

**Takalo & Burt - Draft for discussion purposes only**

**The Corporation of the Town of Goderich  
Consolidated Financial Statements  
December 31, 2023**

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**The Corporation of the Town of Goderich**  
**December 31, 2023**

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## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of The Corporation of the Town of Goderich (the "Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored by Management.

Council meets with Management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Takalo & Burt, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's financial statements.

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Chief Administrative Officer  
Janice Hallahan

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Treasurer  
Deanna Hastie

## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants  
and Ratepayers of The Corporation of the Town of Goderich

### Opinion

We have audited the financial statements of The Corporation of the Town of Goderich, 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, as well as a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Corporation of the Town of Goderich as at December 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the The Corporation of the Town of Goderich in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter - Change in Accounting Policy

We draw attention to Note 2 to the financial statements which indicates that the entity has changed its accounting policies, as a result of the adoption of new accounting standards. Our opinion is not modified in respect of these matters.

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

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

In preparing the financial statements, management is responsible for assessing the The Corporation of the Town of Goderich'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 Corporation of the Town of Goderich or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the The Corporation of the Town of Goderich's financial reporting process.

### **Auditors' 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 Auditors' 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 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 and opinion on the effectiveness of the The Corporation of the Town of Goderich'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 Corporation of the Town of Goderich's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' 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 Auditors' Report. However, future events or conditions may cause the The Corporation of the Town of Goderich to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance a statement that we have compiled 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.

Goderich, Ontario  
date

LICENCED PUBLIC ACCOUNTANTS  
CHARTERED PROFESSIONAL ACCOUNTANTS

*Takalo & Burt - Draft for discussion purposes only*

**The Corporation of the Town of Goderich**  
**Consolidated Statement of Financial Position**  
As at December 31

	2023	2022
<b>Financial Assets</b>		
Cash and cash equivalents (Note 5)	\$ 33,154,221	\$ 28,189,079
Taxes receivable	339,802	366,860
Receivables	3,047,148	2,410,498
Investments (Note 7)	2,306,252	4,269,714
Other receivable (Note 6)	296,988	296,988
Promissory note receivable (Note 8)	2,974,454	2,974,454
Investment in government business enterprise (Note 17)	<u>8,498,521</u>	<u>7,960,197</u>
	<u>50,617,386</u>	<u>46,467,790</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	3,513,340	3,257,479
Security deposits	754,398	538,562
Deferred revenue - obligatory reserve funds (Note 10)	4,371,663	3,587,499
Asset Retirement Obligation (Note 11)	<u>8,548,724</u>	<u>3,632,686</u>
	<u>17,188,125</u>	<u>11,016,226</u>
<b>Net Financial Assets</b>	<u>33,429,261</u>	<u>35,451,564</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 9)	155,284,485	148,489,881
Prepays	<u>613,840</u>	<u>476,166</u>
	<u>155,898,325</u>	<u>148,966,047</u>
<b>Accumulated Surplus</b>	<u>\$189,327,586</u>	<u>\$184,417,611</u>
<b>Commitments</b> (Note 18)		
<b>Contingencies</b> (Note 20)		
Accumulated Surplus consists of :		
Accumulated surplus (Note 13)	\$189,297,057	\$184,417,611
Accumulated remeasurement gains (Note 13)	<u>30,529</u>	<u>-</u>
	<u>\$189,327,586</u>	<u>\$184,417,611</u>

APPROVAL ON BEHALF OF THE COUNCIL:

\_\_\_\_\_ Mayor \_\_\_\_\_ Treasurer  
\_\_\_\_\_ Date \_\_\_\_\_ Date

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

**The Corporation of the Town of Goderich**  
**Consolidated Statement of Operations**  
Year ended December 31

	<b>2023</b> <b><u>Budget</u></b> <small>(Note 23)</small>	<b>2023</b> <b><u>Actual</u></b>	<b>2022</b> <b><u>Actual</u></b>
<b>Revenue</b>			
Property taxes (Note 14)	\$ 9,692,784	\$ 9,699,119	\$ 9,068,980
Water and sewer user fees	5,290,000	5,208,516	4,979,342
Fees, permits, licences and fines	3,226,702	3,766,200	4,144,805
Government transfers			
Provincial	2,296,142	2,245,800	1,870,839
Other municipalities	1,728,940	2,045,930	1,375,156
Federal	103,685	-	55,892
Port user fees	-	2,128,740	2,047,078
Investment income	147,648	1,969,745	920,183
Utilization of obligatory reserve funds	1,643,000	1,035,000	892,053
Income from government business enterprise (Note 17)	-	716,074	828,224
Contributed assets	-	408,200	-
Capital expense recoveries	375,000	386,742	1,472,063
Donations	29,500	101,236	835,140
Penalties and interest on taxes	45,000	52,590	51,458
Contributions from trust funds	7,560	9,703	5,333
Gain (loss) on sale of tangible capital assets	-	(32,330)	(130,365)
	<b><u>24,585,961</u></b>	<b><u>29,741,265</u></b>	<b><u>28,416,181</u></b>
<b>Expenditures</b>			
Environmental services	8,899,135	4,552,989	4,080,528
Transportation services	6,048,157	4,085,655	4,014,457
Protection to persons and property	4,381,046	4,084,360	3,729,655
Recreation and cultural services	2,841,045	3,298,122	3,092,058
General government	2,477,655	2,357,419	2,237,583
Social and family services	2,437,964	2,280,220	1,970,095
Port	-	2,412,850	1,224,660
Planning and development	1,196,562	1,280,573	1,110,672
Health services	557,253	509,631	468,767
	<b><u>28,838,817</u></b>	<b><u>24,861,819</u></b>	<b><u>21,928,475</u></b>
<b>Annual surplus (deficit)</b>	<b>(4,252,856)</b>	<b>4,879,446</b>	<b>6,487,706</b>
<b>Accumulated surplus, beginning of year</b>	<b><u>184,417,611</u></b>	<b><u>184,417,611</u></b>	<b><u>177,929,905</u></b>
<b>Accumulated surplus, end of year (Note 13)</b>	<b><u>\$180,164,755</u></b>	<b><u>\$189,297,057</u></b>	<b><u>\$184,417,611</u></b>

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



**The Corporation of the Town of Goderich**  
**Consolidated Statement of Change in Net Financial Assets**  
Year ended December 31

	<b>2023</b> <b><u>Budget</u></b> <small>(Note 23)</small>	<b>2023</b> <b><u>Actual</u></b>	<b>2022</b> <b><u>Actual</u></b>
<b>Annual surplus (deficit)</b>	\$ <b><u>(4,252,856)</u></b>	\$ <b><u>4,879,446</u></b>	\$ <b><u>6,487,706</u></b>
Acquisition of tangible capital assets	<b><u>(7,774,270)</u></b>	<b><u>(10,481,413)</u></b>	<b><u>(7,159,581)</u></b>
Contributed tangible capital assets	-	<b><u>(408,200)</u></b>	-
Amortization of tangible capital assets	-	<b><u>3,561,175</u></b>	<b><u>3,406,676</u></b>
(Gain) loss on disposal of tangible capital assets	-	<b><u>32,330</u></b>	<b><u>130,365</u></b>
Net proceeds on disposal of tangible capital assets	<b><u>-</u></b>	<b><u>501,504</u></b>	<b><u>-</u></b>
	<b><u>(7,774,270)</u></b>	<b><u>(6,794,604)</u></b>	<b><u>(3,622,540)</u></b>
	<b><u>(12,027,126)</u></b>	<b><u>(1,915,158)</u></b>	<b><u>2,865,166</u></b>
Change in prepaid expenses	-	<b><u>(137,674)</u></b>	<b><u>(326,534)</u></b>
Change in remeasurement gains	<b><u>-</u></b>	<b><u>30,529</u></b>	<b><u>-</u></b>
<b>Change in net financial assets</b>	<b><u>(12,027,126)</u></b>	<b><u>(2,022,303)</u></b>	<b><u>2,538,632</u></b>
<b>Net financial assets, beginning of year</b>	<b><u>35,451,564</u></b>	<b><u>35,451,564</u></b>	<b><u>32,912,932</u></b>
<b>Net financial assets, end of year</b>	<b><u>\$ 23,424,438</u></b>	<b><u>\$ 33,429,261</u></b>	<b><u>\$ 35,451,564</u></b>

