

**The Corporation of the
Municipality of West Grey
Consolidated Financial
Statements**
For the year ended December 31, 2022

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Statement of Administrative Responsibility

Management's Responsibility for the Consolidated Financial Statements

The management of The Corporation of the Municipality of West Grey have prepared the accompanying consolidated financial statements and are responsible for their accuracy and integrity. The consolidated financial statements have been prepared by management in accordance with the accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board [PSAB] of the Canadian Institute of Chartered Professional Accountants.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, administration has developed and maintained a system of internal control designed to provide reasonable assurance that the Municipality's assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The Chief Administrative Officer and Director of Finance/Treasurer review the financial statements before such statements are submitted to Council and published for the residents of West Grey. The external auditors have access to, and meet with Administration and Council to discuss their audit and the results of their examination.

Council meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to council's approval of the consolidated financial statements.

The financial statements have been audited by BDO Canada LLP, independent external auditors appointed by council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

Laura Johnston
Chief Administrative Officer

Kerri Mighton
Director of Finance/Treasurer

Independent Auditor's Report

To the Members of Council of
The Corporation of the Municipality of West Grey

Opinion

We have audited the consolidated financial statements of The Corporation of the Municipality of West Grey (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations, consolidated changes in net financial assets, and consolidated 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 consolidated financial position of the Municipality as at December 31, 2022, and its consolidated results of operations, its consolidated changes in net financial assets, and its consolidated 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 the 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 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 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.

Chartered Professional Accountants, Licensed Public Accountants

Hanover, Ontario
September 27, 2023

DRAFT - SUBJECT TO CHANGE

The Corporation of the Municipality of West Grey Consolidated Statement of Financial Position

December 31	2022	2021
Financial assets		
Cash (Note 1)	\$ 6,126,022	\$ 9,701,074
Temporary investments (Note 2)	355,910	351,086
Taxes receivable	1,559,872	1,499,513
Grants and subsidies receivable	567,856	1,299,131
Trade receivables	2,344,681	1,108,793
Loans receivable (Note 3)	341,590	363,382
	<u>11,295,931</u>	<u>14,322,979</u>
Commitments and Contingencies (Notes 19 and 20)		
Liabilities		
Accounts payable and accrued liabilities	2,377,916	1,950,780
Deferred revenue (Note 4)	2,231,428	3,385,921
Long-term debt (Note 5)	1,192,438	1,338,049
Landfill site closure and post-closure care liability (Note 6)	425,721	388,528
Employee future benefits liability (Note 7)	408,065	392,707
	<u>6,635,568</u>	<u>7,455,985</u>
Net financial assets	<u>4,660,363</u>	<u>6,866,994</u>
Non-financial assets		
Prepaid expenses	47,390	40,144
Inventory of supplies	276,216	279,917
Tangible capital assets (Note 8)	82,525,667	77,392,648
	<u>82,849,273</u>	<u>77,712,709</u>
Accumulated surplus (Note 9)	<u>\$ 87,509,636</u>	<u>\$ 84,579,703</u>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

The Corporation of the Municipality of West Grey Consolidated Statement of Operations

For the year ended December 31	2022 Budget	2022 Actual	2021 Actual
Revenue			
Taxation	\$ 11,976,726	\$ 12,056,052	\$ 11,050,410
Government transfers (Note 12)	6,555,676	4,899,431	4,099,479
Water and wastewater charges	1,574,620	1,629,690	1,551,230
User fees and service charges	1,909,165	2,912,445	2,229,067
Investment income	27,200	187,384	86,356
Other income (Note 13)	373,205	2,644,826	1,224,616
	<u>22,416,592</u>	<u>24,329,828</u>	<u>20,241,158</u>
Expenses			
General government	2,131,948	1,658,323	1,540,256
Protection services	6,260,409	6,545,560	5,704,171
Transportation services	5,889,420	8,098,493	5,938,412
Environmental services	2,127,090	2,570,912	2,239,701
Health and social services	55,834	75,811	58,177
Recreation and cultural services	2,075,808	2,114,240	1,658,251
Planning and development	399,700	336,556	267,600
	<u>18,940,209</u>	<u>21,399,895</u>	<u>17,406,568</u>
Annual surplus	<u>3,476,383</u>	<u>2,929,933</u>	<u>2,834,590</u>
Accumulated surplus, beginning of the year	<u>84,579,703</u>	<u>84,579,703</u>	<u>81,745,113</u>
Accumulated surplus, end of the year	<u>\$ 88,056,086</u>	<u>\$ 87,509,636</u>	<u>\$ 84,579,703</u>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

The Corporation of the Municipality of West Grey Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	2022 Budget	2022 Actual	2021 Actual
Annual surplus (deficit)	\$ 3,476,383	\$ 2,929,933	\$ 2,834,590
Acquisition of tangible capital assets	(16,639,946)	(8,794,445)	(4,096,456)
Proceeds on disposal of tangible capital assets	60,000	478,475	399,545
Amortization expense	2,933,550	3,358,945	3,197,243
(Gain)/loss on disposal of tangible capital assets	-	(175,994)	(351,544)
	(13,646,396)	(5,133,019)	(851,212)
Increase in prepaid expenses	-	(7,246)	(3,856)
Decrease (Increase) in inventory of supplies	-	3,701	(2,503)
	-	(3,545)	(6,359)
Change in net financial assets	(10,170,013)	(2,206,631)	1,977,019
Net financial assets, beginning of year	6,866,994	6,866,994	4,889,975
Net financial assets, end of year	\$ (3,303,019)	\$ 4,660,363	\$ 6,866,994

