

The Corporation of the
Municipality of West Grey
Consolidated Financial
Statements
For the year ended December 31, 2023

DRAFT - SUBJECT TO CHANGE

The Corporation of the
Municipality of West Grey
Consolidated Financial Statements
For the year ended December 31, 2023

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Statement of Administrative Responsibility

Management's Responsibility for the Consolidated Financial Statements

The management of 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 MNP 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.

Michele Harris
Chief Administrative Officer

Kerri Mighton
Director of Finance/Treasurer

To the Members of Municipality of West Grey:

Opinion

We have audited the consolidated financial statements of Municipality of West Grey and its subsidiaries (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2023, and the results of its consolidated operations, its consolidated remeasurement gains and losses, changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Effective January 1, 2023, the Municipality was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of January 1, 2023. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. Management has not completed its assessment of the tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended December 31, 2023 and 2022, tangible capital assets and the asset retirement obligation as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 years.

As a result of PS 3280 not being adopted, the Municipality accounts for its landfill closure and post-closure liability in accordance with withdrawn PS 3270 Solid Waste Landfill Closure and Post-Closure Liability. As a result, it is not possible to quantify the impact of this departure from Canadian public accounting standards on expenses and annual surplus for the years ended December 31, 2023 and 2022, landfill closure and post-closure liability as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 years.

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 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 qualified opinion.

Other Matter

The consolidated financial statement for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on October 3, 2023.

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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Municipality as a basis for forming an opinion on the consolidated 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.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Hanover, Ontario

February 4, 2025

Chartered Professional Accountants

Licensed Public Accountants

Draft - For Management Only

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

December 31	2023	2022
Financial assets		
Cash (Note 2)	\$ 5,487,498	\$ 6,126,022
Portfolio investments (Note 3)	362,209	355,910
Taxes receivable	1,966,605	1,559,872
Grants and subsidies receivable	69,939	567,856
Trade receivables	1,456,386	2,344,681
Loans receivable (Note 4)	413,897	341,590
	<u>9,756,534</u>	<u>11,295,931</u>
Commitments and Contingencies (Notes 20 and 21)		
Liabilities		
Accounts payable and accrued liabilities	2,142,983	2,377,916
Deferred revenue (Note 5)	1,956,559	2,231,428
Long-term debt (Note 6)	1,087,091	1,192,438
Landfill site closure and post-closure care liability (Note 7)	425,721	425,721
Employee future benefits liability (Note 8)	432,808	408,065
	<u>6,045,162</u>	<u>6,635,568</u>
Net financial assets	<u>3,711,372</u>	<u>4,660,363</u>
Non-financial assets		
Prepaid expenses	46,265	47,390
Inventory of supplies	373,254	276,216
Tangible capital assets (Note 9)	84,593,131	82,525,667
	<u>85,012,650</u>	<u>82,849,273</u>
Accumulated surplus (Note 10)	<u>\$88,724,022</u>	<u>\$ 87,509,636</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	2023 Budget	2023 Actual	2022 Actual
Revenue			
Taxation	\$ 13,169,861	\$13,351,542	\$ 12,056,052
Government transfers (Note 13)	4,012,631	3,690,271	4,899,431
Water and wastewater charges	1,574,620	1,783,286	1,629,690
User fees and service charges	1,996,781	2,533,506	2,912,445
Investment income	27,200	297,524	187,384
Other income (Note 14)	503,505	718,538	2,644,826
	<u>21,284,598</u>	<u>22,374,667</u>	<u>24,329,828</u>
Expenses			
General government	2,071,581	1,797,143	1,658,323
Protection services	6,501,011	6,715,450	6,545,560
Transportation services	6,351,323	7,255,357	8,098,493
Environmental services	2,281,074	2,751,047	2,570,912
Health and social services	62,161	81,680	75,811
Recreation and cultural services	2,162,505	2,272,731	2,114,240
Planning and development	422,950	286,873	336,556
	<u>19,852,605</u>	<u>21,160,281</u>	<u>21,399,895</u>
Annual surplus	<u>1,431,993</u>	<u>1,214,386</u>	<u>2,929,933</u>
Accumulated surplus, beginning of the year	<u>87,509,636</u>	<u>87,509,636</u>	<u>84,579,703</u>
Accumulated surplus, end of the year	<u>\$ 88,941,629</u>	<u>\$88,724,022</u>	<u>\$ 87,509,636</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	2023 Budget	2023 Actual	2022 Actual
Annual surplus (deficit)	\$ 1,431,993	\$ 1,214,386	\$ 2,929,933
Acquisition of tangible capital assets	(14,294,722)	(5,716,062)	(8,794,445)
Proceeds on disposal of tangible capital assets	20,000	193,500	478,475
Amortization expense	3,078,650	3,520,827	3,358,945
(Gain)/loss on disposal of tangible capital assets	-	(65,729)	(175,994)
	(11,196,072)	(2,067,464)	(5,133,019)
Decrease (Increase) in prepaid expenses		1,125	(7,246)
Decrease (Increase) in inventory of supplies		(97,038)	3,701
		(95,913)	(3,545)
Change in net financial assets	(9,764,079)	(948,991)	(2,206,631)
Net financial assets, beginning of year	4,660,363	4,660,363	6,866,994
Net financial assets, end of year	\$ (5,103,716)	\$ 3,711,372	\$ 4,660,363