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

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**The Corporation of the Town of Goderich  
Consolidated Statement of Accumulated Remeasurement  
Gains and Losses**

Year ended December 31

2023

2022

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**Unrealized gains attributable to:**

Portfolio investments

\$ 30,529

-

**Net remeasurement gains and losses**

**30,529**

**-**

**Accumulated remeasurement gains**, beginning of year

-

-

**Accumulated remeasurement gains**, end of year (Note 13)

\$ **30,529**

**-**

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

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**The Corporation of the Town of Goderich**  
**Consolidated Statement of Cash Flows**  
Year ended December 31

	2023	2022
<b>Operating transactions</b>		
Annual surplus	\$ 4,879,446	\$ 6,487,706
Items not involving cash		
Amortization of tangible capital assets	3,561,175	3,406,676
(Gain) loss on disposal of tangible capital assets	32,330	130,365
Tangible capital assets received as contributions	(408,200)	-
Equity in earnings of government business enterprise	(716,074)	(828,224)
Change in accumulated rereasurement gains and losses	30,529	-
Change in assets and liabilities		
(Increase) decrease in taxes receivable	27,058	(43,144)
Decrease (increase) in receivables	(636,650)	(42,603)
Decrease (increase) in other receivables	-	(296,988)
Increase (decrease) in payables and accruals	255,861	115,720
Increase (decrease) in security deposits	215,836	(102,458)
Increase (decrease) in asset retirement obligations	4,916,038	(17,503)
Increase (decrease) in deferred revenue	784,164	945,292
Decrease (increase) in prepaids	(137,674)	(326,534)
Net change in cash from operating transactions	<u>12,803,839</u>	<u>9,428,305</u>
<b>Capital activities</b>		
Proceeds on sale of tangible capital assets	501,504	-
Cash used to acquire tangible capital assets	(10,481,413)	(7,159,581)
Net change in cash from capital activities	<u>(9,979,909)</u>	<u>(7,159,581)</u>
<b>Investing activities</b>		
Dividend from government business enterprise	177,750	207,000
(Increase) decrease in investments - net	1,963,462	3,391,388
Net change in cash from investing activities	<u>2,141,212</u>	<u>3,598,388</u>
<b>Net change in cash and cash equivalents</b>	<b>4,965,142</b>	<b>5,867,112</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>28,189,079</b>	<b>22,321,967</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 33,154,221</b>	<b>\$ 28,189,079</b>

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

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# The Corporation of the Town of Goderich

## Notes to the Consolidated Financial Statements

December 31, 2023

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### 1. ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the The Corporation of the Town of Goderich (the "Town") are the representation of management, prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies are as follows:

#### (a) Reporting Entity

##### Consolidated Entities

The consolidated financial statements reflect the assets, liabilities, revenue and expenditures of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their affairs and resources to the Town and which are controlled by the Town. The consolidated boards and committees include:

- Board of Management of Recreational Services
- Fire Committee
- Municipal and Marine Heritage Committee
- Committee of Adjustment/Property Standards Committee
- Business Improvement Area Board of Management
- Goderich Police Services Board
- Emergency Control Group
- Environment Committee
- Goderich Regional Airport Task Force

All interdepartmental and interorganizational transactions and balances have been eliminated.

##### Proportionately Consolidated Entity

The Town uses the proportionate consolidation method to account for other Government partnerships. The Town's pro-rata share of the assets, liabilities, revenues and expenditures of these partnerships are reflected in the Town's financial statements. The Town's proportionate interest in the following partnerships are reflected in the Consolidated Statement of Financial Position and Statement of Operations:

Mid-Huron Landfill Site Board	33.3%
Mid-Huron Recycle Centre Board	33.3%
Goderich Port Management Corporation	100.0%

##### Government Business Enterprise - Modified Equity Accounting

ERTH Corporation, a government business enterprise, is accounted for by the modified equity method. Under this method, the business enterprise's accounting policies are not adjusted to conform to those of the municipality and inter-entity transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of ERTH Corporation in its consolidated statement of operations and records a corresponding increase or decrease in its investment asset account. Dividends received from ERTH Corporation are recorded as a decrease in the investment asset account. Financial information related to ERTH Corporation is summarized in Note 17.

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**The Corporation of the Town of Goderich**  
**Notes to the Consolidated Financial Statements**  
December 31, 2023

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**Accounting for County and School Board Transactions**

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards, and the County of Huron are not reflected in the municipal fund balances of these financial statements.

**Trust Funds**

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the "Trust Funds Statements of Financial Position and Statements of Operations and Trust Fund Surplus".

**(b) Basis of Accounting**

**(i) Revenues and Expenses**

The Town follows the accrual method of accounting for revenues and expenses. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

**(ii) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on deposit and short-term deposits with initial maturity terms equal to or less than 90 days.

**(iii) Financial Instruments**

The Town initially recognizes financial instruments at fair value and subsequently measures them at each reporting date.

Financial instruments are assigned to one of two categories

a) Fair value

Derivatives and portfolio investments in equity instruments that are quoted in an active market are required to be assigned to the fair value category. Instruments in this category are measured at fair value as at the reporting date. Unrealized gains and losses are recognized in the statement of remeasurement gains and losses until such time that the financial instrument is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the statement of operations. Prior to 2023, equity instruments were recorded at cost.

b) Cost or Amortized Cost

All other financial instruments are measured at cost or amortized cost. Gains and losses are recognized in the statement of operations when the financial instrument is derecognized due to disposal or impairment. Financial instruments assigned to the cost or amortized cost category are cash, investments in corporate and government bonds and guaranteed investment certificates, promissory note, accounts receivable, other receivables, accounts payable and accrued liabilities.

**(iv) Demand Note Receivable**

The demand loan note receivable is recorded on the consolidated statement of financial position. Interest earned in relation to the demand note receivable is recorded as revenue when earned. The Town records a valuation allowance for impairment when it is determined that the Town will be unable to collect all amounts due according to the terms of the underlying agreement. Any allowance necessary to adjust the value to reflect management's assessment is recorded in the period in which the change in value occurs as an expenditure.

**The Corporation of the Town of Goderich**  
**Notes to the Consolidated Financial Statements**  
December 31, 2023

(v) **Deferred Revenue**

**Obligatory Reserve Funds**

Funds received for specific purpose which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. Externally restricted inflows are recognized as revenue in the period in which the resources are used for their specified purpose. Interest earned on these externally restricted funds is recorded as deferred revenue in the period earned.