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

The Corporation of the Municipality of West Grey

Consolidated Statement of Cash Flow

For the year ended December 31	2022	2021
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	\$ 2,929,933	\$ 2,834,590
Items not involving cash		
Amortization of tangible capital assets	3,358,945	3,197,243
Employee future benefits	15,358	50,892
Landfill site closure and post-closure care	37,193	3,702
(Gain)/loss on disposal of tangible capital assets	(175,994)	(351,544)
Tangible capital assets assumed	(932,039)	-
	<u>5,233,396</u>	<u>5,734,883</u>
Change in balances		
Taxes receivable	(60,359)	489,026
Accounts receivable	(504,613)	(1,200,659)
Loan receivable	21,792	11,522
Accounts payable	427,136	188,486
Deferred revenue	(1,154,493)	1,289,033
Prepaid expenses and inventory of supplies	(3,545)	(6,359)
	<u>3,959,314</u>	<u>6,505,932</u>
Capital activities		
Acquisition of tangible capital assets	(7,862,406)	(4,096,456)
Proceeds on disposal of tangible capital assets	478,475	399,545
	<u>(7,383,931)</u>	<u>(3,696,911)</u>
Investing activities		
Purchase of investments	(4,824)	(4,928)
Financing activities		
Additions to long-term liabilities	159,290	-
Repayment of long-term debt	(304,901)	(265,682)
	<u>(145,611)</u>	<u>(265,682)</u>
Net change in cash and cash equivalents	<u>(3,575,052)</u>	<u>2,538,411</u>
Cash and cash equivalents, beginning of year	<u>9,701,074</u>	<u>7,162,663</u>
Cash and cash equivalents, end of year	<u>\$ 6,126,022</u>	<u>\$ 9,701,074</u>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

The Corporation of the Municipality of West Grey Summary of Significant Accounting Policies

December 31, 2022

Basis of Accounting

The consolidated financial statements of The Corporation of the Municipality of West Grey are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board (PSAB) of CPA Canada.

Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees and boards which are controlled by Council. All interfund assets, liabilities, revenues and expenses have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

West Grey Police Services Board
West Grey Library Board
Ayton Union Cemetery Board
Durham Business Improvement Area
Durham Cemetery Board

A government partnership exists where the municipality has shared control over the board or entity. The municipality's pro-rata share of the assets, liabilities, revenues and expenses are reflected in the financial statements using the proportionate consolidation method. The municipality's proportionate interest of the following government partnerships are reflected in the consolidated financial statements:

Elmwood Fire Department	56%
Saugeen Mobility and Regional Transit	14%
Elmwood Community Centre Board	50%
Saugeen Municipal Airport	27%

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items such as accrued grant receivables, accrued liabilities, useful lives of capital assets, post-employment benefits, solid waste landfill closure and post-closure costs and taxation revenue. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

The Corporation of the Municipality of West Grey

Summary of Significant Accounting Policies

December 31, 2022

Revenue Recognition

Revenues are recognized as follows:

- a) Taxation revenues are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.
- b) Fines and donations are recognized when collected.
- c) Fees, user charges and other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.
- d) Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Cash and Cash Equivalents

Cash and cash equivalents include cash balances and short term highly liquid investments that are readily converted into cash.

Temporary Investments

Temporary investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market.

County and School Board

The municipality collects taxation revenue on behalf of the school boards and the County of Grey. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the County of Grey are not reflected in these financial statements.

Inventory

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

The Corporation of the Municipality of West Grey Summary of Significant Accounting Policies

December 31, 2022

Loans Receivable

Loans receivable are recorded at cost.

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Costs include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful lives of the assets are based on estimates made by management as follows:

Land improvements	30 to 100 years
Buildings	50 to 80 years
Building components	10 to 80 years
Equipment	5 to 25 years
Vehicles	2 to 25 years
Infrastructure:	
Road surfaces	20 to 80 years
Utility systems	70 to 100 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue. Where fair market value cannot be reasonably determined, contributed tangible capital assets are recorded at a nominal amount.

Intangible Assets

Intangible assets, art and historic treasures, and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources, are not recognized in these financial statements.

Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization 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 includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. Management is not aware of any contaminated sites.

The Corporation of the Municipality of West Grey Summary of Significant Accounting Policies

December 31, 2022

Trust Funds

Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial position and activity of the trust funds are reported separately on the trust fund balance sheet and statement of continuity.

DRAFT - SUBJECT TO CHANGE

The Corporation of the Municipality of West Grey

Notes to Financial Statements

December 31, 2022

1. Cash

	2022	2021
Unrestricted	\$ 4,581,874	\$ 8,197,508
Restricted	1,544,148	1,503,566
	\$ 6,126,022	\$ 9,701,074

At December 31, 2022, the municipality had an undrawn line of credit of \$2,500,000 that bears interest at the bank's prime rate minus 0.5%.

2. Temporary Investments

	2022	2021
GICs	\$ 60,997	\$ 60,821
Mutual Funds	294,913	290,265
	\$ 355,910	\$ 351,086
Market value	\$ 323,308	\$ 334,211

3. Loans Receivable

	2022	2021
Mortgage receivable, 2485400 Ontario Inc., 4.79% \$2,421 payable monthly principal and interest secured by building and property	\$ 341,590	\$ 363,382

The Corporation of the Municipality of West Grey

Notes to Financial Statements

December 31, 2022

4. Deferred Revenue

	Opening	Contributions Received (Refunded)	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	\$ 1,101,550	\$ 210,304	\$ 31,032	\$ (764,367)	\$ 578,519
Recreational land	47,239	9,000	1,364	-	57,603
Subdivider contributions	356,634	9,647	9,187	-	375,468
	1,505,423	228,951	41,583	(764,367)	1,011,590
Other					
Deposits	56,925	11,400	-	(5,200)	63,125
Encroachment permit	1,000	-	-	-	1,000
Gas tax grant	1,467,456	397,010	33,776	(1,018,382)	879,860
Provincial grants	355,117	880,242	1,256	(960,762)	275,853
	\$ 3,385,921	\$ 1,517,603	\$ 76,615	\$ (2,748,711)	\$ 2,231,428

The Corporation of the Municipality of West Grey

Notes to Financial Statements

December 31, 2022

5. Long-Term Liabilities

The balance of long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	<u>2022</u>	<u>2021</u>
Loan payable (Durham Wastewater), 4.85%, payable \$902 monthly principal and interest, due May 2023	\$ 24,729	\$ 86,179
Loan payable (Durham Water), 4.85%, payable \$5,342 monthly principal and interest, due May 2023	-	10,408
Loan payable (Police Station), 1.73%, payable \$5,916 monthly principal and interest, due December 2025	1,093,419	1,145,056
Loan payable (Municipality of Grey Highlands), 0%, principal only, due December 2023	74,290	-
OIPC loan payable (Durham Water), 5.26%, payable \$37,224 semi-annually principal and interest, due September 2022	-	71,607
OIPC loan payable (Durham Wastewater), 5.26%, payable \$12,889 semi-annually principal and interest, due September 2022	-	24,799
	<u>\$ 1,192,438</u>	<u>\$ 1,338,049</u>

Principal payments in the next 3 fiscal years are as follows:

2023	\$ 151,554
2024	53,449
2025	987,435
	<u>\$ 1,192,438</u>

The Corporation of the Municipality of West Grey

Notes to Financial Statements

December 31, 2022

6. Landfill Site Closure and Post-Closure Care Liability

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance.

