

FINANCIAL STATEMENTS

THE CORPORATION OF THE TOWN OF GRIMSBY

December 31, 2024

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THE CORPORATION OF THE TOWN OF GRIMSBY

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THE CORPORATION OF THE TOWN OF GRIMSBY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The consolidated financial statements of the Corporation of the Town of Grimsby ("the Town") are the responsibility of and prepared by the Town's management and have been prepared in compliance with legislation and in accordance with Canadian Public Sector Accounting Standards. A summary of the significant accounting policies is described in Note 1 to the financial statements. 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 Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for the preparation of the financial statements. These systems are monitored and evaluated by management.

The Finance Committee meets with management to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, licensed public accountants, appointed by the Town. The accompanying Independent Auditor's Report outlines the responsibilities of management, the auditors' responsibilities and their opinion on the Town's consolidated financial statements.



Tony Del Monaco
Director of Finance/Treasurer



Sarah Kim
Chief Administrative Officer

August 11, 2025



KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton, ON L8P 4W7
Canada
Telephone 905 523 8200
Fax 905 523 2222

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 Town of Grimsby (the Municipality), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations for the years then ended
- the consolidated statement of changes in net assets for the years then ended
- the consolidated statement of remeasurement gains and losses for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2024 and December 31, 2023, and its consolidated results of operations, its consolidated remeasurement of gains and losses, its consolidated changes in net debt and its consolidated cash flows for the years 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 Financial Statements"** section of our auditor's report.

We are independent of the Municipality 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.

Other Matter – Comparative Information

The comparative information as at and for the year ended end of December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on October 7, 2024.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 Municipality's 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 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 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 the 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

August 11, 2025

THE CORPORATION OF THE TOWN OF GRIMSBY

Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash	\$ 23,059,486	\$ 43,412,014
Portfolio investments (note 3)	58,281,160	37,465,951
Taxes receivable (note 4)	3,809,281	3,073,864
User charges receivable	2,963,897	2,923,957
Other receivables	9,326,018	3,410,843
Investment in Government Business Enterprises (note 5)	19,604,711	18,945,285
	<u>117,044,553</u>	<u>109,231,914</u>
Financial Liabilities:		
Accounts payable and accrued liabilities	10,679,975	8,630,433
Due to trust funds	1,398,400	1,109,381
Deferred revenue - obligatory reserve funds (note 6)	28,308,695	28,329,421
Deferred revenue – other (note 7)	1,395,036	1,532,263
Employee benefit obligations (notes 8 and 20)	2,246,400	1,241,100
Asset retirement obligation (note 9)	334,153	321,621
Long-term debt (note 10)	8,656,871	1,696,130
	<u>53,019,530</u>	<u>42,860,349</u>
Net financial assets	64,025,023	66,371,565
Non-financial assets:		
Tangible capital assets (note 11 and pages 40 - 41)	275,407,657	264,785,740
Prepaid expenses and inventory	841,827	1,460,621
	<u>276,249,484</u>	<u>266,246,361</u>
Accumulated remeasurement gain	9,051	–
Accumulated surplus from operations (note 12)	340,265,456	332,617,926
Commitments (note 24)		
Contingencies (note 25)		
Accumulated surplus	<u>\$ 340,274,507</u>	<u>\$ 332,617,926</u>

The accompanying notes are an integral part of these consolidated financial statements.

Approved by:


Director of Finance/Treasurer


Chief Administrative Officer

THE CORPORATION OF THE TOWN OF GRIMSBY

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2024, with comparative information for 2023

	Budget (note 26)	2024	2023
Revenue:			
Taxation revenue (note 15)	\$ 22,046,300	\$21,885,592	\$ 21,718,717
User fees and charges (note 17)	14,618,240	14,152,043	13,266,576
Government transfers (note 18)	2,730,880	8,017,440	2,842,159
Other (note 19)	8,024,890	8,055,009	9,775,903
Total revenue	47,420,310	52,110,084	47,603,355
Expenses:			
General government	13,166,592	7,475,502	4,810,945
Protection to persons and property	4,364,963	4,503,045	3,784,942
Transportation services	6,456,301	6,381,440	5,337,123
Environmental services	14,953,648	15,990,448	15,069,936
Health services	253,360	221,122	226,861
Social and family services	176,202	194,200	175,026
Recreation and cultural services	8,126,481	7,908,547	7,270,770
Planning and development	1,639,167	1,788,250	1,426,104
Total expenses	49,136,714	44,462,554	38,101,707
Annual surplus	(1,716,404)	7,647,530	9,501,648
Accumulated surplus, beginning of year	332,617,926	332,617,926	323,116,278
Accumulated surplus from operations	\$ 330,901,522	\$340,265,456	\$ 332,617,926

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF GRIMSBY

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2024, with comparative information for 2023