**General**

User charges and fees which have been collected but for which the related services have not yet been performed are recorded as deferred revenue. These amounts are recognized as revenue in the fiscal the service are performed.

(vi) **Tangible Capital Assets**

Tangible capital assets are recorded at cost. Cost includes the costs directly attributable to the acquisition, design, construction, development, improvement or betterment of the asset. Cost also includes overheads directly attributable to construction and development but excludes interest. Tangible capital assets, except land, are amortized over the estimated useful lives of the assets on a straight-line basis at the following amortization rates:

	<u>Useful life in years</u>
Buildings	10 - 100
Port	100
Machinery and equipment	4 - 50
Linear	10 - 100
Vehicles	7 - 10
Land improvements	10 - 50

Amortization is charged in the year of acquisition and in the year of disposal.

Amortization of the asset begins on the acquisition date. Assets under construction are not amortized until the asset is available for productive use.

**Work in Progress**

Tangible capital assets under construction are recorded at cost. When construction is completed, the tangible capital asset under construction will be transferred to the appropriated tangible capital asset class and amortized based on their classification.

(vii) **Contributed Asset Revenue**

Tangible capital assets from developers are a condition of the development approval process. Public Sector Accounting Board rules require municipalities to recognize as revenue the fair market value of the tangible assets when they are made available for use and received by the Town.

The delivery of the contributed tangible capital assets is dependent upon the developer. The revenue is recognized on the Consolidated Statement of Operations and Accumulated Surplus with an increase in tangible capital assets on the Consolidated Statement of Financial Position of the same amount. Contributed asset revenue represents the fair market value of assets received. Where a fair market value is not available, an estimate of the value is made. It is not a source of funding available to meet current operating expenditures or obligations.

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**The Corporation of the Town of Goderich**  
**Notes to the Consolidated Financial Statements**  
December 31, 2023

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**(viii) Asset Retirement Obligations**

An asset retirement obligation is recognized when, at the financial reporting date, all of the following criteria are met:

- i) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- ii) the past transaction or event giving rise to the liability has occurred;
- iii) it is expected that future economic benefits will be given up; and
- iv) a reasonable estimate of the amount can be made.

The asset retirement obligation is based on management's best estimate of the expenditures to settle the obligation. A liability has been recognized based on estimated future expenses on retirement of the tangible capital assets. Under the prospective method, the assumptions used on initial recognition are those as of the date the legal obligation was incurred. Assumptions used in the subsequent calculations are revised annually.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset. Where the obligation relates to an asset which is no longer in service, and not providing economic benefit, the obligation is expensed upon recognition.

At each financial reporting date, the Town reviews the carrying amount of the liability. Changes to the liability arising from revisions to either the timing or the amount of the original estimate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The Town continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

**(ix) Taxation and Related Revenues**

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Town Council establishes tax rates annually, incorporating amounts to be raised for local services based on the approved annual budget, amounts the Town is required to collect on behalf of the County of Huron for regional services and education taxes for the School Boards. The municipal portion of property tax revenue is recognized when the tax is authorized through the passing of a property tax bylaw in the period for which the tax is levied.

Assessments and related property taxes are subject to appeal. The Town evaluates the likelihood of having to repay taxes as a result of tax appeals or other changes and recognizes a liability if the amount can be reasonably estimated.

**(x) User Fees and Other Revenues**

User fees and other revenues are reported on an accrual basis.

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**The Corporation of the Town of Goderich**  
**Notes to the Consolidated Financial Statements**  
December 31, 2023

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**(x) Government Transfers**

Government transfer payments are recognized as revenue by the Town 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.

**(xi) Investment Income**

Investment income earned on operating funds and reserve funds is reported as revenue in the period earned. Investment income earned on obligatory reserve funds such as development charges and parkland allowances is added to the associated fund balance and forms part of respective deferred revenue balances.

**(xii) Pensions and Post Retirement Costs**

The contributions to the Ontario Municipal Employers Retirement System (OMERS), a multi-employer defined benefit pension plan, are expensed when contributions are due. The cost of post-employment benefits are recognized when the event that obligated the Municipality occurs; costs include projected future income payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis.

**(xiii) Use of Estimates**

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. The principle estimates used in the preparation of these consolidated financial statements are the allowance for doubtful accounts, estimated useful lives of tangible capital assets, landfill closure and post-closure liability and other accrued liabilities and/or obligations. Actual results could differ from management's best estimates as additional information becomes available in the future. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

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**2. CHANGE IN ACCOUNTING POLICY - ADOPTION OF NEW ACCOUNTING STANDARDS**

The Town adopted the following standard beginning January 1, 2023 using the prospective approach:

(i) PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation.

This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the statement of remeasurement gains and losses separate from the statement of operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

(ii) PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments.

The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.



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# The Corporation of the Town of Goderich

## Notes to the Consolidated Financial Statements

December 31, 2023

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(iii) PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation.

The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new statement of remeasurement gains and losses.

(iv) PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives.

The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the statement of remeasurement gains and losses.

(v) PS 3280 Asset Retirement Obligations (ARO)

The standard establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023 on a prospective basis.

In the past, the Town has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance.

The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from buildings. The Town reports liabilities related to the legal obligations where the Board is obligated to incur costs to retire a tangible capital asset.

The Town's ongoing efforts to assess the extent to which designated substances exist in tangible capital assets, and new information obtained through regular maintenance and renewal of tangible capital assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes to in the estimated cost to fulfil the obligation.

The measurement of asset retirement obligations is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in changes to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis.

**The Corporation of the Town of Goderich**  
**Notes to the Consolidated Financial Statements**  
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**3. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HURON**

The taxation, other revenues and requisitions collected and remitted to the school boards and the County of Huron during the year are comprised of the following:

	<u>School Boards</u>	<u>County of Huron</u>	<u>Total</u>
Taxation and user charges	\$ 2,571,426	\$ 4,857,318	\$ 7,428,744
Share of payments in lieu of taxes and rights of ways	<u>3,317</u>	<u>18,217</u>	<u>21,534</u>
Amounts requisitioned	<u>\$ 2,574,743</u>	<u>\$ 4,875,535</u>	<u>\$ 7,450,278</u>

**4. TRUST FUNDS**

Trust Funds administered by the municipality amounting to **\$609,497** (2022 - \$588,407) have not been included in the Consolidated Statement of Financial Position, nor have their operations been included in the Consolidated Statement of Operations.

The Trust Funds administered are as follows:

	<u>2023</u>	<u>2022</u>
Maitland Cemetery Trust Funds	\$ 569,976	\$ 549,723
Goderich Public Library Fund	25,885	25,250
Robert MacKay Cemetery Fund	8,992	8,900
Charles Blake Park Fund	<u>4,644</u>	<u>4,534</u>
	<u>\$ 609,497</u>	<u>\$ 588,407</u>

**5. CASH AND CASH EQUIVALENTS**

The cash balance consists of the following:

	<u>2023</u>	<u>2022</u>
Reserve fund	\$ 20,143,364	\$ 17,310,190
General fund	9,275,202	6,863,593
Proportionately consolidated amounts:		
Goderich Port Management Corporation	3,595,305	3,809,711
Mid-Huron Recycle Centre Board	84,095	99,469
Mid-Huron Landfill Site Board	<u>56,255</u>	<u>106,116</u>
	<u>\$ 33,154,221</u>	<u>\$ 28,189,079</u>

The Town's general fund and reserve fund bank accounts are held at chartered banks. The bank accounts earn interest at a variable rate calculated on the daily balance.