The liability recorded is \$425,721 (2021 - \$388,528) and represents the present value of closure and post-closure costs for three active sites and two closed sites, using the municipality's average long-term borrowing rate of 5.25% adjusted for inflation. The liability is recorded based on the capacity of the landfills used to date. The total estimated future expenditures for closure and post-closure care are \$580,402 leaving an amount to be recognized of \$154,681.

The estimated remaining capacity of the three sites is approximately 158,721 (2021 - 164,801) cubic meters. The sites have remaining life of 17 years. Post-closure care is estimated to continue for a period of 20 years.

7. Employee Future Benefits Liability

Pension Plan

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 71 (2021 - 69) members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefits to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The amount contributed to OMERS by the municipality for 2022 was \$586,888 (2021 - \$522,148). The contribution rate for 2022 was 9.0% to 15.8% depending on age and income level (2021 - 9.0% to 15.8%).

OMERS is a multi-employer plan, therefore, any pension plan surpluses or deficits is the joint responsibility of the Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was as at December 31, 2022. At that time, the plan reported an actuarial \$6.68 billion actuarial deficit (2021 - deficit of \$3.10 billion), based on actuarial liabilities of \$128.79 billion (2021 - \$119.30 billion) and actuarial assets of \$122.11 billion (2021 - \$116.2 billion). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in financial markets may lead to increased future funding requirements.

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2022

7. Employee Future Benefits Liability (continued)

Other Benefits

The municipality provides post-employment health and dental insurance benefits to eligible retired employees. The municipality recognizes these post-employment costs in the period in which the employees rendered the services. Payments for these benefits totaled \$23,865 for the year and are included as an expenditure on the consolidated statement of operations. The accrued benefit obligation at December 31, 2022 was \$408,065 (2021 - \$392,707).

Actuarial valuations for accounting purposes are performed using the projected benefit method, pro-rated on services. The most recent actuarial report was prepared as at December 31, 2021.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, employee turnover and mortality rates. The assumptions used reflect management's best estimates. A discount rate of 3.00% was assumed to determine the accrued benefit obligation, along with an annual rate of increase in extended health benefit costs of 5.75%, decreasing annually to an ultimate rate of 4% in 8 years and an annual rate of increase in dental benefit costs of 3.5%. The post-employment benefit expenditure includes current period benefit costs of \$21,336, interest on the obligation of \$12,517 and amortization of gains (losses) of \$(7,050).

	2022	2021
Other benefits	\$ 408,065	\$ 392,707

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2022

8. Tangible Capital Assets

For the year ended December 31, 2022

	Land and Land Improvements	Buildings	Equipment	Vehicles	Infrastructure	Construction in progress	2022 Total
Cost, beginning of year	\$ 8,329,129	\$ 13,156,576	\$11,497,876	\$ 9,398,927	\$100,378,994	\$ 2,021,628	\$144,783,130
Additions	361,512	9,563	1,512,544	389,303	4,391,883	2,129,640	8,794,445
Disposals	(19,812)	(15,164)	(29,458)	(664,654)	(245,747)	-	(974,835)
Transfers from Construction in progress	-	-	290	177,695	1,231,749	(1,409,734)	-
Cost, end of year	8,670,829	13,150,975	12,981,252	9,301,271	105,756,879	2,741,534	152,602,740
Accumulated amortization, beginning of year	1,311,200	7,452,379	5,948,623	5,348,226	47,330,054	-	67,390,482
Amortization	84,700	256,057	543,365	507,850	1,966,973	-	3,358,945
Disposals	-	(11,173)	(28,766)	(499,599)	(132,816)	-	(672,354)
Accumulated amortization, end of year	1,395,900	7,697,263	6,463,222	5,356,477	49,164,211	-	70,077,073
Net carrying amount, end of year	\$ 7,274,929	\$ 5,453,712	\$ 6,518,030	\$ 3,944,794	\$ 56,592,668	\$ 2,741,534	\$ 82,525,667

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2022

8. Tangible Capital Assets (continued)

For the year ended December 31, 2021

	Land and Land Improvements	Buildings	Equipment	Vehicles	Infrastructure	Construction in progress	2021 Total
Cost, beginning of year	\$ 8,261,811	\$ 13,124,165	\$ 10,852,874	\$ 9,360,970	\$ 98,752,347	\$ 476,662	\$ 140,828,829
Additions	69,170	32,411	656,453	109,378	1,645,687	1,583,357	4,096,456
Disposals	(1,852)	-	(26,100)	(71,421)	(42,782)	-	(142,155)
Transfers from Construction in progress	-	-	14,649	-	23,742	(38,391)	-
Cost, end of year	8,329,129	13,156,576	11,497,876	9,398,927	100,378,994	2,021,628	144,783,130
Accumulated amortization, beginning of year	1,231,649	7,204,385	5,468,902	4,920,489	45,461,968	-	64,287,393
Amortization	79,551	247,994	505,821	473,794	1,890,083	-	3,197,243
Disposals	-	-	(26,100)	(46,057)	(21,997)	-	(94,154)
Accumulated amortization, end of year	1,311,200	7,452,379	5,948,623	5,348,226	47,330,054	-	67,390,482
Net carrying amount, end of year	\$ 7,017,929	\$ 5,704,197	\$ 5,549,253	\$ 4,050,701	\$ 53,048,940	\$ 2,021,628	\$ 77,392,648

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2022

8. Tangible Capital Assets (continued)

Expenses reported on the consolidated statement of operations include the gain/(loss) on disposal of assets during the year of \$175,994 (2021 - \$351,544) and write down of assets during the year of \$nil (2021 - \$nil).