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	2023	2022
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	\$ 1,214,386	\$ 2,929,933
Items not involving cash		
Amortization of tangible capital assets	3,520,827	3,358,945
Employee future benefits	24,743	15,358
Landfill site closure and post-closure care	-	37,193
(Gain)/loss on disposal of tangible capital assets	(65,729)	(175,994)
Tangible capital assets assumed	-	(932,039)
	<u>4,694,227</u>	<u>5,233,396</u>
Change in balances		
Taxes receivable	(406,733)	(60,359)
Accounts receivable	1,386,212	(504,613)
Loan receivable	(72,307)	21,792
Accounts payable	(234,933)	427,136
Deferred revenue	(274,869)	(1,154,493)
Prepaid expenses and inventory of supplies	(95,913)	(3,545)
	<u>4,995,684</u>	<u>3,959,314</u>
Capital activities		
Acquisition of tangible capital assets	(5,716,062)	(7,862,406)
Proceeds on disposal of tangible capital assets	193,500	478,475
	<u>(5,522,562)</u>	<u>(7,383,931)</u>
Investing activities		
Purchase of investments	(6,299)	(4,824)
Financing activities		
Additions to long-term liabilities	50,000	159,290
Repayment of long-term debt	(155,347)	(304,901)
	<u>(105,347)</u>	<u>(145,611)</u>
Net change in cash and cash equivalents	(638,524)	(3,575,052)
Cash and cash equivalents, beginning of year	<u>6,126,022</u>	<u>9,701,074</u>
Cash and cash equivalents, end of year	<u>\$ 5,487,498</u>	<u>\$ 6,126,022</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, 2023

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	58%
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, 2023

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.

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, 2023

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, 2023

Asset Retirement Obligation	<p>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 of 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 recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. Management intends to complete an assessment of the retirement obligations.</p>
Financial Instruments	<p>Cash is measured at fair value. All other financial assets and financial liabilities are measured at amortized cost.</p> <p>All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.</p> <p>Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.</p>
Trust Funds	<p>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.</p>

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

December 31, 2023

1. Change in Accounting Policy

Effective January 1, 2023, the municipality adopted new Public Sector Accounting Handbook Standard 3450: Financial Instruments. The standard requires that the organization evaluate their financial assets and financial liabilities for recognition, measurement, derecognition and presentation and disclosure purposes. This change in accounting policy has been applied prospectively. This change in accounting policy had no quantitative impact on the financial statements at the date of change.

2. Cash

	2023	2022
Unrestricted	\$ 3,975,444	\$ 4,581,874
Restricted	1,512,054	1,544,148
	\$ 5,487,498	\$ 6,126,022

At December 31, 2023, the municipality had an undrawn line of credit of \$2,500,000 that bears interest at the bank's prime rate minus 0.5%.

3. Portfolio Investments

	2023	2022
GICs	\$ 61,027	\$ 60,997
Mutual Funds	301,182	294,913
	\$ 362,209	\$ 355,910
Market value	\$ 335,472	\$ 323,308

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

December 31, 2023

4. Loans Receivable

	2023	2022
Mortgage receivable, 2485400 Ontario Inc., 4.79% \$2,421 payable monthly principal and interest secured by building and property	\$ 367,690	\$ 341,590
Tile drainage loans receivable	46,207	-
	\$ 413,897	\$ 341,590

5. Deferred Revenue

	Opening	Contributions Received (Refunded)	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	\$ 578,519	\$ 207,125	\$ 65,191	\$ (280,000)	\$ 570,835
Recreational land	57,603	12,500	3,282	-	73,385
Subdivider contributions	375,468	(110,579)	15,481	(86,175)	194,195
	1,011,590	109,046	83,954	(366,175)	838,415
Other					
Deposits	63,125	14,000	-	(6,000)	71,125
Encroachment permit	1,000	-	-	-	1,000
Gas tax grant	879,860	414,272	81,094	(982,759)	392,467
Provincial grants	275,853	981,295	14,295	(617,891)	653,552
	\$ 2,231,428	\$ 1,518,613	\$ 179,343	\$(1,972,825)	\$1,956,559

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

December 31, 2023

6. Long-Term Liabilities

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

	2023	2022
Tile drainage loan payable, 5.92%, payable \$6,793 annually principal and interest, due May 2032	\$ 46,207	\$ -
Loan payable (Durham Wastewater), 4.85%, payable \$902 monthly principal and interest, the loan was repaid during the year	-	24,729
Loan payable (Police Station), 1.73%, payable \$5,916 monthly principal and interest, due December 2025	1,040,884	1,093,419
Loan payable (Municipality of Grey Highlands), 0%, principal only, the loan was repaid during the year	-	74,290
	<u>\$ 1,087,091</u>	<u>\$ 1,192,438</u>

Principal payments in the next 5 fiscal years and thereafter are as follows:

2024	\$ 57,470
2025	991,697
2026	4,518
2027	4,789
2028	5,076
Thereafter	23,541
	<u>\$ 1,087,091</u>

The Corporation of the Municipality of West Grey

Notes to Financial Statements

December 31, 2023

7. 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 (2022 - \$425,721) 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 \$1,000,402 leaving an amount to be recognized of \$574,681.