	Budget (note 26)	2024	2023
Annual surplus	\$ (1,716,404)	\$ 7,647,530	\$ 9,501,648
Acquisition of tangible capital assets	(10,900,860)	(17,870,602)	(8,848,107)
Amortization of tangible capital assets	7,166,164	7,166,164	6,826,165
Contributed tangible capital assets	—	(237,699)	(744,801)
Loss (gain) on disposal of tangible capital assets	—	222,286	(14,754)
Proceeds on disposition of tangible capital assets	—	97,934	16,668
	(5,451,100)	(2,974,387)	6,736,819
Acquisition of prepaid expenses and inventory	—	618,794	(822,656)
Change in net financial assets	(5,451,100)	(2,355,593)	5,914,163
Net financial assets, beginning of year	66,371,565	66,371,565	60,457,402
Unrealized gain on portfolio investments	—	9,051	—
Net financial assets, end of year	\$ 60,920,465	\$64,025,023	\$ 66,371,565

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF GRIMSBY

Consolidated Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 7,647,530	\$ 9,501,648
Items not involving cash:		
Amortization of tangible capital assets	7,166,164	6,826,165
Loss (gain) on disposal of tangible capital assets	222,286	(14,754)
Contributed tangible capital assets	(237,699)	(744,801)
Asset retirement obligations accretion expense	12,532	14,968
Unrealized gain on portfolio investments	9,051	–
Change in non-cash assets and liabilities:		
Taxes receivable	(735,417)	477,300
User charges receivable	(39,940)	(869,074)
Other receivables	(5,915,179)	(35,809)
Accounts payable and accrued liabilities	2,049,546	3,357,585
Due to trust funds	289,019	969,452
Deferred revenue - obligatory reserve funds	(20,726)	(305,851)
Deferred revenue – other	(137,227)	(188,406)
Employee benefit obligations	1,005,300	18,721
Prepaid expenses and inventory	618,794	(822,656)
Net change in cash from operating activities	11,934,034	18,184,488
Capital activities:		
Proceeds from disposal of tangible capital assets	97,934	16,668
Acquisition of tangible capital assets	(17,870,602)	(8,848,107)
Net change in cash used in capital activities	(17,772,668)	(8,831,439)
Investing activities:		
Purchase of portfolio investments, net	(20,815,209)	1,559,950
Increase in investment in Government Business Enterprises	(659,426)	(780,794)
Net change in cash used in investing activities	(21,474,635)	779,156
Financing activities:		
Proceeds from long-term debt issuance	7,369,930	–
Repayment of long-term debt	(409,189)	(397,404)
Net change in cash from financing activities	6,960,741	(397,404)
Net change in cash	(20,352,528)	9,734,801
Cash, beginning of year	43,412,014	33,677,213
Cash, end of year	\$ 23,059,486	\$ 43,412,014

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF GRIMSBY
Consolidated Statement of Remeasurement Gains

Year ended December 31, 2024, with comparative information for 2023

	2024		2023	
Accumulated remeasurement gain, beginning of year	\$	–	\$	–
Unrealized gain on portfolio investments		9,051		–
Accumulated remeasurement gain, end of year	\$	9,051	\$	–

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

1. Significant accounting policies:

The significant accounting policies used are as follows:

(a) Reporting entity:

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

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

Interdepartmental and organizational transactions and balances are eliminated.

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

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

Interdepartmental and inter-organizational transactions and balances between these entities and organizations have been eliminated.

(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) 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.

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

1. Significant accounting policies (continued):

(d) Employee future benefits:

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

(e) Asset retirement obligations:

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made.

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

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

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

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

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

1. Significant accounting policies (continued):

(e) Asset retirement obligations (continued):

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

(f) Contaminated sites liability:

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

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

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

(g) Tangible capital assets:

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

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

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

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

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

1. Significant accounting policies (continued):

(g) Tangible capital assets (continued):

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 and Accumulated Surplus.

Amortization is based on the following classifications and useful lives:

Asset	Useful Life - Years
Land improvements	15 - 60
Buildings	10 - 70
Vehicles, machinery and equipment	3 - 20
Road infrastructure	6 - 75
Water and wastewater infrastructure	40 - 90

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.

(h) Subdivision infrastructure:

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

(i) Inventory:

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

(j) Reserves for future expenses:

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

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

1. Significant accounting policies (continued):

(k) Revenue recognition:

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

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

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Assessments of the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the Region of Niagara and school boards, as appropriate.

ii) User charges:

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

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

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.

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

1. Significant accounting policies (continued):

(k) Revenue recognition (continued):

iv) Other:

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

v) Investment income:

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

(l) Region of Niagara and school board transactions:

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

(m) Financial instruments:

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

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

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

(n) Use of estimates:

The preparation of the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Areas in which management make estimates are with regards to an allowance for uncollectible taxes receivable, obligations for employee benefits, contaminated sites liability and useful lives of tangible capital assets.

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

2. Changes in accounting policy:

The Town adopted the following standards concurrently beginning January 1, 2024: PS 3400 Revenue, PSG – 8 Purchased Intangibles and PS 3160 Public Private Partnerships.

