

**TOWN OF GRIMSHAW**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

## TABLE OF CONTENTS

	<u>Page</u>
Statement of Management's Responsibility	1
Independent Auditors' Report	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations and Accumulated Surplus	4
Consolidated Statement of Changes in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Schedule 1 - Consolidated Schedule of Changes in Accumulated Surplus	7
Schedule 2 - Consolidated Schedule of Tangible Capital Assets	8
Schedule 3 - Consolidated Schedule of Property Taxes Levied	9
Schedule 4 - Consolidated Schedule of Government Transfers	10
Schedule 5 - Consolidated Schedule of Expenses by Object	11
Schedule 6 - Consolidated Schedule of Segmented Disclosure	12
Notes to the Consolidated Financial Statements	13 - 21



TOWN OF  
**GRIMSHAW**

Box 377 • 4612 50th Street • Grimshaw, AB • T0H 1W0  
Telephone: (780) 332-4626  
Fax: (780) 332-1250  
Website: www.grimshaw.ca

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## Management's Responsibility

To the Members of Council:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Town Council is composed entirely of Councilors who are neither management nor employees of the Town. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and external auditors. The Council is also responsible for the appointment of the Town's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Town Council and management to discuss their audit findings.

April 10, 2024

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Chief Administrative Officer

To the Council of Town Of Grimshaw:

## Report on the Audit of the Consolidated Financial Statements

### Qualified Opinion

We have audited the consolidated financial statements of Town Of Grimshaw (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations and accumulated surplus, 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 matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2023, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Qualified Opinion

Canadian public sector accounting standards ("PSAS") Section PS 3280 Asset Retirement Obligations ("ARO") which was adopted by the Municipality as of January 1, 2023 requires the recognition of an ARO liability when there is a legal obligation to a tangible capital asset. The Municipality has not identified ARO liabilities as of December 31, 2023 and we were unable to satisfy ourselves concerning those liabilities by alternative means. Consequently, we were not able to determine whether any adjustments would be necessary to liabilities, net financial assets, tangible capital assets, accumulated surplus, expenses, excess (deficit) of revenue over expenses, change in net financial assets for the years-ended December 31, 2023 and 2022, and accumulated surplus as of January 1, 2022 and December 31, 2023 and 2022.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are those standards are further described in the Auditor's Responsibilities for the Audit of the Financial 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.

### 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.

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.

## Report on Other Legal and Regulatory Requirements

### Debt Limit Regulation

In accordance with Alberta regulation 255/2000, we confirm that the Municipality is in compliance with the Debt Limit Regulation. A detailed account of the Municipality's debt limit can be found in note 7.

### Supplementary Accounting Principles and Standards Regulation

In accordance with Alberta regulation 313/2000, we confirm that the Municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation.

Peace River, Alberta

April 10, 2024

*MNP LLP*

Chartered Professional Accountants

**TOWN OF GRIMSHAW  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>2023</b>	2022
	<b>\$</b>	<b>\$</b>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	<u>6,241,122</u>	<u>6,047,605</u>
Receivables		
Taxes and grants in lieu of taxes (Note 3)	121,779	209,081
Trade and other receivables	1,045,824	1,168,794
Land held for resale	145,783	97,464
Other financial assets	<u>2,599</u>	<u>4,232</u>
	<u><b>7,557,107</b></u>	<u><b>7,527,176</b></u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 4)	480,527	488,565
Deposit liabilities	-	-
Deferred revenue (Note 5)	86,462	594,926
Long term debt (Note 6)	<u>596,959</u>	<u>643,696</u>
	<u><b>1,163,948</b></u>	<u><b>1,727,187</b></u>
<b>NET FINANCIAL ASSETS</b>	<u><b>6,393,159</b></u>	<u><b>5,799,989</b></u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	26,043,637	25,829,559
Prepaid expenses	<u>162,115</u>	<u>178,468</u>
	<u><b>26,205,752</b></u>	<u><b>26,008,027</b></u>
<b>ACCUMULATED SURPLUS</b> (Note 9)	<u><b>32,598,911</b></u>	<u><b>31,808,016</b></u>