The carrying value of tangible capital assets not being amortized because they are under construction, development, or have been removed from service is \$2,741,534 (2021 - \$2,021,628).

Contributed tangible capital assets of \$877,039 (2021 - \$nil) were recognized in the financial statements during the year.

DRAFT - SUBJECT TO CHANGE

The Corporation of the Municipality of West Grey

Notes to Financial Statements

December 31, 2022

9. Accumulated Surplus

The accumulated surplus reported on the consolidated statement of financial position is comprised of the following:

	2022	2021
General surplus (deficit)	\$ (385,114)	\$ (26,857)
Capital amounts to be spent (financed)	(1,686,518)	(973,092)
Amounts invested in tangible capital assets	82,525,667	77,392,648
Reserves and reserve funds		
set aside for specific purpose by council (Note 10)	9,081,825	10,306,288
Amounts to be recovered (Note 11)	(2,026,224)	(2,119,284)
	\$87,509,636	\$ 84,579,703

The general surplus is comprised of the following:

General area taxation	\$ (280,726)	\$ 21,471
Waterworks system	(159,164)	(107,302)
Wastewater system	(15,184)	(8,278)
Cemeteries	71,948	73,280
Business Improvement Area	34,501	29,701
Elmwood Community Centre	3,777	3,777
Saugeen Municipal Airport	(40,266)	(39,506)
	\$ (385,114)	\$ (26,857)

The capital amounts to be spent (financed) is comprised of the following:

Acquisition of capital assets to be financed through:		
Taxation or user charges	\$ (654,806)	\$ (170,937)
Issue of long term debt	(1,031,712)	(802,155)
	\$ (1,686,518)	\$ (973,092)

The Corporation of the Municipality of West Grey

Notes to Financial Statements

December 31, 2022

10. Reserves and Reserve Funds

	2022	2021
Reserves set aside for specific purpose by Council:		
Working funds	\$ 2,033,867	\$ 2,171,044
Contingencies	135,044	135,044
Recreation facilities	548,736	443,953
Protection services	1,536,870	1,833,899
Roadways	603,975	1,399,186
Water/wastewater services	93,702	203,463
Waste disposal	341,939	351,059
Library	29,053	56,935
General government	2,867,665	2,820,789
Planning and development	424,560	479,166
Other	147,969	178,723
	8,763,380	10,073,261
Reserve funds set aside for specific purpose by Council:		
Roadways	14,803	14,683
Parks	79,117	77,220
Protection services	215,865	131,164
Elmwood Hydro proceeds	959	936
St. George's Cemetery	7,701	9,024
	318,445	233,027
Reserves and reserve funds, end of the year	\$ 9,081,825	\$ 10,306,288

The Corporation of the Municipality of West Grey

Notes to Financial Statements

December 31, 2022

11. Amounts to be recovered

The balance of the amounts to be recovered is comprised of the following:

	2022	2021
Long-term debt	\$ 1,192,438	\$ 1,338,049
Employee future benefits liability	408,065	392,707
Landfill closure and post-closure care liability	425,721	388,528
	<u>\$ 2,026,224</u>	<u>\$ 2,119,284</u>

The net change during the year in the amounts to be recovered is made up of the following:

	2022	2021
New debt issued	\$ 74,290	\$ -
Principal payments on long-term debt	(219,901)	(265,682)
Increase (decrease) in employee future benefits liability	15,358	50,892
Change in Solid Waste Closure and Post Closure Liability	37,193	3,702
	<u>\$ (93,060)</u>	<u>\$ (211,088)</u>

The Corporation of the Municipality of West Grey

Notes to Financial Statements

December 31, 2022

12. Government Transfers

	2022 Budget	2022 Actual	2021 Actual
Operating			
Province of Ontario Municipal Partnership Fund (OMPF)	\$ 1,530,800	\$ 1,530,800	\$ 1,571,300
Province of Ontario conditional grants			
General government	45,000	46,301	129,947
Protection services	60,000	75,661	130,118
Transit	103,275	64,902	79,812
Other	177,490	174,435	229,033
	<u>1,916,565</u>	<u>1,892,099</u>	<u>2,140,210</u>
Government of Canada conditional grants	-	12,837	-
Other Municipalities conditional grants			
Protection services	40,574	41,602	39,659
Other	68,125	67,299	72,834
	<u>108,699</u>	<u>108,901</u>	<u>112,493</u>
Total operating transfers	<u>2,025,264</u>	<u>2,013,837</u>	<u>2,252,703</u>
Capital			
Province of Ontario conditional grants			
Protection services	-	53,882	-
Roadways	1,391,307	1,191,982	1,158,022
Water and wastewater	440,000	217,446	-
Recreation and cultural services	-	-	19,397
Other	-	100,000	10,773
	<u>1,831,307</u>	<u>1,563,310</u>	<u>1,188,192</u>
Government of Canada conditional grants			
Roadways	1,170,000	1,158,721	558,162
Recreation and cultural services	-	-	77,588
Other	350,000	-	-
	<u>1,520,000</u>	<u>1,158,721</u>	<u>635,750</u>
Other Municipalities conditional grants	<u>1,179,105</u>	<u>163,563</u>	<u>22,834</u>
Total capital transfers	<u>4,530,412</u>	<u>2,885,594</u>	<u>1,846,776</u>
Total government transfers	<u>\$ 6,555,676</u>	<u>\$ 4,899,431</u>	<u>\$ 4,099,479</u>

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2022

13. Other Income

	2022	2022	2021
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 288,500	\$ 264,130	\$ 277,217
Donations and prepaid special charges	24,500	2,313,999	877,685
Rents	39,505	35,778	19,790
Other	20,700	30,919	49,924
	<u>\$ 373,205</u>	<u>\$ 2,644,826</u>	<u>\$ 1,224,616</u>

14. Segmented Information

The Corporation of the Municipality of West Grey is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, wastewater, water, waste collection, disposal and recycling, recreational, library and planning. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

This segment relates to the revenues and expenses that relate to the governance and operations of the municipality itself and cannot be directly attributed to a specific segment.