The proportionately consolidated amounts are also held in interest bearing accounts at chartered banks but are not available for the current operations of the Town of Goderich.

**6. OTHER RECEIVABLE**

Deferred development charge receivable from various organizations. Maturity and interest rates are determined by agreement and the date of occupancy

	<u>2023</u>	<u>2022</u>
	<u>\$ 296,988</u>	<u>\$ 296,988</u>

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**The Corporation of the Town of Goderich**  
**Notes to the Consolidated Financial Statements**  
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**7. INVESTMENTS**

An accounting policy change to conform with PS 3041 Portfolio Investments was adopted prospectively on January 1, 2023 that requires portfolio investments to be recorded at fair value on the consolidated statement of financial position. Investments in guaranteed investment certificates are recorded at cost on the statement of financial position. Equity investments are pooled and managed by investment advisors.

The investments held on December 31, consist of the following:

	<u>2023</u>	<u>2022</u>
Term deposit bearing interest at 5.5%, maturing June 2024	\$ 500,000	\$ -
Term deposit bearing interest at 3.5%, maturing June 2023	-	2,500,000
Proportionately consolidated amounts:		
Goderich Port Management Corporation - consists of a GIC bearing interest at 3.3% per annum maturing February 2024	233,052	233,052
Mid-Huron Landfill - consists of an investment portfolio containing cash, GIC's, and equities. The cash receives interest at market rates that can fluctuate regularly. The GIC's bear interest at 2.1% to 5.6% with maturities from January 2024 to December 2025	<u>1,573,200</u>	<u>1,536,662</u>
	<u>\$ 2,306,252</u>	<u>\$ 4,269,714</u>

The cost of the investments held at December 31, 2023 is **\$2,275,723** (2022 - \$4,269,714). Remeasurement gains of **\$30,529** (2022 - \$nil) have been recorded in the financial statements.

The proportionately consolidated amounts are not available for use in the current operations of the Town of Goderich.

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**8. PROMISSORY NOTE RECEIVABLE**

The promissory note receivable is due on demand from ERTH Power Corporation and bears interest at 7.25% per annum. Interest is received in quarterly instalments of **\$53,912** (2022 - \$53,912). This note is secured by a general security interest covering accounts receivable, inventory, equipment including motor vehicles of ERTH Power Corporation.

The Town of Goderich Council passed a motion on March 21, 2022 to postpone the promissory note in favour of the Bank of Nova Scotia to put themselves in second position.

**The Corporation of the Town of Goderich**  
**Notes to the Consolidated Financial Statements**  
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**9. TANGIBLE CAPITAL ASSETS**

<u>Net Book Value</u>	<u>2023</u>	<u>2022</u>
Buildings	\$ 28,106,222	\$ 23,969,616
Land	7,533,864	7,535,664
Machinery and equipment	8,403,359	8,116,136
Linear	68,161,804	66,848,705
Vehicles	2,539,118	1,779,866
Work in progress	1,575,341	950,195
Port	35,127,617	35,509,894
Land improvements	<u>3,837,160</u>	<u>3,779,805</u>
	<b><u>\$155,284,485</u></b>	<b><u>\$148,489,881</u></b>

<u>Cost</u>	<u>Balance at 2022</u>	<u>Additions to 2023</u>	<u>Disposals to 2023</u>	<u>Balance at 2023</u>
Buildings	\$ 34,839,897	\$ 4,783,641	\$ 170,326	\$ 39,453,212
Land	7,535,664	408,200	410,000	7,533,864
Machinery and equipment	14,767,352	707,641	531,290	14,943,703
Linear	117,755,133	3,124,907	274,301	120,605,739
Vehicles	3,451,963	1,012,692	448,003	4,016,652
Work in progress	950,195	625,146	-	1,575,341
Port	39,163,576	9,454	-	39,173,030
Land improvements	<u>6,889,793</u>	<u>217,932</u>	<u>-</u>	<u>7,107,725</u>
	<b><u>\$225,353,573</u></b>	<b><u>\$ 10,889,613</u></b>	<b><u>\$ 1,833,920</u></b>	<b><u>\$234,409,266</u></b>

<u>Accumulated Amortization</u>	<u>Balance at 2022</u>	<u>Amortization 2023</u>	<u>Reversals 2023</u>	<u>Balance at 2023</u>
Buildings	\$ 10,870,281	\$ 631,324	\$ 154,615	\$ 11,346,990
Machinery and equipment	6,651,216	414,448	525,320	6,540,344
Linear	50,906,428	1,790,233	252,726	52,443,935
Vehicles	1,672,097	172,862	367,425	1,477,534
Port	3,653,682	391,731	-	4,045,413
Land improvements	<u>3,109,988</u>	<u>160,577</u>	<u>-</u>	<u>3,270,565</u>
	<b><u>\$ 76,863,692</u></b>	<b><u>\$ 3,561,175</u></b>	<b><u>\$ 1,300,086</u></b>	<b><u>\$ 79,124,781</u></b>

**The Corporation of the Town of Goderich**  
**Notes to the Consolidated Financial Statements**  
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<u>Net Book Value</u>	<u>2022</u>	<u>2021</u>
Buildings	\$ 23,969,616	\$ 24,374,008
Land	7,535,664	6,519,251
Machinery and equipment	8,116,136	7,721,159
Linear	66,848,705	66,144,781
Vehicles	1,779,866	1,754,780
Work in progress	950,195	514,733
Port	35,509,894	34,530,015
Land improvements	<u>3,779,805</u>	<u>3,308,614</u>
	<u>\$148,489,881</u>	<u>\$144,867,341</u>

<u>Cost</u>	<u>Balance at 2021</u>	<u>Additions to 2022</u>	<u>Disposals to 2022</u>	<u>Balance at 2022</u>
Buildings	\$ 34,736,658	\$ 182,763	\$ 79,524	\$ 34,839,897
Land	6,519,251	1,016,413	-	7,535,664
Machinery and equipment	14,249,199	773,262	255,109	14,767,352
Linear	115,807,794	2,570,628	623,289	117,755,133
Vehicles	3,252,543	199,420	-	3,451,963
Work in progress	514,733	435,462	-	950,195
Port	37,792,061	1,371,515	-	39,163,576
Land improvements	<u>6,279,675</u>	<u>610,118</u>	<u>-</u>	<u>6,889,793</u>
	<u>\$219,151,914</u>	<u>\$ 7,159,581</u>	<u>\$ 957,922</u>	<u>\$225,353,573</u>

<u>Accumulated Amortization</u>	<u>Balance at 2021</u>	<u>Amortization 2022</u>	<u>Reversals 2022</u>	<u>Balance at 2022</u>
Buildings	\$ 10,362,650	\$ 544,266	\$ 36,635	\$ 10,870,281
Machinery and equipment	6,528,040	378,285	255,109	6,651,216
Linear	49,663,013	1,779,228	535,813	50,906,428
Vehicles	1,497,763	174,334	-	1,672,097
Port	3,262,046	391,636	-	3,653,682
Land improvements	<u>2,971,061</u>	<u>138,927</u>	<u>-</u>	<u>3,109,988</u>
	<u>\$ 74,284,573</u>	<u>\$ 3,406,676</u>	<u>\$ 827,557</u>	<u>\$ 76,863,692</u>

During the year land totalling **\$408,200** (2022 - nil) was contributed to the Town. These assets were recorded at their fair market value at the date of acquisition.