Commitments and contingencies - See Note 13 and 14

**Approved by**

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Chief Administrative Officer

See accompanying notes to the financial statements

**TOWN OF GRIMSHAW  
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budget \$	2023 \$	2022 \$
<b>REVENUE</b>			
Net municipal property taxes (Schedule 3)	2,463,846	<b>2,467,866</b>	2,436,292
User fees and sale of goods	2,430,998	<b>2,431,396</b>	2,208,444
Government transfers for operating (Schedule 4)	401,317	<b>433,959</b>	336,739
Investment income	80,000	<b>352,996</b>	112,436
Penalties and costs on taxes	89,560	<b>88,482</b>	89,563
Gain on disposal of capital assets	-	-	12,888
Other revenues	654,167	<b>672,700</b>	543,512
<b>Total revenues</b>	<b>6,119,888</b>	<b>6,447,399</b>	<b>5,739,874</b>
<b>EXPENSES</b>			
<b>Operating</b>			
Legislative	96,176	<b>95,441</b>	67,224
Administration	1,056,405	<b>1,010,952</b>	965,170
Fire and bylaws enforcement	365,119	<b>473,570</b>	312,055
Roads, streets, walks and lighting	1,048,778	<b>1,672,649</b>	1,604,905
Water and wastewater	358,700	<b>523,807</b>	464,711
Waste management	323,909	<b>322,228</b>	322,681
Subdivision land development	312,993	<b>337,550</b>	302,297
Recreation, parks and culture	1,708,116	<b>2,187,246</b>	1,982,133
<b>Total Expenses</b>	<b>5,270,196</b>	<b>6,623,443</b>	<b>6,021,176</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	849,692	<b>(176,044)</b>	(281,302)
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	-	<b>966,939</b>	483,192
<b>EXCESS OF REVENUE OVER EXPENSES</b>	849,692	<b>790,895</b>	201,890
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	31,808,016	<b>31,808,016</b>	31,606,126
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>32,657,708</b>	<b>32,598,911</b>	<b>31,808,016</b>

See accompanying notes to the financial statements



**TOWN OF GRIMSHAW  
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budget \$	2023 \$	2022 \$
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>849,692</u>	<u>790,895</u>	<u>201,890</u>
Acquisition of tangible capital assets	-	<b>(1,559,474)</b>	(2,128,363)
Proceeds on disposal of tangible capital assets	-	-	22,616
Amortization of tangible capital assets	-	<b>1,345,396</b>	1,250,179
(Gain) on sale of tangible capital assets	-	-	(12,888)
	<u>                    </u>	<u><b>(214,078)</b></u>	<u>(868,456)</u>
Acquisition of prepaid assets	-	<b>(162,115)</b>	(178,468)
Use of prepaid assets	-	<b>178,468</b>	150,808
	<u>                    </u>	<u><b>16,353</b></u>	<u>(27,660)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	849,692	<b>593,170</b>	(694,226)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>5,799,989</u>	<u><b>5,799,989</b></u>	<u>6,494,215</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u><u>6,649,681</u></u>	<u><u><b>6,393,159</b></u></u>	<u><u>5,799,989</u></u>