The estimated remaining capacity of the three sites is approximately 158,721 (2022 - 158,721) cubic meters. The sites have remaining life of 16 years. Post-closure care is estimated to continue for a period of 20 years.

8. 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 97 (2022 - 71) 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 2023 was \$641,398 (2022 - \$586,888). The contribution rate for 2023 was 9.0% to 15.8% depending on age and income level (2022 - 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, 2023. At that time, the plan reported an actuarial deficit of \$4.20 billion (2022 - \$6.68 billion actuarial deficit), based on actuarial liabilities of \$134.57 billion (2022 - \$128.79 billion) and actuarial assets of \$130.37 billion (2022 - \$122.11 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, 2023

8. 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. The accrued benefit obligation at December 31, 2023 was \$432,808 (2022 - \$408,065).

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, 2023.

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 4.60% 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 \$21,976, interest on the obligation of \$12,858 and amortization of gains (losses) of \$(9,998).

	2023	2022
Other benefits	\$ 432,808	\$ 408,065

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

December 31, 2023

9. Tangible Capital Assets

For the year ended December 31, 2023

	Land and Land Improvements	Buildings	Equipment	Vehicles	Infrastructure	Construction in progress	2023 Total
Cost, beginning of year	\$ 8,670,829	\$ 13,150,975	\$ 12,981,252	\$ 9,301,271	\$ 105,756,879	\$ 2,741,534	\$ 152,602,740
Additions	491,368	151,388	581,158	946,084	1,504,856	2,041,208	5,716,062
Disposals	(6)	(2,530)	(84,532)	(284,651)	(351,978)	-	(723,697)
Transfers from Construction in progress	-	-	48,854	70,267	2,035,176	(2,154,297)	-
Cost, end of year	9,162,191	13,299,833	13,526,732	10,032,971	108,944,933	2,628,445	157,595,105
Accumulated amortization, beginning of year	1,395,900	7,697,263	6,463,222	5,356,477	49,164,211	-	70,077,073
Amortization	94,600	254,841	576,982	534,567	2,059,837	-	3,520,827
Disposals	-	(2,183)	(68,371)	(216,493)	(308,879)	-	(595,926)
Accumulated amortization, end of year	1,490,500	7,949,921	6,971,833	5,674,551	50,915,169	-	73,001,974
Net carrying amount, end of year	\$ 7,671,691	\$ 5,349,912	\$ 6,554,899	\$ 4,358,420	\$ 58,029,764	\$ 2,628,445	\$ 84,593,131

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

December 31, 2023

9. Tangible Capital Assets (continued)

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, 2023

9. Tangible Capital Assets (continued)

Expenses reported on the consolidated statement of operations include the gain/(loss) on disposal of assets during the year of \$67,704 (2022 - \$175,994) and write down of assets during the year of \$nil (2022 - \$nil).

The carrying value of tangible capital assets not being amortized because they are under construction, development, or have been removed from service is \$2,628,445 (2022 - \$2,741,534).

Contributed tangible capital assets of \$Nil (2022 - (\$877,039)) were recognized in the financial statements during the year.

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

December 31, 2023

10. Accumulated Surplus

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

	2023	2022
General surplus (deficit)	\$ (418,038)	\$ (385,114)
Capital amounts to be spent (financed)	(1,928,998)	(1,686,518)
Amounts invested in tangible capital assets	84,593,132	82,525,667
Reserves and reserve funds set aside for specific purpose by council (Note 11)	8,377,339	9,081,825
Amounts to be recovered (Note 12)	(1,899,413)	(2,026,224)
	\$88,724,022	\$ 87,509,636

The general surplus is comprised of the following:

General area taxation	\$ (313,782)	\$ (280,726)
Waterworks system	(159,164)	(159,164)
Wastewater system	(30,157)	(15,184)
Cemeteries	69,700	71,948
Business Improvement Area	38,394	34,501
Elmwood Community Centre	3,777	3,777
Saugeen Municipal Airport	(26,806)	(40,266)
	\$ (418,038)	\$ (385,114)

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

Acquisition of capital assets to be financed through:		
Taxation or user charges	\$ (304,266)	\$ (654,806)
Issue of long term debt	(1,624,732)	(1,031,712)
	\$ (1,928,998)	\$ (1,686,518)