Protection to Persons and Property

Protection is comprised of police services, fire protection, conservation authority, emergency measures, animal control and building and structural inspection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers. The building department provides a number of services including maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

Transportation

Transportation is responsible for construction and maintenance of the municipality's roadways, bridges, parking areas and streetlighting. Transportation also includes the provision of air transportation through the Saugeen Municipal Airport.

The Corporation of the Municipality of West Grey

Notes to Financial Statements

December 31, 2022

14. Segmented Information (continued)

Wastewater and Water

This service provides the municipality's drinking water. They process and clean sewage and ensure the municipality's water system meets all Provincial standards.

Environmental

Environmental services consists of providing waste collection, disposal and recycling to its citizens.

Health

Health services include contributions to support local hospitals. Health services also includes the operations of local cemeteries.

Recreational and Cultural Services

This service area provides services meant to improve the health and development of the municipality's citizens. The municipality operates and maintains parks, arenas, a swimming pool and community centres. The municipality also provides library services and recreational programs.

Planning and Development

This department is responsible for planning and zoning including the Official plan. This service area also includes tourist information and promotion, business improvement area, weed control, and drainage.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation and payments-in-lieu

Allocated to those segments that are funded by these amounts based on the net surplus for the year.

OMPF Grants

Allocated to segments based on the net surplus for the year.

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2022

14. Segmented Information (continued)

For the year ended December 31, 2022	General Government	Protection Services	Transportation Services	Wastewater and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2022 Total
Revenue									
Taxation	\$ 1,205,604	\$ 6,148,587	\$ 2,531,771	\$ -	\$ 361,682	\$ -	\$ 1,687,847	\$ 120,561	\$ 12,056,052
Fees and user charges	22,207	702,232	1,075,078	1,629,690	519,545	48,089	467,165	78,129	4,542,135
Specific grants	46,301	354,708	2,456,926	217,446	106,650	-	71,372	115,228	3,368,631
OMPF grant	153,080	780,708	321,468	-	45,924	-	214,312	15,308	1,530,800
Other revenue	484,949	18,640	2,235,610	5,435	-	7,772	74,076	5,728	2,832,210
	<u>1,912,141</u>	<u>8,004,875</u>	<u>8,620,853</u>	<u>1,852,571</u>	<u>1,033,801</u>	<u>55,861</u>	<u>2,514,772</u>	<u>334,954</u>	<u>24,329,828</u>
Expenses									
Salaries and benefits	1,167,627	4,624,484	1,869,263	64,162	156,017	2,669	908,737	110,329	8,903,288
Interest on debt	19,356	-	-	5,200	-	-	-	-	24,556
Materials and supplies	610,868	847,290	3,767,694	541,152	293,924	27,566	845,308	214,883	7,148,685
Contracted services	24,767	279,951	80,577	500,068	535,649	34,718	54,161	11,344	1,521,235
Other transfers	34,116	511,477	41,557	-	-	-	42,319	-	629,469
Rents and financial expenses	10,012	2,756	-	-	-	10,004	4	-	22,776
Amortization and Loss on Disposal	(208,423)	279,602	2,339,402	457,664	17,076	854	263,711	-	3,149,886
	<u>1,658,323</u>	<u>6,545,560</u>	<u>8,098,493</u>	<u>1,568,246</u>	<u>1,002,666</u>	<u>75,811</u>	<u>2,114,240</u>	<u>336,556</u>	<u>21,399,895</u>
Annual surplus (deficit)	\$ 253,818	\$ 1,459,315	\$ 522,360	\$ 284,325	\$ 31,135	\$ (19,950)	\$ 400,532	\$ (1,602)	\$ 2,929,933

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2022

14. Segmented Information (continued)

For the year ended December 31, 2021	General Government	Protection Services	Transportation Services	Wastewater and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2021 Total
Revenue									
Taxation	\$ 994,537	\$ 5,193,693	\$ 3,094,115	\$ -	\$ 331,512	\$ -	\$ 1,326,049	\$ 110,504	\$ 11,050,410
Fees and user charges	102,871	831,864	474,794	1,551,230	459,804	44,393	197,381	117,960	3,780,297
Specific grants	129,947	219,327	1,836,508	-	100,377	-	220,076	21,944	2,528,179
OMPF grant	141,417	738,511	439,964	-	47,139	-	188,556	15,713	1,571,300
Other revenue	415,699	11,063	814,015	5,069	-	4,501	60,540	85	1,310,972
	<u>1,784,471</u>	<u>6,994,458</u>	<u>6,659,396</u>	<u>1,556,299</u>	<u>938,832</u>	<u>48,894</u>	<u>1,992,602</u>	<u>266,206</u>	<u>20,241,158</u>
Expenses									
Salaries and benefits	1,125,013	3,974,485	1,689,530	46,836	175,993	1,831	761,716	101,409	7,876,813
Interest on debt	20,239	-	-	13,525	-	-	-	-	33,764
Materials and supplies	556,474	761,802	2,118,883	437,115	213,845	17,240	564,692	156,888	4,826,939
Contracted services	17,460	273,910	30,237	480,034	407,145	32,038	40,535	9,303	1,290,662
Other transfers	96,300	351,304	42,686	-	-	-	38,848	-	529,138
Rents and financial expenses	8,658	2,756	-	-	-	6,215	226	-	17,855
Amortization and Loss on Disposal	(283,888)	339,914	2,057,076	448,131	17,077	853	252,234	-	2,831,397
	<u>1,540,256</u>	<u>5,704,171</u>	<u>5,938,412</u>	<u>1,425,641</u>	<u>814,060</u>	<u>58,177</u>	<u>1,658,251</u>	<u>267,600</u>	<u>17,406,568</u>
Annual surplus (deficit)	<u>\$ 244,215</u>	<u>\$ 1,290,287</u>	<u>\$ 720,984</u>	<u>\$ 130,658</u>	<u>\$ 124,772</u>	<u>\$ (9,283)</u>	<u>\$ 334,351</u>	<u>\$ (1,394)</u>	<u>\$ 2,834,590</u>