**TOWN OF GRIMSHAW  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	<b>790,895</b>	201,890
Gain on sale of capital assets	-	(12,888)
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	<b>1,345,396</b>	1,250,179
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	<b>87,302</b>	17,818
Decrease (increase) in trade and other receivables	<b>122,970</b>	234,415
Decrease (increase) in prepaid expenses	<b>16,353</b>	(27,660)
Decrease (increase) in land held for resale	<b>(48,319)</b>	-
Decrease (increase) in other financial assets	<b>1,633</b>	-
Increase (decrease) in accounts payable and accrued liabilities	<b>(8,038)</b>	(31,946)
Increase (decrease) in deposit liabilities	-	(3,803)
Increase (decrease) in deferred revenue	<b>(508,464)</b>	(147,206)
Cash provided by operating transactions	<u><b>1,799,728</b></u>	<u>1,480,799</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	<b>(1,559,474)</b>	(2,128,363)
Sale of tangible capital assets	-	22,616
Cash applied to capital transactions	<u><b>(1,559,474)</b></u>	<u>(2,105,747)</u>
<b>INVESTING</b>		
Decrease (increase) in investments	<u><b>(149,513)</b></u>	<u>290,566</u>
<b>FINANCING</b>		
New debt issued	-	246,940
Long-term debt repaid	<u><b>(46,737)</b></u>	<u>(46,054)</u>
	<u><b>(46,737)</b></u>	<u>200,886</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>44,004</b>	(133,496)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u><b>69,824</b></u>	<u>203,320</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u><b>113,828</b></u></u>	<u><u>69,824</u></u>
See accompanying notes to the financial statements		
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Cash and cash equivalents is made up of:</b>		
Cash and temporary investments (Note 2)	<b>6,241,122</b>	6,047,605
Less: short-term and long-term investments (Note 2)	<u><b>(6,127,294)</b></u>	<u>(5,977,781)</u>
	<u><u><b>113,828</b></u></u>	<u><u>69,824</u></u>

**TOWN OF GRIMSHAW  
CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
SCHEDULE 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023 \$	2022 \$
<b>BALANCE, BEGINNING OF YEAR</b>	3,135,109	3,487,044	25,185,863	<b>31,808,016</b>	31,606,126
Excess of revenues over expenses	790,895	-	-	<b>790,895</b>	201,890
Unrestricted funds designated for future use	(1,313,831)	1,313,831	-	-	-
Restricted funds used for operations	1,007,447	(1,007,447)	-	-	-
Current year funds used for tangible capital assets	(1,559,474)	-	1,559,474	-	-
Disposal of assets (at nbv)	-	-	-	-	-
Annual amortization expense	1,345,396	-	(1,345,396)	-	-
New debt issued	-	-	-	-	-
Long term debt repaid	(46,737)	-	46,737	-	-
Change in accumulated surplus	223,696	306,384	260,815	<b>790,895</b>	201,890
<b>BALANCE, END OF YEAR</b>	<b>3,358,805</b>	<b>3,793,428</b>	<b>25,446,678</b>	<b>32,598,911</b>	31,808,016

See accompanying notes to the financial statements

**TOWN OF GRIMSHAW  
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
SCHEDULE 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2023 \$	2022 \$
<b>COST:</b>								
<b>BALANCE, BEGINNING OF YEAR</b>	612,793	406,198	16,999,076	51,867,145	2,385,121	1,440,581	<b>73,710,914</b>	71,649,170
Acquisition of tangible capital assets	-	-	-	1,453,989	44,665	60,820	<b>1,559,474</b>	2,128,363
Disposal of tangible capital assets	-	-	-	-	-	-	-	(66,619)
<b>BALANCE, END OF YEAR</b>	<b>612,793</b>	<b>406,198</b>	<b>16,999,076</b>	<b>53,321,134</b>	<b>2,429,786</b>	<b>1,501,401</b>	<b>75,270,388</b>	<b>73,710,914</b>
<b>ACCUMULATED AMORTIZATION:</b>								
<b>BALANCE, BEGINNING OF YEAR</b>	-	190,251	5,314,735	40,165,728	1,436,738	773,903	<b>47,881,355</b>	46,688,067
Annual amortization	-	14,832	347,803	744,432	146,062	92,267	<b>1,345,396</b>	1,250,179
Accumulated amortization on disposals	-	-	-	-	-	-	-	(56,891)
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>205,083</b>	<b>5,662,538</b>	<b>40,910,160</b>	<b>1,582,800</b>	<b>866,170</b>	<b>49,226,751</b>	<b>47,881,355</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>612,793</b>	<b>201,115</b>	<b>11,336,538</b>	<b>12,410,974</b>	<b>846,986</b>	<b>635,231</b>	<b>26,043,637</b>	<b>25,829,559</b>
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	612,793	215,947	11,684,341	11,701,417	948,383	666,678	<b>25,829,559</b>	