Included in tangible capital assets are **\$4,671,106** (2022 - nil) of asset retirement costs and **\$93,745** (2022 - nil) of related accumulated amortization.

**The Corporation of the Town of Goderich**  
**Notes to the Consolidated Financial Statements**  
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**10. DEFERRED REVENUE**

The deferred revenue reported on the consolidated statement of financial position consists of externally restricted funds set aside for specific purpose by legislation, regulation or agreement amount to **\$4,371,663** (2022 - \$3,587,499) and are made up of the following:

	Ontario Community Infrastructure Fund	Cash in lieu Parkland	Development Charges	Canada Community Building Fund	<b>Total</b>
Opening balance	\$ 1,698,900	\$ 58,954	\$ 753,674	\$ 1,075,971	\$ <b>3,587,499</b>
Interest	72,880	2,529	32,331	46,157	<b>153,897</b>
Special charges	-	2,000	125,376	-	<b>127,376</b>
Grant	1,285,449	-	-	252,442	<b>1,537,891</b>
Utilization	(680,000)	-	-	(355,000)	<b>(1,035,000)</b>
Ending balance	\$ <u>2,377,229</u>	\$ <u>63,483</u>	\$ <u>911,381</u>	\$ <u>1,019,570</u>	\$ <b><u>4,371,663</u></b>

**11. ASSET RETIREMENT OBLIGATION**

Following the adoption of PS 3280, the Town has recognized asset retirement obligations relating to the following:

i) Hazardous materials obligation: The Town owns and operates several buildings and structures that are known or assumed to have designated hazardous materials, which represents a health hazard upon demolition of the building and there is a legal obligation to safely remove it. As such, asset retirement obligations have been recognized for various buildings that are known and/or suspected of containing designated hazardous materials.

ii) Landfill post-closure obligation: The Town is a participating member of the Mid-Huron Landfill Site Board which was closed in 2018. Landfill closure and post-closure requirements have been defined in accordance with industry standards and include final covering, removal of leachate and ongoing monitoring, site inspection and maintenance. The asset retirement obligation representing the Town's proportional share is recorded at the present value of the Board's future cashflows using a discount rate of 1.9% and the estimated length of time needed for post-closure care of 50 years. The Board has established a reserve fund to assist in funding this liability. The Town's proportionate share of this reserve fund is \$1,582,527. Prior to the adoption of PS 3280 the Town had recognized a closure and post-closure liability on the Statement of Financial Position. The adoption of the Asset Retirement Obligation standard has had no impact on the recognized liability amount.

	Landfill Post-closure	Hazardous Materials	<b>Total</b>
Balance, beginning of the year	\$ 3,632,686	\$ -	\$ <b>3,632,686</b>
Additions during the year	-	4,681,036	<b>4,681,036</b>
Accretion expense	-	255,794	<b>255,794</b>
Less: Obligations settled in the year	<u>(20,792)</u>	<u>-</u>	<b><u>(20,792)</u></b>
Amounts requisitioned	\$ <u>3,611,894</u>	\$ <u>4,936,830</u>	\$ <b><u>8,548,724</u></b>

The asset retirement obligations for hazardous materials include the Town's proportional share of the Mid-Huron Recycle Centre Board's asset retirement obligation of **\$9,930** (2022 - \$nil).

**The Corporation of the Town of Goderich**  
**Notes to the Consolidated Financial Statements**  
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**12. MUNICIPAL DEBT**

The Corporation of the Town of Goderich has borrowed **\$2,812,113** (2022 - \$2,923,984) from its reserve funds to finance capital projects. The reserve fund loan is repayable on demand. Interest is charged by the reserve fund at prime less 1.9%. Interest of **\$143,999** (2022 - \$59,127) was paid on the Reserve Fund loan during the year. The reserve fund loan balance is eliminated upon consolidation.

**13. ACCUMULATED SURPLUS**

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	<b>2023</b> <b>Actual</b>	<b>2022</b> <b>Actual</b>
<b>Surplus:</b>		
Invested in tangible capital assets	<b>\$155,284,485</b>	\$148,489,881
Operating surplus	<b>4,749,815</b>	4,765,025
<b>Unfunded</b>		
Reserve fund loans	<b>(2,812,113)</b>	(2,923,984)
Asset Retirement Obligation (Note 11)	<b>(8,548,724)</b>	(3,632,686)
Closure and post closure costs for the Accumulated remeasurement gains	<b>30,529</b>	-
<b>Total Surplus</b>	<b>148,703,992</b>	146,698,236
<b>Reserves set aside for specific purposes by Council:</b>		
West Coast Huron Energy Inc.	<b>9,472,974</b>	8,934,650
For recreation capital expenditure	<b>2,187,375</b>	2,028,554
For contingencies	<b>1,227,278</b>	1,298,838
For landfill/environmental expenditures	<b>648,843</b>	648,843
For working capital	<b>550,000</b>	550,000
For childcare	<b>462,945</b>	359,285
For housing initiatives	<b>446,114</b>	296,114
For court security	<b>114,723</b>	164,723
For community economic development	<b>108,594</b>	124,867
For policing	<b>100,000</b>	100,000
For cultural activities	<b>97,752</b>	112,752
For community improvement plans	<b>94,874</b>	99,364
For cemetery	<b>92,702</b>	87,702
For special events	<b>86,958</b>	76,958
For energy efficiency management	<b>77,252</b>	77,252
For Recycling Centre	<b>62,892</b>	69,935
For MacKay Centre	<b>60,260</b>	75,260
For modernization	<b>44,530</b>	44,530
For landfill	<b>24,975</b>	24,975
For environmental projects	<b>24,500</b>	24,500
For Ontario Cannabis Legislation Implementation	<b>20,674</b>	20,674
For election	<b>10,000</b>	-
For tree replacement	<b>1,050</b>	1,050
<b>Total Reserves</b>	<b>16,017,265</b>	15,220,826

**The Corporation of the Town of Goderich**  
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**Reserve funds set aside for specific purposes by Council:**

For water expansion	8,206,659	6,988,545
For pollution control plant	3,740,852	3,747,646
For infrastructure	2,362,279	1,871,534
For electricity distribution contingency	1,961,422	1,868,675
For Landfill	1,582,527	1,606,909
For health care capital expenditure and clinic	1,225,929	1,068,678
For water tower	1,034,632	819,972
For sewers capital expenditure	1,016,184	978,482
For airport	771,405	629,876
For public works equipment	655,833	1,072,235
For building fee stabilization	559,335	430,914
For Waterfront and Boardwalk	365,014	350,000
For waterfront	329,829	323,512
For business improvement area board	213,511	204,288
For Bannister Park	209,252	175,000
For cash in lieu of parking	76,644	73,492
For heritage enhancement	59,751	57,293
For port expansion	56,810	46,045
For special events	51,364	49,251
For fire capital expenditure	47,358	34,339
For insurance expenditure	45,132	43,276
For fibre optic expansion	11,236	10,774
For Victoria and Columbus Park Courts	10,921	15,253
For connecting link	9,006	29,258
For cemetery	3,444	3,302

**Total Reserve Funds** 24,606,329 22,498,549

**Total Accumulated Surplus** \$189,327,586 \$184,417,611

**14. TAXATION**

	<u>2023</u>	<u>2022</u>
Residential and farm taxation	\$ 7,754,594	\$ 7,227,750
Commercial, industrial and business taxation	1,643,415	1,546,409
Supplementary taxes and other taxation amounts	244,088	239,125
Taxation from other governments	<u>57,022</u>	<u>55,696</u>
	<u>\$ 9,699,119</u>	<u>\$ 9,068,980</u>

**15. PENSION AGREEMENTS**

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 103 (2022 - 64) members of its staff. The 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 credited service and an average annual earnings calculation. The plan is a contributory defined benefit plan financed by equal contributions from participating employers and employees and by investment earnings of the plan. The Administration Corporation Board of Directors, representing plan members and employers is responsible for overseeing the management of the pension plan, including investment of assets and administration of benefits. OMERS provides pension services to approximately 612,000 active and retired members and 1,000 employers.