PS 3400 Revenue establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligation (i.e., the payor expects a good or service from the Town), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

For exchange transactions, revenue is recognized when a measurable component of a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

PSG- 8 Purchased Intangibles provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

PS 3160 Public Private Partnerships ("P3s") provide specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

The Town has adopted these standards on a prospective basis and these new standards did not have a significant impact on the consolidated financial statements.

3. Portfolio investments:

	2024	2023
Guaranteed investment certificates	\$ 22,500,000	\$ 33,900,143
Bonds	30,772,109	3,565,808
ONE Investments – Equity portfolio	5,000,000	–
Unrealized gain on portfolio investment	9,051	–
Book value	\$ 58,281,160	\$ 37,465,951
Guaranteed investment certificates	\$ 22,500,000	\$ 33,900,143
Bonds	31,471,252	3,512,390
ONE Investments – Equity portfolio	5,009,051	–
Market value	\$ 58,980,303	\$ 37,412,533

Portfolio investments carry an effective interest rate from 3.40% to 5.38% and maturity dates ranging from March 2026 to May 2035. Interest is receivable on maturity. 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.

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

4. Taxes receivable:

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

	2024	2023
Current year's taxes receivable	\$ 3,079,636	\$ 2,325,281
Prior year's taxes receivable	510,882	504,141
Previous year's taxes receivable	445,627	378,401
Allowance for uncollectible taxes	(226,864)	(133,959)
	\$ 3,809,281	\$ 3,073,864

5. Investment in Government Business Enterprises:

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

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

The investment in the subsidiary is represented by the following:

	2024	2023
Promissory note receivable from GPI	\$ 5,782,746	\$ 5,782,746
Common and preferred shares	6,962,470	6,962,470
Retained earnings	6,792,275	6,059,579
Add: adjustment on acquisition of subsidiary	915,004	915,004
Less: non-controlling interest	(847,784)	(774,514)
	\$ 19,604,711	\$ 18,945,285

The promissory note receivable from GPI bears interest at 3.49% (2023 – 3.49%) and matures on February 1, 2027.

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

5. Investment in Government Business Enterprises (continued):

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

	2024	2023
Financial position		
Assets:		
Current	\$ 8,089,908	\$ 7,014,646
Capital	35,636,692	33,797,452
Long-term	4,712,704	4,799,936
	48,439,304	45,612,034
Liabilities:		
Current	10,465,764	7,330,985
Long-term	22,747,970	23,788,174
	33,213,734	31,119,159
Equity	\$ 15,225,570	\$ 14,492,875
	2024	2023
Results of Operations:		
Revenues	\$ 41,990,369	\$ 38,454,525
Expenses	(41,057,674)	(37,386,975)
Net income	932,695	1,067,550
Dividends	(200,000)	(200,000)
Net increase in equity of subsidiary	\$ 732,695	\$ 867,550

Commitments and contingencies:

A letter of credit in the amount of \$1,414,919 (2023 - \$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, 2024 and the results of operations are as reported for the year ended December 31, 2024. The comparative financial position and results of operations figures are as reported by NPI at December 31, 2024.

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.

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

5. Investment in Government Business Enterprises (continued):

	2024	2023
Amounts received from NPI:		
Interest on promissory note payable	\$ 201,818	\$ 206,975
Directors' fees	23,478	23,248
Property services, water and vehicle fuel costs	63,544	65,989
	<u>\$ 288,840</u>	<u>\$ 296,212</u>
Amounts paid to NPI:		
Electricity and street lighting costs paid	\$ 642,436	\$ 667,019

6. Deferred revenue – obligatory reserve funds:

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

	2024	2023
Building permit fees	\$ 1,973,343	\$ 2,080,125
Development Charges Act	8,566,445	9,179,987
Canada Community Building Fund	5,963,923	6,161,969
Parkland Dedication (Planning Act)	7,103,871	7,575,646
Community Benefit Charge (Section 37)	306,145	321,156
Ontario Community Infrastructure Fund	4,394,968	3,010,538
	<u>\$ 28,308,695</u>	<u>\$ 28,329,421</u>

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

6. Deferred revenue – obligatory reserve funds (continued):

The continuity of deferred - obligatory reserve funds report on the Consolidated Financial Position is made up the following:

	2024	2023
Balance, beginning of year	\$ 28,329,421	\$ 28,635,272
Contributions to (from):		
Development Charges Act	224,072	283,561
Parkland Dedication (Planning Act)	36,250	247,750
Building permit fees (Building Code Act)	100,941	(414,949)
Interest earned	1,364,185	1,357,324
Grants received:		
Canada Community Building Fund	921,580	903,932
Ontario Community Infrastructure Fund	1,877,864	2,209,251
	4,524,892	4,586,869
Utilized for:		
Operations	(381,900)	(192,980)
Tangible capital asset acquisitions	(4,163,718)	(4,699,740)
	(4,545,618)	(4,892,720)
Balance, end of year	\$28,308,695	\$ 28,329,421