See accompanying notes to the financial statements

**TOWN OF GRIMSHAW  
CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED  
FOR THE YEAR ENDED DECEMBER 31, 2023  
SCHEDULE 3**

	Budget \$	<b>2023 \$</b>	2022 \$
<b>TAXATION</b>			
Real property taxes	3,310,657	<b>3,232,153</b>	3,195,370
Linear property taxes	-	<b>77,269</b>	72,063
Government grants in place of property taxes	-	-	-
Local Improvements	-	-	-
	<u>3,310,657</u>	<u><b>3,309,422</b></u>	<u>3,267,433</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	618,530	<b>614,255</b>	618,530
Separate School Funding	87,411	<b>86,851</b>	87,411
Seniors Foundation	140,870	<b>140,450</b>	125,200
	<u>846,811</u>	<u><b>841,556</b></u>	<u>831,141</u>
<b>NET MUNICIPAL TAXES</b>	<u>2,463,846</u>	<u><b>2,467,866</b></u>	<u>2,436,292</u>

See accompanying notes to the financial statements

**TOWN OF GRIMSHAW  
CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
SCHEDULE 4**

	Budget \$	2023 \$	2022 \$
	<hr/>	<hr/>	<hr/>
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	401,317	<b>433,959</b>	336,739
Federal Government	-	-	-
	<hr/> <b>401,317</b>	<hr/> <b>433,959</b>	<hr/> <b>336,739</b>
<b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	-	<b>966,939</b>	483,192
Federal Government	-	-	-
	<hr/> <b>-</b>	<hr/> <b>966,939</b>	<hr/> <b>483,192</b>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<hr/> <b>401,317</b>	<hr/> <b>1,400,898</b>	<hr/> <b>819,931</b>

See accompanying notes to the financial statements

**TOWN OF GRIMSHAW  
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT  
FOR THE YEAR ENDED DECEMBER 31, 2023  
SCHEDULE 5**

	Budget \$	<b>2023 \$</b>	2022 \$
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	2,199,574	<b>2,201,543</b>	1,961,429
Contracted and general services	2,336,348	<b>2,264,362</b>	2,061,904
Materials, goods, supplies and utilities	560,090	<b>635,080</b>	593,201
Bank charges and short term interest	8,400	<b>9,030</b>	8,407
Interest on capital long-term debt	9,323	<b>9,121</b>	9,809
Amortization of tangible capital assets	-	<b>1,345,396</b>	1,250,179
Other expenses	156,461	<b>158,911</b>	136,247
	<u>5,270,196</u>	<u><b>6,623,443</b></u>	<u>6,021,176</u>