The Corporation of the Municipality of West Grey

Notes to Financial Statements

December 31, 2022

15. Government Partnerships

The following summarizes the financial position and operations of the municipal joint boards. The Municipality of West Grey's pro-rata share of these amounts have been reported in the financial statements using the proportionate consolidation method:

	Saugeen Municipal Airport 27%	Elmwood Fire Department 56%	S.M.A.R.T. 14%	Elmwood Community Centre 50%
Financial Assets				
Cash and temporary investments	\$ -	\$ 139,542	\$ 50,355	\$ 12,176
Accounts receivable	17,703	-	180,844	1,897
Other financial assets	22,155	237,888	-	10,659
	<u>39,858</u>	<u>377,430</u>	<u>231,199</u>	<u>24,732</u>
Liabilities				
Accounts payable	18,899	1,759	129,748	2,566
Other liabilities	157,113	-	190,562	42,972
	<u>176,012</u>	<u>1,759</u>	<u>320,310</u>	<u>45,538</u>
Net financial assets	(136,154)	375,671	(89,111)	(20,806)
Non-financial assets	<u>754,276</u>	<u>777,615</u>	<u>462,716</u>	<u>-</u>
Accumulated Surplus	<u>\$ 618,122</u>	<u>\$ 1,153,286</u>	<u>\$ 373,605</u>	<u>\$ (20,806)</u>
Accumulated Surplus				
General surplus	\$ (150,583)	\$ -	\$ -	\$ (20,806)
Invested in tangible capital assets	754,276	777,275	373,605	-
Reserves and reserve funds	14,429	376,011	-	-
	<u>\$ 618,122</u>	<u>\$ 1,153,286</u>	<u>\$ 373,605</u>	<u>\$ (20,806)</u>
Revenues	\$ 451,340	\$ 512,560	\$ 1,554,678	\$ 57,041
Expenses	<u>(455,608)</u>	<u>(295,012)</u>	<u>(1,745,053)</u>	<u>(58,728)</u>
Annual surplus (deficit)	<u>\$ (4,268)</u>	<u>\$ 217,548</u>	<u>\$ (190,375)</u>	<u>\$ (1,687)</u>

The Corporation of the Municipality of West Grey

Notes to Financial Statements

December 31, 2022

15. Government Partnerships (continued)

Saugeen Mobility and Regional Transit (S.M.A.R.T.) operates a specialty transit service; Saugeen Municipal Airport operates a municipal airport; the Elmwood Fire Department provides fire protection services for ratepayers; and the Elmwood Community Centre provides recreational services to the residents of the area.

16. Budget Amounts

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the consolidated statements of operations and change in net debt for comparative purposes. The budget amounts for The Corporation of the Municipality of West Grey are as approved by council and have been reclassified to conform to the presentation of the consolidated statements of operations and change in net debt.

The following is a reconciliation of the budget approved by council:

	2022 Budget	2022 Actual	2021 Actual
Annual surplus (deficit)	\$ 3,476,383	\$ 2,929,933	\$ 2,834,590
Acquisition of tangible capital assets	(16,639,946)	(8,794,445)	(4,096,456)
Proceeds on disposal of tangible capital assets	60,000	478,475	399,545
Amortization	2,933,550	3,358,945	3,197,243
(Gain)/loss on disposal of tangible capital assets	-	(175,994)	(351,544)
Proceeds from issue of long-term debt	8,104,860	74,290	-
Debt principal repayments	(360,734)	(219,898)	(265,685)
	(2,425,887)	(2,348,694)	1,717,693
Transfers from (to) reserves for operations	341,828	493,183	(745,411)
Transfers from (to) reserves for capital	2,141,501	735,251	(796,903)
Change in unfunded liabilities	-	52,551	54,595
Reserve funds annual surplus	-	(3,974)	(1,272)
Capital projects not funded (expended)	-	713,426	(283,598)
	57,442	(358,257)	(54,896)
General surplus, beginning of year	-	(26,857)	28,039
	\$ 57,442	\$ (385,114)	\$ (26,857)

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2022

17. Operations of School Boards and the County of Grey

During the year, the following taxation revenue was raised and remitted to the school boards and the County of Grey:

	2022	2021
School boards	\$ 3,309,116	\$ 3,268,398
County of Grey	6,497,716	6,217,947
	<u>\$ 9,806,832</u>	<u>\$ 9,486,345</u>

18. Trust Funds

The trust funds administered by the municipality amounting to \$416,281 (2021 - \$407,331) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of financial activities. At December 31, 2022, the trust fund balances are as follows:

	2022	2021
Cemetery Pre-need Assurance Fund	\$ 4,674	\$ 4,561
Cemetery Care and Maintenance Funds	410,899	402,062
Ontario Home Renewal Program	708	708
	<u>\$ 416,281</u>	<u>\$ 407,331</u>

19. Contractual Commitments

The municipality pledged support to the Markdale Hospital in the amount of \$218,500 in 2021. The remaining \$124,650 will be paid in equal installments over the next 9 years.

The municipality has outstanding contractual commitments for tangible capital assets at December 31, 2022 in the amount of \$741,560.

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2022

20. Contingencies

The municipality has entered into an employment contract with certain municipal employees that requires a monthly payment of 100% of the employee's disposable after tax income less payments received from WSIB and Canada Pension Plan to the family of the employee if the employee is killed or dies as a direct result of injuries received in the performance of their duties. The municipality has an insurance policy to minimize the cost to the municipality.

The municipality has been named in a number of claims that are in proceedings through their insurance company. The municipality's liability with respect to these claims is not determinable at this time. Management is of the opinion that the municipality maintains adequate and appropriate liability and errors and omissions insurance to protect the municipality against such claims.

DRAFT - SUBJECT TO CHANGE

Independent Auditor's Report

**To the Members of Council of
The Corporation of the Municipality of West Grey**

Opinion

We have audited the accompanying financial information of The Corporation of the Municipality of West Grey Trust Funds (the Trust Funds), which comprise the balance sheet as at December 31, 2022 and the statement of continuity for the year then ended, and notes to the financial information including a summary of significant accounting policies.

In our opinion, the accompanying financial information present fairly, in all material respects, the balance sheet of the Trust Funds as at December 31, 2022, and the statement of continuity 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 Financial Information* section of our report. We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial information 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 Information

Management is responsible for the preparation and fair presentation of this financial information in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial information, management is responsible for assessing the Trust 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 Trust Funds or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the financial information 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 this financial information.