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

December 31, 2023

11. Reserves and Reserve Funds

	2023	2022
Reserves set aside for specific purpose by Council:		
Working funds	\$ 2,021,625	\$ 2,033,867
Contingencies	135,044	135,044
Recreation facilities	564,738	548,736
Protection services	1,354,808	1,536,870
Roadways	653,692	603,975
Water/wastewater services	63,702	93,702
Waste disposal	268,880	341,939
Library	23,805	29,053
General government	2,538,823	2,867,665
Planning and development	408,831	424,560
Other	137,000	147,969
	<u>8,170,948</u>	<u>8,763,380</u>
Reserve funds set aside for specific purpose by Council:		
Roadways	14,803	14,803
Parks	83,363	79,117
Protection services	100,568	215,865
Elmwood Hydro proceeds	1,010	959
St. George's Cemetery	6,647	7,701
	<u>206,391</u>	<u>318,445</u>
Reserves and reserve funds, end of the year	<u>\$ 8,377,339</u>	<u>\$ 9,081,825</u>

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

December 31, 2023

12. Amounts to be recovered

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

	2023	2022
Long-term debt	\$ 1,040,884	\$ 1,192,438
Employee future benefits liability	432,808	408,065
Landfill closure and post-closure care liability	425,721	425,721
	<u>\$ 1,899,413</u>	<u>\$ 2,026,224</u>

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

	2023	2022
New debt issued	\$ -	\$ 74,290
Principal payments on long-term debt	(151,554)	(219,901)
Increase (decrease) in employee future benefits liability	24,743	15,358
Change in Solid Waste Closure and Post Closure Liability	-	37,193
	<u>\$ (126,811)</u>	<u>\$ (93,060)</u>

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

December 31, 2023

13. Government Transfers

	2023 Budget	2023 Actual	2022 Actual
Operating			
Province of Ontario Municipal Partnership Fund (OMPF)	\$ 1,485,100	\$ 1,485,100	\$ 1,530,800
Province of Ontario conditional grants			
General government	-	-	46,301
Protection services	71,209	96,618	75,661
Transit	-	137,200	64,902
Other	177,490	170,982	174,435
	<u>1,733,799</u>	<u>1,889,900</u>	<u>1,892,099</u>
Government of Canada conditional grants	-	2,170	12,837
Other Municipalities conditional grants			
Protection services	41,183	44,473	41,602
Other	71,873	67,800	67,299
	<u>113,056</u>	<u>112,273</u>	<u>108,901</u>
Total operating transfers	<u>1,846,855</u>	<u>2,004,343</u>	<u>2,013,837</u>
Capital			
Province of Ontario conditional grants			
Protection services	-	11,286	53,882
Roadways	520,000	480,000	1,191,982
Water and wastewater	175,000	137,891	217,446
Recreation and cultural services	-	53,219	-
Other	100,000	-	100,000
	<u>795,000</u>	<u>682,396</u>	<u>1,563,310</u>
Government of Canada conditional grants			
Roadways	1,000,000	882,756	1,158,721
Other	350,000	100,000	-
	<u>1,350,000</u>	<u>982,756</u>	<u>1,158,721</u>
Other Municipalities conditional grants	20,776	20,776	163,563
Total capital transfers	<u>2,165,776</u>	<u>1,685,928</u>	<u>2,885,594</u>
Total government transfers	<u>\$ 4,012,631</u>	<u>\$ 3,690,271</u>	<u>\$ 4,899,431</u>

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

December 31, 2023

14. Other Income

	2023		2022
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 288,500	\$ 303,002	\$ 264,130
Donations and prepaid special charges	134,500	344,450	2,313,999
Rents	32,605	42,266	35,778
Other	47,900	28,820	30,919
	<u>\$ 503,505</u>	<u>\$ 718,538</u>	<u>\$ 2,644,827</u>

15. 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, 2023

15. 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.
OMPE 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, 2023