7. Deferred revenue – other:

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

	2024	2023
Balance, beginning of year	\$ 1,532,263	\$ 1,720,669
Add: Contributions	2,892,358	1,394,940
Less: revenue recognized	(2,887,603)	(1,271,518)
Less: refunds during the year	(141,982)	(311,828)
Balance, end of year	\$ 1,395,036	\$ 1,532,263

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

8. Employee benefit obligations:

	2024	2023
Workplace Safety and Insurance Board future benefits	\$ 1,146,400	\$ 148,200
Post-employment benefits	1,100,000	1,092,900
	<u>\$ 2,246,400</u>	<u>\$ 1,241,100</u>

(a) Workplace Safety and Insurance Board future benefits:

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

An estimate of future liabilities has been completed and forms the basis for the estimated liability reported in these financial statements. The estimated future liability amounts to \$1,146,400 (2023 - \$148,200). The Municipality remits payments to the WSIB as required to fund disability payments. During the year, \$520,100 (2023 - \$17,800) was paid by the Municipality to the WSIB in relation to these benefits.

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

Actuarial valuations for accounting purposes are typically performed every three years to project future benefits after the valuation date. The most recent actuarial valuation was prepared at December 31, 2024. The main actuarial assumptions employed for the valuation are as follows:

Discount rate - the estimated future liability was determined using a rate of 4.3%. Health benefits cost inflation rate assumed to be 4% per annum.

	2024	2023
Accrued benefit obligation:		
Beginning of year	\$ 148,200	\$ 162,300
Current service cost	1,460,300	28,900
Interest cost	58,000	5,700
Benefits paid	(520,100)	(17,800)
Transitional obligation	—	(30,900)
Balance, end of year	<u>\$ 1,146,400</u>	<u>\$ 148,200</u>

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

8. Employee benefit obligations (continued):

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

	2024	2023
Current service cost	\$ 1,460,300	\$ 28,900
Interest cost	58,000	5,700
Recognition of transitional obligation	—	(30,900)
	\$ 1,518,300	\$ 3,700

(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, 2024 of \$1,100,000 (2023 - \$1,092,900) was determined by actuarial valuation using a discount rate of 4.3% (2023 – 4.3%).

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 \$74,494 (2023 - \$70,458) were paid to retirees.

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

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

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

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

Medical costs - medical costs were assumed to be 5.98% per annum.

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

8. Employee benefit obligations (continued):

(b) Post-employment benefits (continued):

	2024	2023
Accrued benefit obligation:		
Beginning of year	\$ 1,092,900	\$ 1,060,100
Current service cost	54,900	68,600
Interest cost	47,500	39,300
Benefits paid	(97,200)	(92,200)
Amortization of actuarial loss (gain)	1,900	17,100
Balance, end of year	\$ 1,100,000	\$ 1,092,900
Fund status:		
Deficit	\$ 1,102,800	\$ 1,097,600
Unamortized actuarial (loss) gain	(2,800)	(4,700)
	\$ 1,100,000	\$ 1,092,900

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

	2024	2023
Current service cost	\$ 54,900	\$ 68,600
Interest cost	47,500	39,300
Amortization of actuarial loss (gain)	1,900	17,100
	\$ 104,300	\$ 125,000

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

9. Asset retirement obligations:

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

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

As at December 31, 2024, all liabilities for asset retirement obligations are reported at estimated present value. The liability balances are based on the cost estimates, with a 3% inflation (CPI) adjustment to reflect cost as of the evaluation date.

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

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

	2024	2023
Balance, beginning of year	\$ 321,621	\$ 306,653
Liabilities settled	(4,082)	—
Accretion expense	16,614	14,968
Balance, end of year	\$ 334,153	\$ 321,621

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

10. Long-term debt:

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

	2024	2023
The Municipality has assumed responsibility for the payment of the 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	\$ 8,630,106	\$ 1,657,336
Capital lease obligations	26,765	38,794
	<u>\$ 8,656,871</u>	<u>\$ 1,696,130</u>

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

Purpose	Interest Rate	Maturity Date	2024	2023
Fire Station #2	2.81%	2027	\$ 1,260,180	\$1,657,336
Leased equipment	0% to 2.20%	2026-2027	26,765	38,794
West Lincoln Memorial Hospital	4.39%	2044	7,369,926	–
			<u>\$ 8,656,871</u>	<u>\$1,696,130</u>

- (c) Principal repayments due over the next five years and thereafter are as follows:

2025	\$ 661,279
2026	685,863
2027	695,729
2028	272,000
2029-2044	6,342,000
	<u>\$8,656,871</u>

- (d) Total charges for interest, which are reported on the Consolidated Statement of Operations and Accumulated Surplus amount to \$46,329 (2023 - \$52,054).