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 information, 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 Trust 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 Trust 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 information 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 Trust Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information represents 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.

Chartered Professional Accountants, Licensed Public Accountants

Hanover, Ontario
September 27, 2023

The Corporation of the Municipality of West Grey Trust Funds Balance Sheet

December 31, 2022

	Cemetery Pre-Need Assurance Fund	Cemetery Care and Maintenance Fund	Ontario Home Renewal Program	Total
Assets				
Cash	\$ 4,674	\$ 136,585	\$ -	\$ 141,259
Investment and accrued interest	-	302,011	-	302,011
Loans receivable	-	-	708	708
	<u>\$ 4,674</u>	<u>\$ 438,596</u>	<u>\$ 708</u>	<u>\$ 443,978</u>
Liabilities and Fund Balances				
Due to general account	\$ -	\$ 27,697	\$ -	\$ 27,697
Fund balance	4,674	410,899	708	416,281
	<u>\$ 4,674</u>	<u>\$ 438,596</u>	<u>\$ 708</u>	<u>\$ 443,978</u>

Statement of Continuity

For the year ended December 31, 2022

	Cemetery Pre-Need Assurance Fund	Cemetery Care and Maintenance Fund	Ontario Home Renewal Program	Total
Balance, beginning of the year	\$ 4,561	\$ 402,062	\$ 708	\$ 407,331
Receipts				
Bank interest	113	10,264	-	10,377
Care and maintenance	-	8,838	-	8,838
	<u>113</u>	<u>19,102</u>	<u>-</u>	<u>19,215</u>
Expenses				
Transfer to municipality	-	10,265	-	10,265
	<u>-</u>	<u>10,265</u>	<u>-</u>	<u>10,265</u>
Balance, end of the year	<u>\$ 4,674</u>	<u>\$ 410,899</u>	<u>\$ 708</u>	<u>\$ 416,281</u>

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

The Corporation of the Municipality of West Grey

Trust Funds

Notes to Financial Statements

December 31, 2022

1. Summary of Significant Accounting Policies

Basis of Accounting	The financial information of The Corporation of the Municipality of West Grey Trust Funds are the representation of management prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board (PSAB) of CPA Canada as prescribed by the Ontario Ministry of Municipal Affairs and Housing.
Use of Estimates	The preparation of financial information in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial information, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.
Basis of Consolidation	These trust funds have not been consolidated with the financial statements of the Municipality of West Grey.
Temporary Investments	Temporary investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market.

2. Temporary Investments

Temporary investments consist of mutual funds. No temporary investments are callable at the option of the issuer in 2022. The investments have a market value of \$277,814 at the end of the year.

The Corporation of the Municipality of West Grey

Trust Funds

Notes to Financial Statements

December 31, 2022

3. Ontario Home Renewal Program

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans were limited to \$7,500, of which the maximum forgivable portion was \$4,000.

Ontario Home Renewal Program loans receivable at December 31, 2022 comprise repayable loans of \$708 and forgivable loans of \$nil. Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continuous ownership and occupancy. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balance of the repayable loan and the unearned forgivable loan immediately becomes due and payable by the homeowner.

As of July 16, 1993 the Ontario Home Renewal Program was discontinued and municipalities were prohibited from issuing further loans as of that date. All OHRP funds held in municipal trust accounts as of December 31, 1993 were remitted to the Province by March 1, 1994. Any loans receivable under the program which are collected subsequent to December 31, 1993 were remitted to the Province by March 1st of the following year. However, municipalities will be provided an administration fee of five per cent of the balances collected after December 31, 1993 and are permitted to retain the interest earned on unremitted OHRP trust account balances.

Independent Auditor's Report

To the Members of Council of
The Corporation of the Municipality of West Grey

Opinion

We have audited the financial statements of The Corporation of the Municipality of West Grey Public Library Board (the Entity), which comprise the statement of financial position as at December 31, 2022 and the statements of operations, change in net financial assets and cash flow 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 Entity as at December 31, 2022, and its results of operations, its change in 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 Financial Statements* section of our report. We are independent of the Entity 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 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 Entity'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 Entity'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 Entity 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.

Chartered Professional Accountants, Licensed Public Accountants

Hanover, Ontario
September 27, 2023

DRAFT - SUBJECT TO CHANGE

**The Corporation of the Municipality of West Grey
Public Library Board
Statement of Financial Position**

December 31	2022	2021
Financial assets		
Cash	\$ 27,960	\$ 26,032
Accounts receivable	6,596	4,661
Due from Municipality of West Grey	1,642	33,035
	<u>36,198</u>	<u>63,728</u>
Commitments (Note 5)		
Liabilities		
Accounts payable and accrued liabilities	<u>7,144</u>	<u>6,794</u>
Net financial assets	29,054	56,934
Non-Financial Assets		
Tangible capital assets (Note 1)	<u>203,274</u>	<u>197,748</u>
Accumulated surplus (Note 3)	\$ 232,328	\$ 254,682

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Municipality of West Grey Public Library Board Statement of Operations

For the year ended December 31	2022 Budget	2022 Actual	2021 Actual
Revenue			
Province of Ontario grants	\$ 24,990	\$ 25,403	\$ 26,313
Municipal grants	440,045	445,045	404,284
Investment income	-	488	107
Miscellaneous	2,500	15,035	5,040
Federal grant	-	2,025	-
	<u>467,535</u>	<u>487,996</u>	<u>435,744</u>
Expenses			
Amortization of tangible capital assets	-	27,988	29,074
Materials and periodical purchases	3,000	2,527	1,529
Supplies and office	98,796	123,105	99,174
Wages and benefits	347,739	356,730	296,343
	<u>449,535</u>	<u>510,350</u>	<u>426,120</u>
Annual surplus (deficit)	<u>18,000</u>	<u>(22,354)</u>	<u>9,624</u>
Accumulated surplus, beginning of year	<u>254,682</u>	<u>254,682</u>	<u>245,058</u>
Accumulated surplus, end of year	<u>\$ 272,682</u>	<u>\$ 232,328</u>	<u>\$ 254,682</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Corporation of the Municipality of West Grey
Public Library Board
Statement of Change in Net Financial Assets**