15. Segmented Information (continued)

For the year ended December 31, 2023	General Government	Protection Services	Transportation Services	Wastewater and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2023 Total
Revenue									
Taxation	\$ 1,068,123	\$ 5,607,648	\$ 4,673,040	\$ -	\$ 400,546	\$ -	\$ 1,468,670	\$ 133,515	\$ 13,351,542
Fees and user charges	19,246	580,274	665,100	1,783,286	553,942	61,635	515,344	137,965	4,316,792
Specific grants	-	293,153	1,541,277	137,891	134,125	-	92,246	6,479	2,205,171
OMPF grant	118,808	623,742	519,785	-	44,553	-	163,361	14,851	1,485,100
Other revenue	619,434	40,894	251,413	35	-	18,697	84,074	1,515	1,016,062
	<u>1,825,611</u>	<u>7,145,711</u>	<u>7,650,615</u>	<u>1,921,212</u>	<u>1,133,166</u>	<u>80,332</u>	<u>2,323,695</u>	<u>294,325</u>	<u>22,374,667</u>
Expenses									
Salaries and benefits	1,206,199	4,712,608	1,909,349	65,690	168,634	4,931	1,124,384	97,088	9,288,883
Interest on debt	18,458	-	-	2,331	-	-	-	3,000	23,789
Materials and supplies	505,774	923,343	2,972,753	534,712	278,396	32,219	785,031	158,731	6,190,959
Contracted services	13,094	295,625	39,662	587,092	621,866	35,456	58,310	28,054	1,679,159
Other transfers	29,177	396,168	41,830	-	-	-	42,933	-	510,108
Rents and financial expenses	11,002	256	-	-	-	8,220	185	-	19,663
Amortization and Loss on Disposal	13,439	387,450	2,291,763	472,403	19,923	854	261,888	-	3,447,720
	<u>1,797,143</u>	<u>6,715,450</u>	<u>7,255,357</u>	<u>1,662,228</u>	<u>1,088,819</u>	<u>81,680</u>	<u>2,272,731</u>	<u>286,873</u>	<u>21,160,281</u>
Annual surplus (deficit)	\$ 28,468	\$ 430,261	\$ 395,258	\$ 258,984	\$ 44,347	\$ (1,348)	\$ 50,964	\$ 7,452	\$ 1,214,386

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

December 31, 2023

15. 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	100,650	-	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)	<u>\$ 253,818</u>	<u>\$ 1,459,315</u>	<u>\$ 522,360</u>	<u>\$ 284,325</u>	<u>\$ 31,135</u>	<u>\$ (19,950)</u>	<u>\$ 400,532</u>	<u>\$ (1,602)</u>	<u>\$ 2,929,933</u>

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

December 31, 2023

16. 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 58%	S.M.A.R.T. 14%	Elmwood Community Centre 50%
Financial Assets				
Cash and temporary investments	\$ -	\$ 147,032	\$ 45,085	\$ 6,677
Accounts receivable	32,177	-	256,757	8,626
Other financial assets	26,114	38,209	-	8,231
	<u>58,291</u>	<u>185,241</u>	<u>301,842</u>	<u>23,534</u>
Liabilities				
Accounts payable	39,985	9,358	152,300	2,719
Other liabilities	118,553	-	237,765	38,383
	<u>158,538</u>	<u>9,358</u>	<u>390,065</u>	<u>41,102</u>
Net financial assets	(100,247)	175,883	(88,223)	(17,568)
Non-financial assets	755,770	936,187	706,096	-
Accumulated Surplus	<u>\$ 655,523</u>	<u>\$ 1,112,070</u>	<u>\$ 617,873</u>	<u>\$ (17,568)</u>
Accumulated Surplus				
General surplus	\$ (100,247)	\$ -	\$ -	\$ (17,568)
Invested in tangible capital assets	755,770	935,847	617,873	-
Reserves and reserve funds	-	176,223	-	-
	<u>\$ 655,523</u>	<u>\$ 1,112,070</u>	<u>\$ 617,873</u>	<u>\$ (17,568)</u>

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

December 31, 2023

17. 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:

	2023 Budget	2023 Actual	2022 Actual
Annual surplus (deficit)	\$ 1,431,993	\$ 1,214,386	\$ 2,929,933
Acquisition of tangible capital assets	(14,294,722)	(5,716,062)	(8,794,445)
Proceeds on disposal of tangible capital assets	20,000	193,500	478,475
Amortization	3,078,650	3,520,827	3,358,945
(Gain)/loss on disposal of tangible capital assets	-	(65,729)	(175,994)
Proceeds from issue of long-term debt	8,148,618	-	74,290
Debt principal repayments	(220,454)	(151,556)	(219,898)
	(1,835,915)	(1,004,634)	(2,348,694)
Transfers from (to) reserves for operations	269,100	28,942	493,183
Transfers from (to) reserves for capital	1,501,758	684,209	735,251
Change in unfunded liabilities	-	24,743	52,551
Reserve funds annual surplus	-	(8,665)	(3,974)
Capital projects not funded (expended)	-	242,481	713,426
	(65,057)	(32,924)	(358,257)
General surplus, beginning of year	-	(385,114)	(26,857)
	\$ (65,057)	\$ (418,038)	\$ (385,114)

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

December 31, 2023

18. 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:

	2023	2022
School boards	\$ 3,377,499	\$ 3,309,116
County of Grey	6,753,163	6,497,716
	\$10,130,662	\$ 9,806,832

19. Trust Funds

The trust funds administered by the municipality amounting to \$529,828 (2022 - \$416,281) 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, 2023, the trust fund balances are as follows:

	2023	2022
Cemetery Pre-need Assurance Fund	\$ 4,925	\$ 4,674
Cemetery Care and Maintenance Funds	524,195	410,899
Ontario Home Renewal Program	708	708
	\$ 529,828	\$ 416,281

20. Contractual Commitments

The municipality pledged support to the Markdale Hospital in the amount of \$218,500 in 2021. The remaining \$110,800 will be paid in equal installments over the next 8 years.

