumulated amortization</b>								
Beginning of year	-	4,001,460	8,480,323	8,918,175	50,660,668	44,170,956	-	116,231,582
Amortization	-	452,740	633,903	1,248,810	2,385,548	1,961,996	-	6,682,997
Amortization on disposals	-	(453,070)	-	(785,104)	(76,536)	(164,019)	-	(1,478,729)
End of year	-	4,001,130	9,114,226	9,381,881	52,969,680	45,968,933	-	121,435,850
<b>Net book value</b>	\$ 37,862,494	\$ 9,589,393	\$ 27,346,666	\$ 7,244,074	\$ 89,784,378	\$ 89,298,787	\$ 881,081	\$ 262,006,873

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



## TOWN OF GRIMSBY

### CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 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 Progress</u>	<u>2021</u>
<b>Cost</b>								
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
Disposal	-	-	-	(715,144)	(408,337)	(151,985)	-	(1,275,466)
End of Year	37,862,494	13,472,352	36,396,904	16,081,819	140,176,639	134,733,583	443,013	379,166,804
<b>Accumulated amortization</b>								
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	-	4,001,460	8,480,323	8,918,175	50,660,668	44,170,956	-	116,231,582
<b>Net book value</b>	\$ 37,862,494	\$ 9,470,892	\$ 27,916,581	\$ 7,163,644	\$ 89,515,971	\$ 90,562,627	\$ 443,013	\$ 262,935,222

## TOWN OF GRIMSBY

### CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

For the Year Ended December 31, 2022

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2022
<b>Revenues</b>									
Taxation	\$ 2,837,476	\$ 2,081,315	\$ 7,025,335	\$ 5,341,401	\$ 62,116	\$ 51,290	\$ 4,370,571	\$ 488,121	\$ 22,257,625
User charges	293,307	171,316	57,125	7,714,587	155,887	78,776	1,281,923	286,820	10,039,741
Government transfers	344,973	21,989	771,106	94,995	-	67,118	544,354	25,129	1,869,664
Other	977,073	1,143,455	2,676,624	1,135,533	157,541	4,209	742,760	137,959	6,975,154
	4,452,829	3,418,075	10,530,190	14,286,516	375,544	201,393	6,939,608	938,029	41,142,184
<b>Expenses</b>									
Salaries, wages and benefits	4,098,110	2,202,507	2,461,987	1,591,203	174,767	61,107	3,826,285	735,532	15,151,498
Debt service	3,412	62,755	-	-	-	-	-	-	66,167
Operating materials and supplies	715,159	271,007	911,631	140,101	29,107	48,762	1,252,913	127,095	3,495,775
Contracted services	1,694,822	504,000	423,674	6,503,755	6,988	30,730	720,574	331,998	10,216,541
Rents and financial expenses	722,552	219	-	-	-	5,190	39,396	-	767,357
External transfer to others	45,168	-	-	-	-	-	-	-	45,168
Amortization	339,440	524,407	1,845,393	3,131,871	16,689	6,992	815,499	2,706	6,682,997
Interfunctional expenses	(1,885,810)	213,390	(308,300)	1,980,720	-	-	-	-	-
End of year	5,732,853	3,778,285	5,334,385	13,347,650	227,551	152,781	6,654,667	1,197,331	36,425,503
<b>Annual surplus (deficit)</b>	\$ (1,280,024)	\$ (360,210)	\$ 5,195,805	\$ 938,866	\$ 147,993	\$ 48,612	\$ 284,941	\$ (259,302)	\$ 4,716,681

## TOWN OF GRIMSBY

### CONSOLIDATED SCHEDULE OF SEGMENTED 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
<b>Revenues</b>									
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	890,970	958,736	599,276	446,252	140,513	7,450	532,861	108,709	3,684,767
	3,708,325	4,139,590	7,546,228	14,984,234	383,036	201,260	5,608,612	1,292,135	37,863,420
<b>Expenses</b>									
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 transfer 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	(990,310)	140,440	(399,673)	966,160	76,520	12,460	158,863	35,540	-
End of year	4,372,249	3,775,615	4,776,911	12,302,390	343,154	215,065	5,643,869	1,261,806	32,691,059
<b>Annual surplus (deficit)</b>	\$ (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 WITH BUDGET INFORMATION