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Each year, an independent actuary determines the funded status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. On December 31, 2023, the estimated obligation for all members of the Plan was **\$134.6** billion (2022 - \$128.8 billion). The Plan had an actuarial value of net assets at that date of **\$130.4** billion (2022 - \$122.1 billion) indicating an actuarial deficit of **\$4.2** billion (2022 - \$6.7 billion). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of member organizations and their employees. The Town uses defined contribution plan accounting principles for this Plan. The Town records as pension expense the amount paid to OMERS during the year plus any amounts owing to OMERS at year end.

The amount contributed to OMERS for 2023 was **\$414,068** (2022 - \$345,867) by employees and **\$414,068** (2022 - \$345,867) by the Town for current service. The Town portion is included as an expenditure on the Statement of Operations.

**16. GOVERNMENT PARTNERSHIPS**

The following summarizes the financial position and activities of the Mid-Huron Landfill Site Board and the Mid-Huron Recycle Centre Board. Town participates in these local boards along with several other local municipalities. The Town's 33.3% pro-rata share of the Mid-Huron Landfill Site Board's results has been reported in the Town's financial statements using the proportionate consolidation method. The Town's 33.3% pro-rata share of the Mid-Huron Recycle Centre Board's results have been reported in the Town's financial statements using the proportionate consolidation method. The financial results of these two Boards are as follows:

	<b>Mid-Huron Landfill Site Board</b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
<b>Financial assets</b>	\$ 4,977,098	\$ 4,948,807
<b>Financial liabilities</b>	<u>10,904,614</u>	<u>10,957,221</u>
<b>Net financial asset (net debt)</b>	(5,927,516)	(6,008,414)
<b>Non-financial asset</b>		
Tangible capital asset	<u>133,279</u>	<u>135,134</u>
<b>Accumulated deficit</b>	<u>\$ (5,794,237)</u>	<u>\$ (5,873,280)</u>
<b>Accumulated surplus (deficit) consists of:</b>		
Invested in capital assets	\$ 133,279	\$ 135,134
Reserves	75,000	75,000
Reserve funds	4,752,334	4,825,554
Unfunded - closure and post closure liability	(10,846,529)	(10,908,968)
Accumulated remeasurement gain	<u>91,679</u>	<u>-</u>
	<u>\$ (5,794,237)</u>	<u>\$ (5,873,280)</u>

Total revenues and expenditures for the year ending December 31, 2023 are as follows:

	<b><u>2023</u></b>	<b><u>2022</u></b>
Revenues	\$ 329,156	\$ 163,331
Expenditures	<u>341,792</u>	<u>331,760</u>
Annual operating surplus (deficit)	<u>\$ (12,636)</u>	<u>\$ (168,429)</u>

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	<b>Mid-Huron Recycle Centre Board</b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
<b>Financial assets</b>	\$ 305,453	\$ 347,703
<b>Financial liabilities</b>	<u>167,676</u>	<u>159,375</u>
<b>Net financial asset</b>	<b>137,777</b>	<b>188,328</b>
<b>Non-financial asset</b>		
Tangible capital asset	241,289	146,788
Prepaid	<u>21,271</u>	<u>21,687</u>
<b>Accumulated surplus</b>	<b><u>\$ 400,337</u></b>	<b><u>\$ 356,803</u></b>
<b>Accumulated surplus consists of:</b>		
Invested in capital assets	\$ 211,469	\$ 146,788
Reserves	<u>188,868</u>	<u>210,015</u>
	<b><u>\$ 400,337</u></b>	<b><u>\$ 356,803</u></b>

Total revenues and expenditures for the year ending December 31, 2023 are as follows:

	<b><u>2023</u></b>	<b><u>2022</u></b>
Revenues	\$ 887,206	\$ 957,554
Expenditures	<u>843,672</u>	<u>833,172</u>
Annual operating surplus	<b><u>\$ 43,534</u></b>	<b><u>\$ 124,382</u></b>

**17. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE**

ERTH Corporation is a corporation incorporated under the laws of the Province of Ontario. The Corporation of the Town of Goderich owns 22.5% (2022 - 22.5%) of the outstanding shares.

	<b><u>2023</u></b>	<b><u>2022</u></b>
Class A Shares - 1 (2022 - 1)	\$ 1	\$ 1
Class B Shares - 6,095,924 (2022 - 6,095,924)	5,726,213	5,726,213
Share of equity earnings	2,950,057	2,440,983
Share of dividends	<u>(177,750)</u>	<u>(207,000)</u>
	<b><u>\$ 8,498,521</u></b>	<b><u>7,960,197</u></b>

The following information provides condensed supplementary financial information:

	<b><u>2023</u></b>	<b><u>2022</u></b>
<b>Assets</b>		
Current assets	\$ 25,012,733	\$ 23,844,200
Property, plant and equipment - net	77,889,462	73,487,721
Regulatory balances	11,797,301	11,007,905
Other non-current assets	<u>12,760,999</u>	<u>13,728,497</u>
Total assets	<b><u>\$127,460,495</u></b>	<b><u>\$122,068,323</u></b>
<b>Liabilities</b>		
Current liabilities	\$ 31,657,088	\$ 30,070,846
Long-term liabilities	56,412,738	54,933,142
Regulatory balances	<u>1,591,032</u>	<u>1,657,248</u>
	<b><u>89,660,858</u></b>	<b><u>86,661,236</u></b>

**The Corporation of the Town of Goderich**  
**Notes to the Consolidated Financial Statements**  
December 31, 2023

**Shareholder Equity**

Share capital	22,803,855	22,803,855
Retained earnings, beginning of year	12,873,741	10,513,649
Current income	3,256,147	3,280,092
Other comprehensive income (loss)	(344,106)	(270,509)
Dividends	<u>(790,000)</u>	<u>(920,000)</u>
	<b><u>37,799,637</u></b>	<b><u>35,407,087</u></b>
Total liabilities and shareholder equity	<b><u>\$127,460,495</u></b>	<b><u>\$122,068,323</u></b>

Total revenues and expenditures for the year ending December 31, 2023 are as follows:

	<u>2023</u>	<u>2022</u>
Revenues	<b>\$ 99,128,198</b>	\$ 98,335,547
Expenditures	<b><u>95,872,051</u></b>	<u>95,055,455</u>
Net income before other comprehensive income	<b>3,256,147</b>	3,280,092
Other comprehensive income (loss)	<b><u>(73,597)</u></b>	<u>400,903</u>
Total comprehensive income for the year	<b><u>\$ 3,182,550</u></b>	<b><u>\$ 3,680,995</u></b>

In January 2019, West Coast Huron Energy Inc. merged with ERTH Power Corporation, a hydro distributor, a subsidiary of ERTH Corporation. The Town, as shareholder of West Coast Huron Energy Inc., subsequently became a shareholder of ERTH Corporation. The Town holds one Class A voting share and 6,095,924 (2022 - 6,095,924) Class B shares of ERTH Corporation valued at a cost of \$5,726,213 (2022 - \$5,726,213).