See accompanying notes to the financial statements

**TOWN OF GRIMSHAW  
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
SCHEDULE 6**

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Total \$
<b>REVENUE</b>							
Net municipal taxes	2,467,866	-	-	-	-	-	<b>2,467,866</b>
Government transfers	-	-	1,289,981	30,000	80,917	-	<b>1,400,898</b>
User fees and sales of goods	613,087	25,386	-	51,207	228,361	1,513,354	<b>2,431,395</b>
Gain on sale of capital assets	-	-	-	-	-	-	<b>-</b>
Investment income	352,996	-	-	-	-	-	<b>352,996</b>
Penalties and costs on taxes	68,457	2,180	-	-	-	17,845	<b>88,482</b>
Other revenues	2,625	53,865	4,764	87,657	500,270	23,520	<b>672,701</b>
	<b>3,505,031</b>	<b>81,431</b>	<b>1,294,745</b>	<b>168,864</b>	<b>809,548</b>	<b>1,554,719</b>	<b>7,414,338</b>
<b>EXPENSES</b>							
Contract & general services	363,390	260,030	358,419	300,272	566,161	416,090	<b>2,264,362</b>
Salaries & wages	638,400	101,832	447,225	21,680	756,692	235,714	<b>2,201,543</b>
Goods & supplies	51,005	57,035	175,170	3,186	307,511	41,173	<b>635,080</b>
Bank charges and interest	9,030	-	-	-	-	-	<b>9,030</b>
Long term debt interest	9,121	-	-	-	-	-	<b>9,121</b>
Other expenses	4,287	954	78	12,413	140,873	306	<b>158,911</b>
	<b>1,075,233</b>	<b>419,851</b>	<b>980,892</b>	<b>337,551</b>	<b>1,771,237</b>	<b>693,283</b>	<b>5,278,047</b>
<b>NET REVENUE (EXPENSE) BEFORE AMORTIZATION</b>	<b>2,429,798</b>	<b>(338,420)</b>	<b>313,853</b>	<b>(168,687)</b>	<b>(961,689)</b>	<b>861,436</b>	<b>2,136,291</b>
Amortization expense	(31,156)	(55,989)	(689,489)	-	(416,011)	(152,751)	<b>(1,345,396)</b>
<b>NET REVENUE (EXPENSE)</b>	<b>2,398,642</b>	<b>(394,409)</b>	<b>(375,636)</b>	<b>(168,687)</b>	<b>(1,377,700)</b>	<b>708,685</b>	<b>790,895</b>



**TOWN OF GRIMSHAW  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Town of Grimshaw are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants. Significant aspects of the accounting policies adopted by the Town of Grimshaw are as follows:

**a) Reporting entity**

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

**b) Basis of Accounting**

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

**c) Use of Estimates**

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

**d) Investments**

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

**TOWN OF GRIMSHAW  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**e) Employee Future Benefits**

Certain employees of the Town are members of the Local Authorities Pension Plan (LAPP), a multi-employer defined benefit pension plan. The trustee of the plan is the Alberta Treasurer and the plan is administered by a Board of Trustees. Since the plan is a multi-employer plan, it is accounted for as a defined contribution plan and, accordingly, the Town does not recognize its share of any plan surplus or deficit.

**f) Inventories for Resale**

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

**g) Government Transfers**

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

**h) Requisition Over-levies and Under-Levies**

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

**i) Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

**TOWN OF GRIMSHAW  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**i. Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<b>YEARS</b>
Land Improvements	10-45
Buildings	25-50
Engineered structures	
Water distribution system	30-75
Wastewater treatment system	35-75
Roadway system	5-40
Machinery, equipment and furnishings	5-20
Vehicles	10-25

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

**ii. Contributions of Tangible Capital Assets**

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

**iii. Leases**

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

**iv. Inventories**

Inventories held for consumption are recorded at the lower of cost and replacement cost.

**v. Cultural and Historical Tangible Capital Assets**

Works of art for display are not recorded as tangible capital assets but are disclosed. The Town of Grimshaw owns 2 antique trucks. They were purchased in 2008 for a combined cost of \$28,500. The trucks are not recorded as tangible capital assets in the consolidated financial statements and are not amortized.

**j) Tax Revenue**

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

**TOWN OF GRIMSHAW**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**2. CASH AND INVESTMENTS**

	2023	2022
	\$	\$
Cash	113,828	69,824
GIC's and investment savings account	6,127,294	5,977,781
	<u>6,241,122</u>	<u>6,047,605</u>

GIC's and investment savings account consists of mutual fund investments and GIC investments bearing interest between 4.77 - 4.80% with maturity dates of January 17, 2025.