For the Year Ended December 31, 2022

<b>General government</b>			
	2022 Budget	2022 Actual	2021 Actual
<b>Revenues</b>			
Taxation	\$ 2,859,778	\$ 2,837,476	\$ 2,279,240
User charges	287,250	293,307	393,549
Government transfers	961,660	344,973	144,566
Other	160,480	977,073	890,970
	4,269,168	4,452,829	3,708,325
<b>Expenses</b>			
Salaries, wages and benefits	3,642,630	4,098,110	2,963,911
Debt service	-	3,412	235
Operating materials and supplies	786,480	715,159	556,939
Contracted services	1,166,190	1,694,822	1,391,019
Rents and financial expenses	724,140	722,552	89,386
External transfers to others	-	45,168	15,000
Amortization	339,440	339,440	346,069
Interfunctional expenses	(1,824,220)	(1,885,810)	(990,310)
	4,834,660	5,732,853	4,372,249
<b>Annual deficit</b>	\$ (565,492)	\$ (1,280,024)	\$ (633,924)
<b>Protection to persons and property</b>			
	2022 Budget	2022 Actual	2021 Actual
<b>Revenues</b>			
Taxation	\$ 2,097,672	\$ 2,081,315	\$ 2,298,145
User charges	135,330	171,316	177,611
Government transfers	-	21,989	705,098
Other	1,289,569	1,143,455	958,736
	3,522,571	3,418,075	4,139,590
<b>Expenses</b>			
Salaries, wages and benefits	2,655,780	2,202,507	2,259,144
Debt service	62,760	62,755	73,163
Operating materials and supplies	283,000	271,007	333,976
Contracted services	622,410	504,000	347,594
Rents and financial expenses	-	219	80,068
Amortization	524,407	524,407	541,230
Interfunctional expenses	213,390	213,390	140,440
	4,361,747	3,778,285	3,775,615
<b>Annual (deficit) surplus</b>	\$ (839,176)	\$ (360,210)	\$ 363,975

## TOWN OF GRIMSBY

# CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE WITH BUDGET INFORMATION

For the Year Ended December 31, 2022

<b>Transportation services</b>			
	2022 Budget	2022 Actual	2021 Actual
<b>Revenues</b>			
Taxation	\$ 7,080,547	\$ 7,025,335	\$ 5,580,624
User charges	37,000	57,125	213,528
Government transfers	1,645,000	771,106	1,152,800
Other	13,111,162	2,676,624	599,276
	21,873,709	10,530,190	7,546,228
<b>Expenses</b>			
Salaries, wages and benefits	2,548,990	2,461,987	2,027,094
Operating materials and supplies	918,200	911,631	770,291
Contracted services	731,870	423,674	444,831
Rents and financial expenses	-	-	90,049
Amortization	1,845,393	1,845,393	1,844,319
Interfunctional expenses	(308,300)	(308,300)	(399,673)
	5,736,153	5,334,385	4,776,911
<b>Annual surplus</b>	\$ 16,137,556	\$ 5,195,805	\$ 2,769,317
<b>Environmental services</b>			
	2022 Budget	2022 Actual	2021 Actual
<b>Revenues</b>			
Taxation	\$ 5,383,379	\$ 5,341,401	\$ 6,445,301
User charges	7,539,190	7,714,587	8,092,681
Government transfers	125,000	94,995	-
Other	471,916	1,135,533	446,252
	13,519,485	14,286,516	14,984,234
<b>Expenses</b>			
Salaries, wages and benefits	1,694,900	1,591,203	2,526,516
Operating materials and supplies	180,100	140,101	141,913
Contracted services	6,116,450	6,503,755	5,430,389
Rents and financial expenses	-	-	108,059
Amortization	3,131,871	3,131,871	3,129,353
Interfunctional expenses	1,980,720	1,980,720	966,160
	13,104,041	13,347,650	12,302,390
<b>Annual surplus</b>	\$ 415,444	\$ 938,866	\$ 2,681,844

**TOWN OF GRIMSBY**  
**CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE**  
**WITH BUDGET INFORMATION**

For the Year Ended December 31, 2022

<b>Health services</b>	2022 Budget	2022 Actual	2021 Actual
<b>Revenues</b>			
Taxation	\$ 62,604	\$ 62,116	\$ 145,672
User charges	106,500	155,887	96,851
Other	117,988	157,541	140,513
	287,092	375,544	383,036
<b>Expenses</b>			
Salaries, wages and benefits	171,790	174,767	211,139
Operating materials and supplies	18,470	29,107	31,160
Contracted services	1,900	6,988	3,866
Rents and financial expenses	-	-	4,502
Amortization	16,689	16,689	15,967
Interfunctional expenses	-	-	76,520
	208,849	227,551	343,154
<b>Annual surplus</b>	\$ 78,243	\$ 147,993	\$ 39,882

<b>Social and family services</b>	2022 Budget	2022 Actual	2021 Actual
<b>Revenues</b>			
Taxation	\$ 51,694	\$ 51,290	\$ 130,352
User charges	105,600	78,776	20,758
Government transfers	42,700	67,118	42,700
Other	2,467	4,209	7,450
	202,461	201,393	201,260
<b>Expenses</b>			
Salaries, wages and benefits	72,900	61,107	144,030
Operating materials and supplies	29,750	48,762	22,765
Contracted services	40,620	30,730	21,696
Rents and financial expenses	3,400	5,190	7,122
Amortization	6,992	6,992	6,992
Interfunctional expenses	-	-	12,460
	153,662	152,781	215,065
<b>Annual surplus (deficit)</b>	\$ 48,799	\$ 48,612	\$ (13,805)