The municipality has outstanding contractual commitments for tangible capital assets at December 31, 2023 in the amount of \$1,830,850.

The Corporation of the Municipality of West Grey

Notes to Financial Statements

December 31, 2023

21. 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.

22. Financial Instruments

Financial Instrument Risk Management

The municipality is exposed to credit risk, liquidity risk and interest rate risk from its financial instruments. This note describes the municipality's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

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 municipality's maximum exposure to credit risk at the financial statement date is the carrying value of its cash. There is a possibility of non-collection of trade and other receivables. The majority of the municipality's receivables are from ratepayers and government entities. For receivables, the municipality measures impairment of each receivable based on how long the amounts have been outstanding. The amounts outstanding at year end, which is the municipality's maximum exposure to credit risk related to receivables, were as follows:

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

December 31, 2023

22. Financial Instruments (continued)

	0 - 30 days	31 - 90 days	91 - 365 days	1 to 2 years	3 to 10 years
Cash	\$ 5,487,498	\$ -	\$ -	\$ -	\$ -
Temporary Investments	362,209	-	-	-	-
Taxes receivable	330,533	358,103	89,526	793,679	394,764
Grants receivable	69,939	-	-	-	-
Trade receivables	1,329,230	21,547	5,007	99,252	1,350
Loans receivable	-	-	-	46,207	367,690
Total	\$ 7,579,409	\$ 379,650	\$ 94,533	\$ 939,138	\$ 763,804

Liquidity Risk

Liquidity risk is the risk that the municipality encounters difficulty in meeting its obligations as they fall due. The municipality has a planning and budgeting process in place to help determine the funds required to support the municipality's normal operating requirements on an ongoing basis. The municipality is exposed to liquidity risk through its accounts payable and accrued liabilities, and long-term liabilities. The municipality ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flow from operations and its holdings of cash and cash equivalents. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Within 6 months	6 months to 1 year	1 - 5 years	Over 5 years
Accounts payable and accrued liabilities	\$ 2,053,383	\$ 89,600	\$ -	\$ -
Long-term debt	22,159	35,312	1,006,080	23,540
Total financial liabilities	\$ 2,075,542	\$ 124,912	\$ 1,006,080	\$ 23,540

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

December 31, 2023

22. Financial Instruments (continued)

Market Risk

Market risk is the risk that the fair value or 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 does not have significant exposure to these risks.

There have not been any changes from the prior year in the municipality's exposure to interest rate risk or the policies, procedures and methods it uses to manage and measure the risk.

DRAFT - SUBJECT TO CHANGE

To the Members of Municipality of West Grey Trust Funds:

We have audited the financial information of Municipality of West Grey Trust Funds (the "the Trust Funds"), which comprise the balance sheet as at December 31, 2023, and the statement of continuity, and cash flows 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 the Trust Funds as at December 31, 2023, 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 Consolidated Financial Statements section of our report. We are independent of Entity 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 qualified opinion.

Other Matter

The financial information for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on October 3, 2023.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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 statements that are free from material misstatement, whether due to fraud or error.

In preparing this financial information, management is responsible for assessing the the Trust Funds'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 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 the Trust Funds'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 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 these 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 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 the Trust Funds'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 the Trust Funds'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 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 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 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 the Trust Funds to express an opinion on the consolidated financial information. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the the Trust Funds as a basis for forming an opinion on the financial information. 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.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Hanover, Ontario

February 4, 2025

Chartered Professional Accountants

Licensed Public Accountants

Draft - For Discussion Purposes Only

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

December 31, 2023

Assets	Cemetery Pre-Need Assurance Fund	Cemetery Care and Maintenance Fund	Ontario Home Renewal Program	Total
Cash	\$ 4,925	\$ 254,336	\$ -	\$ 259,261
Investment and accrued interest	-	309,996	-	309,996
Loans receivable	-	-	708	708
	<u>\$ 4,925</u>	<u>\$ 564,332</u>	<u>\$ 708</u>	<u>\$ 569,965</u>
Liabilities and Fund Balances				
Due to general account	\$ -	\$ 40,137	\$ -	\$ 40,137
Fund balance	4,925	524,195	708	529,828
	<u>\$ 4,925</u>	<u>\$ 564,332</u>	<u>\$ 708</u>	<u>\$ 569,965</u>

Statement of Continuity

For the year ended December 31, 2023

	Cemetery Pre-Need Assurance Fund	Cemetery Care and Maintenance Fund	Ontario Home Renewal Program	Total
Balance, beginning of the year	\$ 4,674	\$ 410,899	\$ 708	\$ 416,281
Receipts				
Bank interest	251	18,506	-	18,757
Care and maintenance	-	113,211	-	113,211
	<u>251</u>	<u>131,717</u>	<u>-</u>	<u>131,968</u>
Expenses				
Transfer to municipality	-	18,421	-	18,421
	<u>-</u>	<u>18,421</u>	<u>-</u>	<u>18,421</u>
Balance, end of the year	<u>\$ 4,925</u>	<u>\$ 524,195</u>	<u>\$ 708</u>	<u>\$ 529,828</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, 2023

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.
Portfolio Investments	Portfolio 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.
Financial Instruments	Cash is measured at fair value. all other financial instruments are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the balance sheet. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of continuity. Transaction costs are added to the carrying value for financial instruments using cost or amortized cost.