A portion of the cash balances above are restricted for reserves and deferred revenue. The total restricted capital is \$3,879,890 (\$4,081,970 in 2022).

**3. TAXES AND GRANTS IN LIEU OF TAXES**

	2023	2022
	\$	\$
Current taxes and grants in lieu of taxes	100,210	109,764
Arrears taxes	21,569	99,317
	<u>121,779</u>	<u>209,081</u>
Less: allowance for doubtful accounts	-	-
	<u>121,779</u>	<u>209,081</u>

**4. ACCOUNTS PAYABLE & ACCRUED LIABILITIES**

	2023	2022
	\$	\$
Vacation and overtime	78,324	104,229
Project holdbacks	-	5,000
General payables	394,570	371,907
Government payables (source deductions and GST)	7,633	7,429
	<u>480,527</u>	<u>488,565</u>

**Vacation and overtime**

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

**5. DEFERRED REVENUE**

Deferred revenue consists of the following amounts, which have been restricted by third parties for a specified purpose. These amounts are recognized as revenue in the period in which the related expenses are incurred.

	2022	Additions	Revenue Recognized	2023
	\$	\$	\$	\$
Municipal Sustainability Initiative - Capital	-	292,874	292,874	-
Canada Community Building Fund	590,376	170,151	674,065	86,462
Rent received for 2023	4,550	-	4,550	-
	<u>594,926</u>	<u>463,025</u>	<u>971,489</u>	<u>86,462</u>

**TOWN OF GRIMSHAW  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**6. LONG-TERM DEBT**

	<u>2023</u>	<u>2022</u>
	\$	\$
Self supported debentures	<b>382,945</b>	413,219
Breathing Apparatuses Capital Lease	<b>214,014</b>	230,477
	<b><u>596,959</u></b>	<u>643,696</u>

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$	\$	\$
2024	47,436	8,624	56,060
2025	48,153	7,907	56,060
2026	48,885	7,175	56,060
2027	49,634	6,426	56,060
2028	50,400	5,659	56,059
Thereafter	352,451	16,830	369,281
	<b><u>596,959</u></b>	<b><u>52,621</u></b>	<b><u>649,580</u></b>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at 2.298% per annum, and matures in 2034.

Debenture debt is issued on the credit and security of the town at large.

Capital lease is repayable to Calidon Equipment Leasing and matures in 2037.

**7. DEBT LIMITS**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta be disclosed as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
Total debt limit	<b>9,671,099</b>	8,609,811
Total debt	<b>596,959</b>	643,696
Amount of debt limit unused	<b><u>9,074,140</u></b>	<u>7,966,115</u>
Debt servicing limit	<b>1,611,850</b>	1,434,969
Total debt payments	<b>56,060</b>	56,060
Amount of debt servicing limit unused	<b><u>1,555,790</u></b>	<u>1,378,909</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the consolidated financial statements must be interpreted as a whole.

**TOWN OF GRIMSHAW  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**8. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<b>2023</b>	2022
	<b>\$</b>	\$
Tangible capital assets (Schedule 2)	<u><b>75,270,388</b></u>	73,710,914
Accumulated amortization (Schedule 2)	<u><b>(49,226,751)</b></u>	(47,881,355)
Long-term debt (Note 6)	<u><b>(596,959)</b></u>	(643,696)
	<u><u><b>25,446,678</b></u></u>	<u><u>25,185,863</u></u>

**9. ACCUMULATED SURPLUS**

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<b>2023</b>	2022
	<b>\$</b>	\$
Unrestricted surplus	<u><b>3,358,805</b></u>	3,135,109
Reserves (Note 10)	<u><b>3,793,428</b></u>	3,487,044
Equity in tangible capital assets (Note 8)	<u><b>25,446,678</b></u>	25,185,863
	<u><u><b>32,598,911</b></u></u>	<u><u>31,808,016</u></u>