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

11. Tangible capital assets:

	2024	2023
Net book value:		
Land	\$ 37,862,494	\$ 37,862,494
Land improvements	13,120,677	9,696,220
Buildings	27,027,487	26,888,444
Vehicles, machinery and equipment	11,656,049	7,321,857
	89,666,707	81,769,015
Infrastructure:		
Roads	87,567,367	88,962,138
Water and wastewater	87,531,929	89,399,806
	175,099,296	178,361,944
Construction in progress	10,641,654	4,654,781
	\$275,407,657	\$ 264,785,740

See pages 40 and 41 for more detail.

12. Accumulated surplus:

	2024	2023
Operating (loss) surplus	\$ (232,120)	\$ 86,013
Investment in Government Business Enterprises (note 5)	19,604,711	18,945,285
Tangible capital assets (note 11)	275,407,657	264,785,740
Reserve and reserve funds (note 13)	52,195,746	52,534,301
Unfunded liabilities (note 14)	(11,691,128)	(3,733,413)
Unfunded projects	4,980,590	—
	\$ 340,265,456	\$ 332,617,926

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

13. Reserve and reserve funds:

	2024	2023
Reserves set aside by Council for specific purposes:		
Contingencies	\$ 4,189,436	\$ 4,299,058
Equipment	4,125,315	8,429,894
Buildings	4,946,582	5,079,177
Capital project	5,342,515	5,177,739
Other	6,364,338	3,827,232
BIA Projects and Stabilization	148,474	172,148
Wastewater	15,185,010	15,949,483
Water	11,782,917	9,517,063
	52,084,587	52,451,794
Reserve funds set aside by Council for specific purposes:		
Museum	111,159	82,507
Total reserve and reserve funds	\$ 52,195,746	\$ 52,534,301

14. Unfunded liabilities:

	2024	2023
Vacation pay	\$ 453,704	\$ 474,562
Employee benefit obligations	2,246,400	1,241,100
Asset retirement obligation	334,153	321,621
Long-term debt	8,656,871	1,696,130
	\$ 11,691,128	\$ 3,733,413

15. Taxation:

	2024	2023
Real property	\$ 73,667,876	\$ 70,513,680
From other governments:		
Payments in lieu of taxes	1,070,966	1,120,807
	74,738,842	71,634,487
Less: taxation collected on behalf of (note 15):		
Region of Niagara	41,865,682	38,887,714
School boards	10,987,568	11,028,056
	52,853,250	49,915,770
Net taxes available for municipal purposes	\$ 21,885,592	\$ 21,718,717

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

15. Taxation (continued):

	2024 Budget (note 26)	2024	2023
Residential, multi-residential and farm	\$ 18,466,056	\$ 18,274,668	\$ 18,067,813
Commercial and industrial	3,580,244	3,610,924	3,650,904
Net taxes available for municipal purposes	\$ 22,046,300	\$ 21,885,592	\$ 21,718,717

16. Collections for the Region of Niagara and school boards:

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

	2024	2023
Region of Niagara	\$ 41,865,682	\$ 38,887,714
School boards	10,987,568	11,028,056
	\$ 52,853,250	\$ 49,915,770

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

17. User fees and charges:

	2024 Budget (note 26)	2024	2023
Operating:			
Fees and service charges	\$ 2,782,820	\$ 3,413,606	\$ 2,902,211
Water charges	8,043,360	7,877,155	7,766,966
Wastewater charges	3,792,060	2,861,282	2,597,399
	\$ 14,618,240	\$ 14,152,043	\$ 13,266,576

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

18. Government transfers:

	2024 Budget (note 26)	2024	2023
Operating:			
Government of Canada	\$ 63,750	\$ 49,707	\$ 104,254
Province of Ontario	162,130	225,484	179,759
Municipal	25,000	117,656	750
	250,880	392,847	284,763
Capital:			
Government of Canada	990,000	1,530,784	571,546
Province of Ontario	1,470,000	6,061,664	1,941,850
Municipal	20,000	32,145	44,000
	2,480,000	7,624,593	2,557,396
	\$ 2,730,880	\$ 8,017,440	\$ 2,842,159

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 and Accumulated Surplus are:

	2024	2023
Revenues:		
Government of Canada:		
Canada Community Building Fund	\$ 1,417,746	\$ 529,757
Digital Access to Heritage	–	31,994
Celebrate Canada – Canada Summer Games and Canada Day	5,000	7,000
Canada Cultural Spaces Fund	49,629	–
Investing in Canada Infrastructure Program	11,409	–
Community Volunteer Income Tax Program	1,770	619
Canada Community Revitalization Fund	–	41,790
Healthy Community Initiative	52,000	–
Exhibition Circulation Fund/Museum Assistance Program	–	3,914
Operating grants:		
Art gallery	–	33,138
Wage subsidies	42,937	27,588
	\$ 1,580,491	\$ 675,800