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

December 31, 2023

2. Change in Accounting Policy

Effective January 1, 2023 the organization adopted a new Public Sector Accounting Handbook Standard 3450: Financial Instruments. The standard requires that the organization evaluate their financial assets and financial liabilities for recognition, measurement, derecognition and presentation and disclosure purposes. This change in accounting policy has been applied prospectively. The change in accounting policy had no quantitative impact on the financial statements at the date of change.

3. Portfolio Investments

Portfolio investments consist of mutual funds. No portfolio investments are callable at the option of the issuer in 2023. The investments have a market value of \$277,814 at the end of the year.

DRAFT - SUBJECT TO CHANGE

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

December 31, 2023

4. 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, 2023 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.

5. Financial Instruments

The Trust is exposed to risks that arise from its use of financial instruments. The Trust's financial instruments consist of cash, investments, interest receivable, due from the Municipality and due to the Municipality. It is management's opinion that the Trust is not exposed to significant currency risk arising from these financial instruments. The Trust is exposed to interest rate risk arising from its bank accounts and investments. The investments consist of pooled investments with One Investment Funds. The Trust is exposed to credit risk relating to its cash and investments. The cash and investments are held in Canadian Chartered banks. Amounts due to the Municipality are due within 30 days and is a liquidity risk to the Trust.

To the Members of the West Grey Public Library Board:

We have audited the financial statements of the West Grey Public Library Board (the "Entity"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and the results of its operations, its remeasurement gains and losses, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Qualified Opinion

Effective January 1, 2023, the Entity was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of January 1, 2023. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. Management has not completed its assessment of the tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended December 31, 2023 and 2022, tangible capital assets and the asset retirement obligation as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 years.

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 Entity 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 qualified opinion.

Other Matter

The financial statement for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on October 3, 2023.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Entity as a basis for forming an opinion on the 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.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Hanover, Ontario

February 4, 2025

Chartered Professional Accountants

Licensed Public Accountants

Draft - For Management Only

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

December 31	2023	2022
Financial assets		
Cash	\$ 41,828	\$ 27,960
Accounts receivable	3,704	6,596
Due from Municipality of West Grey	-	1,642
	45,532	36,198
Commitments (Note 6)		
Liabilities		
Accounts payable and accrued liabilities	9,163	7,144
Due to Municipality of West Grey	12,565	-
	23,804	29,054
Net financial assets		
	23,804	29,054
Non-Financial Assets		
Tangible capital assets (Note 2)	196,937	203,274
	196,937	203,274
Accumulated surplus (Note 4)	\$ 220,741	\$ 232,328

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	2023	2023	2022
	Budget	Actual	Actual
Revenue			
Province of Ontario grants	\$ 24,990	\$ 24,594	\$ 25,403
Municipal grants	512,490	517,490	445,045
Investment income	-	645	488
Miscellaneous	2,500	11,481	15,035
Federal grant	-	-	2,025
	<u>539,980</u>	<u>554,210</u>	<u>487,996</u>
Expenses			
Amortization of tangible capital assets		27,267	27,988
Materials and periodical purchases	3,000	2,263	2,527
Supplies and office	114,346	130,575	123,105
Wages and benefits	402,634	405,692	356,730
	<u>519,980</u>	<u>565,797</u>	<u>510,350</u>
Annual surplus (deficit)	<u>20,000</u>	<u>(11,587)</u>	<u>(22,354)</u>
Accumulated surplus, beginning of year	<u>232,328</u>	<u>232,328</u>	<u>254,682</u>
Accumulated surplus, end of year	<u>\$ 252,328</u>	<u>\$ 220,741</u>	<u>\$ 232,328</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	2023 Budget	2023 Actual	2022 Actual
Annual surplus (deficit)	\$ 20,000	\$ (11,587)	\$ (22,354)
Acquisition of tangible capital assets	(25,000)	(20,930)	(33,514)
Amortization	-	27,267	27,988
	(25,000)	6,337	(5,526)
Change in net financial assets	(5,000)	(5,250)	(27,880)
Net financial assets, beginning of year	29,054	29,054	56,934
Net financial assets, end of year	\$ 24,054	\$ 23,804	\$ 29,054