## TOWN OF GRIMSBY

# CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE WITH BUDGET INFORMATION

For the Year Ended December 31, 2022

<b>Recreation and cultural services</b>			
	2022 Budget	2022 Actual	2021 Actual
<b>Revenues</b>			
Taxation	\$ 4,404,919	\$ 4,370,571	\$ 4,193,742
User charges	1,452,670	1,281,923	725,007
Government transfers	2,475,910	544,354	157,002
Other	3,826,190	742,760	532,861
	12,159,689	6,939,608	5,608,612
<b>Expenses</b>			
Salaries, wages and benefits	3,896,310	3,826,285	3,215,954
Debt service	-	-	38
Operating materials and supplies	1,487,200	1,252,913	930,815
Contracted services	678,080	720,574	384,097
Rents and financial expenses	43,850	39,396	145,582
Amortization	815,499	815,499	808,520
Interfunctional expenses	-	-	158,863
	6,920,929	6,654,667	5,643,869
<b>Annual surplus (deficit)</b>	\$ 5,238,760	\$ 284,941	\$ (35,257)

<b>Planning and development</b>			
	2022 Budget	2022 Actual	2021 Actual
<b>Revenues</b>			
Taxation	\$ 491,957	\$ 488,121	\$ 725,468
User charges	439,220	286,820	417,797
Government transfers	2,940	25,129	40,161
Other	296,858	137,959	108,709
	1,230,975	938,029	1,292,135
<b>Expenses</b>			
Salaries, wages and benefits	919,650	735,532	786,868
Operating materials and supplies	188,740	127,095	142,591
Contracted services	630,800	331,998	291,798
Rents and financial expenses	-	-	2,374
Amortization	2,706	2,706	2,635
Interfunctional expenses	-	-	35,540
	1,741,896	1,197,331	1,261,806
<b>Annual (deficit) surplus</b>	\$ (510,921)	\$ (259,302)	\$ 30,329

FINANCIAL REPORT

**TOWN OF GRIMSBY TRUST FUNDS**

DECEMBER 31, 2022



## 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, 2022, 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, 2022, 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 8, 2023

Chartered Professional Accountants  
Licensed Public Accountants

# TOWN OF GRIMSBY TRUST FUNDS STATEMENT OF FINANCIAL POSITION

For the Year Ended December 31, 2022

	<u>Cemetery Care and Maintenance - Grounds</u>	<u>Cemetery Care and Maintenance - Markers</u>	<u>2022</u>	<u>2021</u>
<b>Financial Assets</b>				
Cash and cash equivalents	\$ 6,517	\$ 794	\$ 7,311	\$ 12,868
Interest receivable	54,750	6,672	61,422	58,140
Due from the Town of Grimsby (Note 2)	124,730	15,199	139,929	88,436
Portfolio Investments (Note 3)	975,947	118,928	1,094,875	1,064,813
<b>Net Financial Assets</b>	<b>\$ 1,161,944</b>	<b>\$ 141,593</b>	<b>\$ 1,303,537</b>	<b>\$ 1,224,257</b>

Approved by   
Director of Finance/Treasurer

  
Chief Administrative Officer

*See accompanying notes to financial statements*

## TOWN OF GRIMSBY TRUST FUNDS

### STATEMENT OF OPERATIONS AND CHANGES IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2022

	Cemetery Care and Maintenance – <u>Grounds</u>	Cemetery Care and Maintenance – <u>Markers</u>	<u>2022</u>	<u>2021</u>
<b>Revenues</b>				
Care and maintenance agreements	\$ 71,080	\$ 8,200	\$ 79,280	\$ 64,730
Interest	28,008	3,413	31,421	17,611
	99,088	11,613	110,701	82,341
<b>Expenses</b>				
Interest earned distributed to the Town of Grimsby	28,008	3,413	31,421	17,611
<b>Excess of revenues over expenses</b>	71,080	8,200	79,280	64,730
<b>Net Assets</b>				
Beginning of year	1,090,864	133,393	1,224,257	1,159,527
End of year	\$ 1,161,944	\$ 141,593	\$ 1,303,537	\$ 1,224,257

See accompanying notes to financial statements

# TOWN OF GRIMSBY TRUST FUNDS

## STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	2022	2021
<b>Net Increase (decrease) in cash and cash equivalents</b>		
<b>Operating activities</b>		
Excess of revenues over expenses	\$ 79,280	\$ 64,730
Increase in interest receivable	(3,282)	(4,991)
Increase in due to from the Town of Grimsby	(51,493)	(47,426)
	<b>24,505</b>	<b>12,313</b>
<b>Investing activities</b>		
Increase in investments - net	(30,062)	-
	<b>(5,557)</b>	<b>12,313</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		
	<b>(5,557)</b>	<b>12,313</b>
<b>Cash and cash equivalents</b>		
Beginning of year	12,868	555
End of year	\$ 7,311	\$ 12,868

*See accompanying notes to the financial statements.*

# TOWN OF GRIMSBY TRUST FUNDS

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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### 1. 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, 2022

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### **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 a Canadian provincial bonds with interest rate of 2.30% maturing March 2024 and a guaranteed investment certificate with an interest rate of 3.50% maturing June 2023. Portfolio investments have an estimated market value of \$1,132,357 (2021 - \$ 1,138,732).