**TOWN OF GRIMSHAW  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**10. RESERVES**

Reserves consists of operating and capital amounts as follows:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Operating reserves		
General Administration	<b>154,710</b>	401,649
RCMP	<b>24,000</b>	24,000
Fire	<b>28,810</b>	28,810
Sewer	<b>7,000</b>	7,000
FCSS	<b>12</b>	12
Economic Development	<b>88,391</b>	64,481
Community Development	<b>106,000</b>	94,000
Recreation	<b>123,500</b>	3,500
Town of Grimshaw Anniversary	<b>5,000</b>	-
Contingency	<b>1,460</b>	1,460
	<b>538,883</b>	624,912
Capital reserves		
General Administration	<b>162,742</b>	104,569
RCMP	<b>10,000</b>	10,000
Fire	<b>318,966</b>	36,076
Transportation	<b>440,568</b>	265,568
Water	<b>265,156</b>	262,919
Sewer	<b>306,881</b>	282,400
Cemeteries	<b>60,167</b>	75,720
Shared Spaces	<b>40,717</b>	33,217
Recreation	<b>855,528</b>	897,528
Pool	<b>158,238</b>	103,097
Fitness Centre	<b>112,530</b>	107,530
Parks	<b>43,324</b>	82,455
Field House	<b>193,000</b>	168,000
Elks Hall	<b>28,353</b>	174,678
Capital replacement	<b>258,375</b>	258,375
	<b>3,254,545</b>	2,862,132
Total reserves	<b>3,793,428</b>	3,487,044

**TOWN OF GRIMSHAW  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**11. SALARY AND BENEFITS DISCLOSURE**

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	2023			Total	2022
	Salary <sup>1</sup>	Benefits & allowances <sup>2</sup>	Expense reimbursement <sup>3</sup>		Total
	\$				\$
Councillors					
Mayor / Councillor Wald	13,949	622	2,008	<b>16,579</b>	13,691
Councillor Bissell	2,871	106	-	<b>2,977</b>	3,248
Councillor Hennings	5,938	148	-	<b>6,086</b>	5,125
Councillor Jacobs	4,359	143	986	<b>5,488</b>	2,678
Councillor Johnson	9,066	-	1,041	<b>10,107</b>	3,757
Councillor Messner	7,118	233	2,187	<b>9,538</b>	7,084
Councillor Sklapsky	7,883	266	2,311	<b>10,460</b>	6,971
Chief Administrative Officer	177,220	29,807	769	<b>207,796</b>	161,819
	<b>228,404</b>	<b>31,325</b>	<b>9,302</b>	<b>269,031</b>	<b>204,373</b>

1 Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

2 Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, and long and short-term disability plans.

3 Direct reimbursement of expenses.

**12. LOCAL AUTHORITIES PENSION PLAN**

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.23% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.23% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2023 were \$132,156 (2022 - \$121,123). Total current service contributions by the employees of the Town to the LAPP in 2023 were \$117,668 (2022 - \$106,190).

At December 31, 2022, the LAPP disclosed a surplus of \$12.67 billion (2021 - \$11.92 billion surplus).



**TOWN OF GRIMSHAW  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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**13. COMMITMENTS**

The Town has a 5 year contract with KCL Consulting Inc to provide assessment services, annually, until 2025. The cost will change year to year as per the formula in the agreement.

The Town has a 1 year agreement with the Lac Cardinal Economic Development Board, at a cost of \$18,000 annually, until December 31, 2024.

The Town has a 5 year agreement with the Mackenzie Municipal Services Agency, annually, until 2024. The cost will change year to year as per the formula in the agreement.

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**14. CONTINGENCIES**

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

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**15. FINANCIAL INSTRUMENTS**

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

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**16. SEGMENTED DISCLOSURE**

The Town of Grimshaw provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

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**17. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

Council and Management have approved these consolidated financial statements.

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**18. COMPARATIVE FIGURES**

The comparative figures have been reclassified where necessary.