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

18. Government transfers (continued):

	2024	2023
Revenues:		
Province of Ontario:		
Provincial Offences Act	\$ 40,421	\$ –
Ontario Municipal Partnership Fund	28,400	33,300
Digital Main Street Grant	4,777	31,019
Ontario Community Infrastructure Fund	669,335	1,123,124
Modernization grant	–	178,126
Strategic Priorities Infrastructure Fund	5,378,045	609,580
Investing in Canada Infrastructure Program	9,507	–
Operating grants:		
Art gallery	25,368	26,987
Museum	22,674	22,674
Library	31,391	31,392
Senior Citizens Centre	77,230	65,407
	6,287,148	2,121,609
Municipal:		
Vision Zero	117,656	–
Combined Sewer Overflow	32,145	–
Public Realm Investment Program	–	44,000
Other	–	750
	149,801	44,750
	\$ 8,017,440	\$ 2,842,159

19. Other revenues:

	2024 Budget (note 26)	2024	2023
Operating:			
Penalties and interest on taxes	\$ 597,580	\$ 589,042	\$ 581,808
Fines	108,000	243,144	172,536
Licenses and permits	964,350	830,316	377,989
Rental income	42,200	36,246	50,121
Investment income	2,511,270	2,774,210	2,695,712
Investment income – subsidiaries	201,820	201,818	206,975
Development charges	128,590	426,876	229,848
Donations	47,000	92,927	157,302
Other	204,630	182,145	682,560
Subsidiary net earnings	–	839,426	960,794
	4,805,440	6,216,150	6,115,645
Capital:			
Development charges	763,140	840,025	425,166
Contributions from others	302,850	90,096	–
Contributed tangible capital assets	–	237,698	744,801
(Loss) gain on disposal of tangible capital assets	–	(222,286)	14,854
Parkland dedication	2,153,460	893,326	2,475,437
	3,219,450	1,838,859	3,660,258
	\$ 8,024,890	\$ 8,055,009	\$ 9,775,903

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

20. Pension agreements:

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

Since OMERS is a multi-employer pension plan, the Municipality does not recognize any share of the pension plan deficit of \$ 4.3 billion (2023 - \$7.6 billion deficit) based on the fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, additional increases in contributions may be required. Contributions were made in the 2024 calendar year at rates ranging from 9.0% to 14.6% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the Consolidated Statement of Operations. Employer contributions to OMERS for 2024 current and past service was \$1,063,383 (2023 - \$973,675) and were matched by employee contributions in a similar amount.

21. Liabilities for contaminated sites:

The Municipality reports environmental liabilities related to the management and remediation of any contaminated sites where the Municipality is obligated or likely obligated to incur such costs. Currently no such contaminated sites have been identified and therefore no liability has been recorded.

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

22. Trust funds:

Trust funds administered by the Municipality amounting to \$1,398,505 (2023 - \$1,358,430) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

23. Credit facility:

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

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

24. Commitments:

West Lincoln Memorial Hospital

The Municipality has committed to providing financial assistance of \$9,300,926 to the West Lincoln Memorial Hospital Foundation's building campaign. As of December 31, 2024, \$1,931,000 has been collected through the operating tax levy with the remaining funds of \$7,369,926 secured through a debenture. The hospital construction is projected to be finished in 2025, and the obligation paid thirty days prior to substantial completion.

Capital expenses

The estimated future capital expense commitments based on projects in progress at December 31, 2024, is \$5,441,729 (2023 - \$13,752,124). 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 \$458,834 (2023 - \$519,316) resulting from agreements entered into as part of the Property Revitalization Tax Increment Grant program. Grant expenses will be recognized over a period of ten years following reassessment by MPAC and when all other eligibility criteria have been met by the applicants.

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

2025	\$ 60,482
2026	60,482
2027	60,482
2028	60,482
2029	43,381

25. Contingencies:

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

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

26. Budget information:

The budget bylaw adopted by Council on February 20, 2024 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 Accumulated Surplus and Consolidated Statement of Changes in Net Financial Assets represent the budget adopted by Council with the following adjustments:

	2024
Budgeted annual surplus	\$ —
Add:	
Acquisition of tangible capital assets	10,900,860
Principal repayments of long-term debt	386,230
Transfers from reserves and reserve funds, net	1,532,600
Less:	
Long-term debt financing	(7,369,930)
Amortization of tangible capital assets	(7,166,164)
	<u>\$ (1,716,404)</u>

27. Financial instruments:

The Municipality is exposed to various risks through its financial instruments. The following analysis provides a measure of the Municipality's risk exposures as at December 31, 2024:

(a) Credit risk:

Credit risk is the risk of financial loss to the Municipality if a debtor fails to pay the amounts owing to the Municipality. The Municipality is exposed to this risk arising from its cash and cash equivalents, portfolio investments, taxes receivable, user charges receivable and other receivables. The Municipality holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Municipality's cash accounts are insured up to \$181,858 (2023 - \$136,951).