For the year ended December 31	2022 Budget	2022 Actual	2021 Actual
Annual surplus (deficit)	\$ 18,000	\$ (22,354)	\$ 9,624
Acquisition of tangible capital assets	(23,000)	(33,514)	(25,040)
Amortization	-	27,988	29,074
	(23,000)	(5,526)	4,034
Change in net financial assets	(5,000)	(27,880)	13,658
Net financial assets, beginning of year	56,934	56,934	43,276
Net financial assets, end of year	\$ 51,934	\$ 29,054	\$ 56,934

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Corporation of the Municipality of West Grey
Public Library Board
Statement of Cash Flow**

For the year ended December 31	2022	2021
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	\$ (22,354)	\$ 9,624
Items not involving cash		
Amortization	27,988	29,074
Increase in accounts receivable	(1,935)	(1,317)
Decrease in Due from Municipality	31,393	1,811
Increase (decrease) in accounts payable	350	2,429
	<u>35,442</u>	<u>41,621</u>
Capital activities		
Acquisition of tangible capital assets	<u>(33,514)</u>	<u>(25,040)</u>
Net change in cash	1,928	16,581
Cash, beginning of year	<u>26,032</u>	<u>9,451</u>
Cash, end of year	<u>\$ 27,960</u>	<u>\$ 26,032</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Municipality of West Grey

Public Library Board

Summary of Significant Accounting Policies

December 31, 2022

Management Responsibility	The management of The Corporation of the Municipality of West Grey Public Library Board has prepared and is responsible for the integrity, objectivity and accuracy of the financial information presented in these financial statements. The Board reviews and approves the financial statements.
Basis of Accounting	The financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada.
Use of Estimates	The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.
Revenue Recognition	User fee revenue is recognized when earned, as services are rendered to customers, providing the amount is fixed or determinable, and collectibility is reasonably assured.
Government Transfers	Government transfers are recognized in the financial statements as revenue in the period that the events giving rise to the transfer occur; providing that the transfer is authorized, eligibility criteria, if any, have been met by the recipient, and a reasonable estimate of the amount can be made.
Non-Financial Assets	Tangible capital and other non-financial assets are accounted for as assets by the organization because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the organization unless they are sold.

**The Corporation of the Municipality of West Grey
Public Library Board
Summary of Significant Accounting Policies**

December 31, 2022

**Tangible
Capital Assets**

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair market value at the date of contribution. Where fair market value cannot be reasonably determined, contributed tangible capital assets are recorded at a nominal amount. Amortization is calculated on a straight-line basis over the estimated useful life of the asset. The useful lives of the assets are based on estimates made by management as follows:

Books - 15 years
Furniture, fixtures, and computers - 7 to 50 years

**Employee
Future Benefits**

Defined contribution plan accounting is applied to the board's multi-employer defined benefit pension plan.

DRAFT - SUBJECT TO CHANGE

**The Corporation of the Municipality of West Grey
Public Library Board
Notes to Financial Statements**

December 31, 2022

1. Tangible Capital Assets

	2022		2021	
	Furniture, fixtures, books, and computer	Total	Furniture, fixtures, books, and computer	Total
Cost, beginning of year	\$ 503,748	\$ 503,748	\$ 504,808	\$ 504,808
Additions	33,514	33,514	25,040	25,040
Disposals	(26,600)	(26,600)	(26,100)	(26,100)
Cost, end of year	510,662	510,662	503,748	503,748
Accumulated amortization, beginning of year	306,000	306,000	303,026	303,026
Amortization	27,988	27,988	29,074	29,074
Disposals	(26,600)	(26,600)	(26,100)	(26,100)
Accumulated amortization, end of year	307,388	307,388	306,000	306,000
Net carrying amount, end of year	\$ 203,274	\$ 203,274	\$ 197,748	\$ 197,748

The Corporation of the Municipality of West Grey Public Library Board Notes to Financial Statements

December 31, 2022

2. Employee Future Benefits Liability

Pension Plan

The Board makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 2 members of its staff. This plan is a defined benefit plan which 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. The amount contributed to OMERS for 2022 was \$13,119 (2021 - \$11,914). The contribution rate for 2022 was 9.0% to 15.8% depending on age and income level (2021 - 9.0% to 15.8%).

OMERS is a multi-employer plan, therefore, any pension plan surplus or deficit is a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2022. At that time the plan reported an actuarial deficit of \$6.7 billion (2021 - deficit of \$3.1 billion), based on actuarial liabilities of \$128.8 billion (2021 - \$119.3 billion) and actuarial assets of \$122.1 billion (2021 - \$116.2 billion). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in financial markets may lead to increased future funding requirements.

3. Accumulated Surplus

The accumulated surplus reported on the statement of financial position is comprised of the following:

	2022	2021
Amount invested in tangible capital assets	\$ 203,274	\$ 197,748
Reserves	29,054	56,934
	<u>\$ 232,328</u>	<u>\$ 254,682</u>

The Corporation of the Municipality of West Grey Public Library Board Notes to Financial Statements

December 31, 2022

4. Budget Amounts

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the statement of financial activities for comparative purposes. The budget amounts for The Corporation of the Municipality of West Grey Public Library Board are as approved by council and have been restated to conform to the basis of presentation of the revenues and expenditures on the statement of financial activities.

The following is a reconciliation of the budget approved by Council:

	2022 Budget	2022 Actual	2021 Actual
Annual surplus (deficit)	\$ 18,000	\$ (22,354)	\$ 9,624
Capital acquisitions, disposals and write-down	(23,000)	(33,514)	(25,040)
Amortization	-	27,988	29,074
Transfers from reserves for operations	5,000	27,880	(13,658)
General surplus (deficit), end of year	\$ -	\$ -	\$ -

5. Contractual Commitments

The Board extended their agreement with the Municipality of Grey Highlands dated February 8, 2017 which now expires December 31, 2024, to allow West Grey residents to use the Grey Highlands Library services at no cost. In exchange the board will pay Grey Highlands Library \$14,905 per year, increasing by 2% per year.