**18. COMMITMENTS**

The Town has entered into a contract for the provision of water and sewage treatment and distribution services. In 2023, the contract required payment of fixed charges of **\$1,051,160** (2022 - \$989,469) with additional variable charges as stipulated in the agreement. The agreement has a five year term with a five year extension option. An additional 5 year term was negotiated in 2020. The contract came into effect December 1, 2010.

The Town has entered into an agreement for the provision of specified recreation services, operation of the existing recreational facilities currently operated and/or owned by the Town and the operation of the Maitland Recreation Centre. The contract requires payment of an annual management fee of 12% of the gross actual recreation revenues based on a benchmark of \$1,703,807 with a performance adjustment of +/- \$8,500 resulting from an actual revenue difference to the benchmark. An 8% management fee is also due on capital projects executed by the operator on behalf of the Town excluding the purchase of equipment to a maximum fee of \$16,000 annually. The management fee in 2023 was **\$187,437** (2022 - \$195,937). In addition, in the case of an annual operating deficit, the Town will pay to the operator a payment equal to actual revenue less actual expenditures for the facilities and the programs as approved in the annual operating plan and budget. Alternatively, in the case of an annual operating surplus, the operator will reimburse the amount of the surplus to the Town. The overall deficit for the year ended December 31, 2023 was **\$756,731** (2022 - \$818,551).

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# The Corporation of the Town of Goderich

## Notes to the Consolidated Financial Statements

December 31, 2023

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The Town is responsible for purchasing all capital equipment and for making improvements to the facilities as recommended by the operator and approved by the Town. The operating agreement was renegotiated effective January 1, 2024 for a period of four years which reflected a change in operational responsibilities. Under the new agreement, the scope of services provided by the YMCA has been reduced with the Town taking a more direct role in recreation operations. The Town has budgeted for operational support in 2024 of **\$200,561** (2023 - \$905,617).

In 2019, the town pledged to contribute \$75,000 per year for 10 years to the Alexandra Marine and General Hospital towards the purchase of a CT Scanner. During the year, **\$75,000** (2022 - \$75,000) was contributed.

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### 19. FINANCIAL INSTRUMENT RISK

The Town monitors, evaluates and manages the principal risks assumed with its financial instruments. It is management's opinion that the Town is not exposed to significant risk arising from these financial instruments and there have been no significant changes to these risk exposures from 2022.

i) Credit risk:

The Town is exposed to credit related losses through cash, accounts receivable and investments in the event of non-performance by counterparties to the financial instruments. Credit risk is minimized by dealing with reputable financial institutions.

ii) Liquidity risk:

Liquidity risk is the risk that the Town will be unable to meet all cash outflow obligations as they come due. Liquidity risk is minimized by monitoring cash activities and through budgeting and cash flow forecasting.

iii) Market risk:

Market risk is the risk that changes in market price such as foreign exchange rates, interest rates and other price risks will affect the annual surplus or the fair value of financial instruments. Market rate risk is minimized through a diversified investment portfolio held in accordance with the Town's investment policy.

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### 20. CONTINGENCIES

The Town participates in an agreement with other municipalities to operate the Mid-Huron Landfill Site. The Landfill has set up reserve funds to provide for its estimated closure and post closure costs. The Town is contingently liable for its portion of closure and post closure costs incurred at this landfill if the reserve funds in the Landfill Site prove to be inadequate.

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### 21. RELATED PARTY TRANSACTIONS

During the year, the Town received **\$303,575** (2022 - \$299,079) from the Goderich Port Management Corporation as continuing consideration for the right to operate, manage and maintain the Port. This amount is included as fees, permits, licences and fines revenue on the Consolidated Statement of Operations. A corresponding amount was set aside in a reserve fund.

**The Corporation of the Town of Goderich**  
**Notes to the Consolidated Financial Statements**  
December 31, 2023

During the year, the Town paid **\$145,114** (2022 - \$145,088) in sewage and water billings and collection fees to ERTH Power Corporation. At year end, ERTH Power Corporation owed the Town **\$284,354** (2022 - \$382,675) related to water and sewage fees collected. The Town of Goderich received rent of **\$108,470** (2022 - \$101,963) from ERTH Power Corporation. The Town paid **\$3,624** (2022 - \$21,387) in maintenance costs for streetlighting to ERTH Power Corporation. The Town also purchases hydro from ERTH Power Corporation as rates as set by the Ontario Energy Board.

ERTH Power Corporation paid **\$215,648** (2022 - \$215,648) in interest related to the Town of Goderich's demand loan receivable.

During the year, ERTH Corporation declared but did not pay dividends of **\$790,000** (2022 - \$920,000) of which **\$177,750** (2022 - \$207,000) represents the Town's proportion.

**22. EXPENDITURES BY OBJECT**

	<u>2023</u>	<u>2022</u>
Materials	\$ 9,053,892	\$ 7,242,987
Salaries, wages and employee benefits	6,715,584	5,983,443
Contracted services	4,992,643	4,851,121
Amortization	3,561,175	3,406,676
External transfers	<u>538,525</u>	<u>444,248</u>
	<b>\$ 24,861,819</b>	<b>\$ 21,928,475</b>

**23. BUDGET**

The budgeted data presented in these consolidated financial statements is based upon the 2023 operating and capital budget approved by Council. Amortization was not contemplated on development of the budget and, as such, has not been included.

Adjustments to budgeted values were required to provide comparative budget values based on the full accrual basis of accounting. The chart below reconciles the approved budget with the budget figures presented in the consolidated statements.

	<u>Approved Operating</u>	<u>Approved Capital</u>	<u>Adjustment</u>	<u>Total</u>
Revenue	\$ 22,115,133	\$ 2,743,055	\$ (272,227)	<b>\$ 24,585,961</b>
Expenses	<u>18,522,647</u>	<u>10,316,170</u>	<u>                    </u>	<b><u>28,838,817</u></b>
	3,592,486	(7,573,115)	<b>\$ (272,227)</b>	<b>\$ (4,252,856)</b>
Interfund transfers	3,082,249	(7,199,455)		
Principal repay/advance	<u>510,237</u>	<u>(373,660)</u>		
	<u>\$ -</u>	<u>\$ -</u>		

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# The Corporation of the Town of Goderich

## Segmented Information

### Notes to the Segmented Information

December 31, 2023

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The Corporation of the Town of Goderich is a single tier municipality that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The revenues and expenditures reported for each segment include directly attributable amounts as well as internal charges and recoveries allocated on a reasonable basis. The amounts do not include transfers to and from reserves and reserve funds. The nature of the segments and the activities they encompass are as follows:

#### **General Government**

This item is related to the revenues and expenses of the operation of the Town of Goderich itself and can not be directly attributed to specific segments. It includes council, corporate governance and program support revenues and expenditures.