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

27. Financial instruments (continued):

(a) Credit risk (continued):

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

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

2024	Current	31-60 days	61-90 days	Over 90 days	Total
Government receivables	\$ 6,623,797	\$ –	\$ –	\$ –	\$ 6,623,797
Other receivables	1,766,466	–	28,197	907,558	2,702,221
Total	\$ 8,390,263	\$ –	\$ 28,197	\$ 907,558	\$ 9,326,018

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

(b) Liquidity risk:

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

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

27. Financial instruments (continued):

(b) Liquidity risk:

	Within 1 Year	1 - 2 Years	3 - 5 Years	Over 5 Years	Total
2024					
Payables and accruals	\$ 10,679,975	\$ –	\$ –	\$ –	\$ 10,679,975
Due to trust funds	1,398,400	–	–	–	1,398,400
Deferred revenue – other	1,395,036	–	–	–	1,395,036
Long-term debt	661,279	1,381,592	850,000	5,764,000	8,656,871
Total	\$ 14,134,690	\$ 1,381,592	\$ 850,000	\$ 5,764,000	\$ 22,130,282

	Within 1 Year	1 - 2 Years	3 - 5 Years	Over 5 Years	Total
2023					
Payables and accruals	\$ 8,630,433	\$ –	\$ –	\$ –	\$ 8,630,433
Due to trust funds	1,109,381	–	–	–	1,109,381
Deferred revenue – other	1,532,263	–	–	–	1,532,263
Long-term debt	409,185	854,216	432,729	–	1,696,130
Total	\$ 11,681,262	\$ 854,216	\$ 432,729	\$ –	\$ 12,968,207

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

(c) Market risk:

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

(d) Interest risk:

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

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

28. Segmented information:

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

General government

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

Protection to persons and property

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

Transportation services

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

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.

THE CORPORATION OF THE TOWN OF GRIMSBY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

28. Segmented information (continued):

Social and family services

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

Planning and development

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

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

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

THE CORPORATION OF THE TOWN OF GRIMSBY

Consolidated Schedule of Segmented Disclosure

Year ended December 31, 2024

	<u>General Government</u>	<u>Protection to Persons and Property</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Health Services</u>	<u>Social and Family Services</u>	<u>Recreation and Cultural Services</u>	<u>Consolidated Planning and Development</u>	2024
Revenues									
Taxation	\$ 3,562,692	\$ 3,376,030	\$ 4,455,086	\$ 3,687,636	\$ -	\$ 34,875	\$ 5,534,082	\$ 1,235,191	\$ 21,885,592
User charges	582,539	201,840	660,095	10,738,438	103,636	127,761	1,465,577	272,157	14,152,043
Government transfers	186,476	-	1,444,674	32,145	-	77,230	6,272,137	4,778	8,017,440
Other	1,637,211	1,714,813	1,159,242	82,351	73,088	6,865	3,011,122	370,317	8,055,009
	<u>5,968,918</u>	<u>5,292,683</u>	<u>7,719,097</u>	<u>14,540,570</u>	<u>176,724</u>	<u>246,731</u>	<u>16,282,918</u>	<u>1,882,443</u>	52,110,084
Expenses									
Salaries, wages and benefits	5,566,352	2,722,936	2,664,894	1,561,595	184,986	72,453	4,470,646	1,192,846	18,436,708
Debt service	139,019	41,049	-	-	-	-	-	-	180,068
Operating materials and supplies	1,160,368	298,389	879,552	119,177	10,462	55,582	1,450,008	196,899	4,170,437
Contracted services	1,241,522	620,914	1,247,874	8,960,298	5,724	50,914	974,020	396,868	13,498,134
Rents and financial expenses	845,220	97	-	-	-	8,149	57,718	-	911,184
External transfer to others	100,000	-	-	-	-	-	-	-	100,000
Amortization	402,671	647,730	1,966,501	3,164,418	19,950	7,102	956,155	1,637	7,166,164
Interfunctional expenses	(1,979,650)	171,930	(377,381)	2,184,960	-	-	-	-	(141)
End of year	<u>7,475,502</u>	<u>4,503,045</u>	<u>6,381,440</u>	<u>15,990,448</u>	<u>221,122</u>	<u>194,200</u>	<u>7,908,547</u>	<u>1,788,250</u>	44,462,554
Annual surplus (deficit)	\$ (1,506,584)	\$ 789,638	\$ 1,337,657	\$(1,449,878)	\$ (44,398)	\$52,531	\$ 8,374,371	\$ 94,193	\$ 7,647,530