DRAFT - SUBJECT TO CHANGE

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	2023	2022
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	\$ (11,587)	\$ (22,354)
Items not involving cash		
Amortization	27,267	27,988
Decrease (increase) in accounts receivable	2,892	(1,935)
Decrease in Due from Municipality	14,207	31,393
Increase in accounts payable	2,019	350
	<u>34,798</u>	<u>35,442</u>
Capital activities		
Acquisition of tangible capital assets	<u>(20,930)</u>	<u>(33,514)</u>
Net change in cash	13,868	1,928
Cash, beginning of year	<u>27,960</u>	<u>26,032</u>
Cash, end of year	<u>\$ 41,828</u>	<u>\$ 27,960</u>

DRAFT - SUBJECT TO CHANGE

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, 2023

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.
Asset Retirement Obligation	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 recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. Management intends to complete an assessment of the asset retirement obligations.
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.
Financial Instruments	<p>Cash is measured at fair value. Accounts receivable and accounts payable are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.</p> <p>All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.</p> <p>Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expense for financial instruments measured at fair value.</p>

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

December 31, 2023

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.
Tangible Capital Assets	<p>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:</p> <ul style="list-style-type: none">Books - 15 yearsFurniture, 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.

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

December 31, 2023

1. Change in Accounting Policy

On January 1, 2023 the Entity adopted new Public Sector Accounting Handbook Standard 3450: Financial Instruments. The standard requires that the organization evaluate their financial assets and financial liabilities for recognition, measurement, derecognition and presentation and disclosure purposes. This change in accounting policy has been applied prospectively. This change in accounting policy had no quantitative impact on the financial statements at the date of change.

DRAFT - SUBJECT TO CHANGE

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

December 31, 2023

2. Tangible Capital Assets

	2023		2022	
	Furniture, fixtures, books, and computer	Total	Furniture, fixtures, books, and computer	Total
Cost, beginning of year	\$ 510,662	\$ 510,662	\$ 503,748	\$ 503,748
Additions	20,930	20,930	33,514	33,514
Disposals	(26,119)	(26,119)	(26,600)	(26,600)
Cost, end of year	505,473	505,473	510,662	510,662
Accumulated amortization, beginning of year	307,388	307,388	306,000	306,000
Amortization	27,267	27,267	27,988	27,988
Disposals	(26,119)	(26,119)	(26,600)	(26,600)
Accumulated amortization, end of year	308,536	308,536	307,388	307,388
Net carrying amount, end of year	\$ 196,937	\$ 196,937	\$ 203,274	\$ 203,274

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

December 31, 2023

3. 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 7 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 2023 was \$17,104 (2022 - \$13,119). The contribution rate for 2023 was 9.0% to 15.8% depending on age and income level (2022 - 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, 2023. At that time the plan reported an actuarial deficit of \$4.2 billion (2022 - deficit of \$6.7 billion), based on actuarial liabilities of \$134.6 billion (2022 - \$128.8 billion) and actuarial assets of \$130.4 billion (2022 - \$122.1 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.

4. Accumulated Surplus

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

	2023	2022
Amount invested in tangible capital assets	\$ 196,937	\$ 203,274
Reserves	23,804	29,054
	\$ 220,741	\$ 232,328

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

December 31, 2023

5. 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:

	2023 Budget	2023 Actual	2022 Actual
Annual surplus (deficit)	\$ 20,000	\$ (11,587)	\$ (22,354)
Capital acquisitions, disposals and write-down	(25,000)	(20,930)	(33,514)
Amortization	-	27,267	27,988
Transfers from reserves for operations	5,000	5,250	27,880
General surplus (deficit), end of year	\$ -	\$ -	\$ -

6. 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.

The Board further extended their agreement with the Municipality of Grey Highlands dated June 26, 2024 which begins January 1, 2025 and expires December 31, 2027. The agreement allows West Grey residents to use the Grey Highlands Library services at no cost. In exchange the board will pay Grey Highlands Library \$17,120 per year, increasing by 2% per year.

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

December 31, 2023

7. Financial Instruments

Financial Instrument Risk Management

The Entity is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the Entity's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

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 Entity is exposed to credit risk through its cash and accounts receivable. There is a possibility of non-collection of receivables. For receivables, the Entity measures impairment of each receivable based on how long the amounts have been outstanding. The Entity's maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable.

There have no been any changes from the prior year in the Entity's exposure to credit risk or the policies, procedures and methods it uses to manage and measure the risk.

Liquidity Risk

Liquidity risk is the risk that the Entity encounters difficulty in meeting its obligations as they fall due. The Entity has a planning and budgeting process in place to help determine the funds required to support the Entity's normal operating requirements on an ongoing basis. The Entity is exposed to liquidity risk through its accounts payable and accrued liabilities. The Entity ensure that there are sufficient funds to meet its short-term liabilities, taking into account its anticipated cash flows from operations and its holdings of cash. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Within 6 months	6 months to 1 year	1 - 5 years	Over 5 years
Accounts payable and accrued liabilities	\$ 9,163	\$ -	\$ -	-

Market Risk

Market risk is the risk that the fair value or 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 Entity does not have significant exposure to these risks.

There have not been any changes from the prior year in the Entity's exposure to interest rate risk or the policies, procedures and methods it uses to manage and measure the risk.