THE CORPORATION OF THE TOWN OF GRIMSBY

Consolidated Schedule of Segmented Disclosure

Year ended December 31, 2023

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

THE CORPORATION OF THE TOWN OF GRIMSBY

Consolidated Schedule of Tangible Capital Assets

Year ended December 31, 2024

	Land	Land Improvements	Buildings	Vehicles, Machinery and Equipment	Roads Infrastructure	Water, and Wastewater Infrastructure	Construction in Progress	2024
Cost:								
Beginning of year	\$ 37,862,494	\$ 14,086,655	\$ 36,682,824	\$ 17,827,716	\$ 144,326,997	\$ 137,182,199	\$ 4,654,781	\$ 392,623,666
Additions	–	3,957,827	787,936	5,954,755	1,296,168	124,742	5,986,873	18,108,301
Disposal	–	(54,462)	–	(2,153,698)	(353,039)	(172,738)	–	(2,733,937)
End of year	37,862,494	17,990,020	37,470,760	21,628,773	145,270,126	137,134,203	10,641,654	407,998,030
Accumulated amortization:								
Beginning of year	–	4,390,435	9,794,380	10,505,859	55,364,859	47,782,393	–	127,837,926
Amortization	–	533,370	648,893	1,528,616	2,464,415	1,990,870	–	7,166,164
Amortization on disposal	–	(54,462)	–	(2,061,751)	(126,515)	(170,989)	–	(2,413,717)
End of year	–	4,869,343	10,443,273	9,972,724	57,702,759	49,602,274	–	132,590,373
Net book value	\$ 37,862,494	\$ 13,120,677	\$ 27,027,487	\$ 11,656,049	\$ 87,567,367	\$ 87,531,929	\$ 10,641,654	\$ 275,407,657

THE CORPORATION OF THE TOWN OF GRIMSBY

Consolidated Schedule of Tangible Capital Assets

Year ended December 31, 2023

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

Financial Statements of
TOWN OF GRIMSBY TRUST FUNDS
December 31, 2024



KPMG LLP

Commerce Place
21 King Street West, Suite 700
Hamilton, ON L8P 4W7
Canada
Telephone 905 523 8200
Fax 905 523 2222

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 Trust Funds of the Corporation of the Town of Grimsby (the Funds), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations and changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2024, and its results of operations, changes in net assets 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 auditor's 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.



Other Matter – Comparative Information

The financial statements for the year ended December 31, 2023 were audited by another auditor who expressed a unqualified opinion on those financial statements on October 7, 2024.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

August 11, 2025

TOWN OF GRIMSBY TRUST FUNDS

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	Care and Maintenance -Grounds	Care and Maintenance -Markers	2024	2023
Financial assets				
Cash	\$ 93	\$ 12	\$ 105	\$ 105
Interest receivable	—	—	—	49,069
Due from Town of Grimsby (note 2)	1,243,220	155,180	1,398,400	1,109,381
Investments (note 3)	—	—	—	199,875
Net financial assets	\$ 1,243,313	\$ 155,192	\$ 1,398,505	\$ 1,358,430

See accompanying notes to financial statements.

On behalf of the Board:



Director of Finance/Treasurer



Chief Administrative Officer

TOWN OF GRIMSBY TRUST FUNDS

Statement of Operations and Changes in Net Financial Assets

Year ended December 31, 2024, with comparative information for 2023

	Care and Maintenance -Grounds	Care and Maintenance -Markers	2024	2023
Revenues:				
Care and Maintenance agreements	\$ 33,476	\$ 6,599	\$ 40,075	\$ 54,893
Interest	61,537	7,681	69,218	76,976
	95,013	14,280	109,293	131,869
Expenses:				
Interest earned distributed to the Town of Grimsby	61,537	7,681	69,218	76,976
Excess of revenues over expenses	33,476	6,599	40,075	54,893
Net financial assets, beginning of year	1,209,837	148,593	1,358,430	1,303,537
Net financial assets	\$ 1,243,313	\$ 155,192	\$ 1,398,505	\$ 1,358,430

See accompanying notes to financial statements.

TOWN OF GRIMSBY TRUST FUNDS

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 40,075	\$ 54,893
Change in non-cash assets and liabilities:		
Decrease in interest receivable	49,069	12,353
Increase in due from Town of Grimsby	(289,019)	(969,452)
Net change in cash from operating activities	(199,875)	(902,206)
Investing activities:		
Decrease in investments - net	199,875	895,000
Net decrease in cash	—	(7,206)
Cash, beginning of year	105	7,311
Cash, end of year	\$ 105	\$ 105

See accompanying notes to financial statements.

TOWN OF GRIMSBY TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2024

1. Significant accounting policies:

Management's responsibility:

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

The significant accounting policies used are as follows

(a) Basis of accounting:

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

2. Due from the Town of Grimsby:

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

3. Investments:

Portfolio investments consist of a Canadian provincial bond with an interest rate of 2.3% that matured in March of 2024. Investments have an estimated market value of \$Nil (2023 - \$247,752). Investments pertaining to the Care & Maintenance fund are directly managed by the Town of Grimsby.

4. Financial risks:

The Trust Funds are exposed to various risks through its financial instruments. The following analysis provides a measure of the Trust Funds risk exposures and concentrations at December 31, 2024.

(a) Credit risk:

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

(b) Market risk:

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

TOWN OF GRIMSBY TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2024

4. Financial risks (continued):

(c) Interest rate risk:

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