#### **Protection**

Protection is comprised of police services, fire protection, prevention education and training as well as protective inspection.

#### **Transportation**

The transportation department is responsible for the safe and efficient movement of people and goods within the Town. Responsibilities include road construction and maintenance, traffic signals and signs, winter control and the implementation and maintenance of street lighting.

#### **Environmental Services**

Environmental services include the sanitary sewer system, storm sewer system, waterworks, waste collection, waste disposal and recycling. Responsibilities include water treatment and distribution, water quality, water conservation, the pollution control plant, storm and sanitary sewer maintenance, curbside garbage collection and disposal, waste diversion and yard waste management.

#### **Health Services**

This segments includes the operation of the Maitland Cemetery and the maintenance of Maitland Valley Medical Clinic.

#### **Social and Family Services**

Services include assistance to aged persons and municipal childcare.

#### **Recreation and Cultural Services**

This segment includes parks, recreation programs, recreation facilities and cultural activities.

#### **Planning and Economic Development**

This segment includes matters related to zoning and site plan controls, land acquisition, development initiatives and physician recruitment.

**The Corporation of the Town of Goderich**  
**Segmented Information**  
Year ended December 31

<u>2023</u>	<u>General Government</u>	<u>Protection</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Health Services</u>	<u>Social &amp; Family Services</u>	<u>Recreation &amp; Cultural Services</u>	<u>Planning &amp; Development</u>	<u>Port</u>	<u>Other</u>	<u>Consolidated 2023</u>
<b>Revenues</b>											
Other revenue	\$ 818,247	\$ 342,377	\$ 1,622,146	\$ 5,822,855	\$ 501,662	\$ 543,732	\$ 400,688	\$ 502,406	\$ 2,338,005	\$ 2,142,224	\$ 15,034,342
Taxation	-	-	-	-	-	-	-	-	-	9,699,119	9,699,119
Grants	66,990	755,542	150,870	-	-	1,605,150	-	51,778	-	1,661,400	4,291,730
Government business enterprise	-	-	-	-	-	-	-	-	-	716,074	716,074
<b>Total revenues</b>	<b>885,237</b>	<b>1,097,919</b>	<b>1,773,016</b>	<b>5,822,855</b>	<b>501,662</b>	<b>2,148,882</b>	<b>400,688</b>	<b>554,184</b>	<b>2,338,005</b>	<b>14,218,817</b>	<b>29,741,265</b>
<b>Expenditures</b>											
Materials	719,979	482,797	1,434,438	1,212,053	313,032	357,563	1,792,044	678,134	2,021,119	-	9,011,159
Salaries, wages and benefits	1,364,798	724,336	1,293,913	75,354	124,715	1,890,464	843,139	398,865	-	-	6,715,584
Contracted services	-	2,552,979	115,994	2,323,670	-	-	-	-	-	-	4,992,643
Amortization	96,228	119,317	1,241,310	941,912	71,884	32,193	646,976	19,624	391,731	-	3,561,175
External transfers	133,681	204,931	-	-	-	-	15,963	183,950	-	-	538,525
Write-offs	42,733	-	-	-	-	-	-	-	-	-	42,733
<b>Total expenditures</b>	<b>2,357,419</b>	<b>4,084,360</b>	<b>4,085,655</b>	<b>4,552,989</b>	<b>509,631</b>	<b>2,280,220</b>	<b>3,298,122</b>	<b>1,280,573</b>	<b>2,412,850</b>	<b>-</b>	<b>24,861,819</b>
<b>Net revenues (expenditures)</b>	<b>\$ (1,472,182)</b>	<b>\$ (2,986,441)</b>	<b>\$ (2,312,639)</b>	<b>\$ 1,269,866</b>	<b>\$ (7,969)</b>	<b>\$ (131,338)</b>	<b>\$ (2,897,434)</b>	<b>\$ (726,389)</b>	<b>\$ (74,845)</b>	<b>\$ 14,218,817</b>	<b>\$ 4,879,446</b>

Segmented information for the 2022 comparative period - see Page 30

**The Corporation of the Town of Goderich**  
**Segmented Information**  
Year ended December 31

<u>2022</u>	<u>General Government</u>	<u>Protection</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Health Services</u>	<u>Social &amp; Family Services</u>	<u>Recreation &amp; Cultural Services</u>	<u>Planning &amp; Development</u>	<u>Port</u>	<u>Other</u>	<u>Consolidated 2022</u>
<b>Revenues</b>											
Other revenue	\$ 1,263,608	\$ 734,884	\$ 1,979,290	\$ 5,725,984	\$ 510,351	\$ 562,182	\$ 276,096	\$ 468,525	\$ 3,159,133	\$ 537,038	\$ 15,217,091
Taxation	-	-	-	-	-	-	-	-	-	9,068,980	9,068,980
Grants	73,750	536,201	(1,589)	8,537	-	1,036,518	44,393	53,376	-	1,550,700	3,301,886
Government business enterprise	-	-	-	-	-	-	-	-	-	828,224	828,224
<b>Total revenues</b>	<b>1,337,358</b>	<b>1,271,085</b>	<b>1,977,701</b>	<b>5,734,521</b>	<b>510,351</b>	<b>1,598,700</b>	<b>320,489</b>	<b>521,901</b>	<b>3,159,133</b>	<b>11,984,942</b>	<b>28,416,181</b>
<b>Expenditures</b>											
Materials	654,619	398,136	1,360,865	1,034,083	275,991	247,609	1,733,184	644,358	833,024	-	7,181,869
Salaries, wages and benefits	1,286,446	587,905	1,283,005	69,264	127,660	1,697,085	571,135	360,943	-	-	5,983,443
Contracted services	-	2,439,129	118,048	2,098,007	-	-	195,937	-	-	-	4,851,121
Amortization	97,605	108,713	1,252,539	879,174	65,116	25,401	576,524	9,968	391,636	-	3,406,676
External transfers	143,502	195,772	-	-	-	-	15,278	89,696	-	-	444,248
Write-offs	55,411	-	-	-	-	-	-	5,707	-	-	61,118
<b>Total expenditures</b>	<b>2,237,583</b>	<b>3,729,655</b>	<b>4,014,457</b>	<b>4,080,528</b>	<b>468,767</b>	<b>1,970,095</b>	<b>3,092,058</b>	<b>1,110,672</b>	<b>1,224,660</b>	<b>-</b>	<b>21,928,475</b>
<b>Net revenues (expenditures)</b>	<b>\$ (900,225)</b>	<b>\$ (2,458,570)</b>	<b>\$ (2,036,756)</b>	<b>\$ 1,653,993</b>	<b>\$ 41,584</b>	<b>\$ (371,395)</b>	<b>\$ (2,771,569)</b>	<b>\$ (588,771)</b>	<b>\$ 1,934,473</b>	<b>\$ 11,984,942</b>	<b>\$ 6,487,706</b>



## INDEPENDENT AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants, Members of the BIA, and Ratepayers of the Corporation of the The Corporation of the Town of Goderich

### Opinion

We have audited the financial statements of The Corporation of the Town of Goderich Business Improvement Area Board, which comprise the statement of financial position as at December 31, 2023 and the statement of operations and accumulated surplus for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Corporation of the Town of Goderich Business Improvement Area Board as at December 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the The Corporation of the Town of Goderich Business Improvement Area Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the The Corporation of the Town of Goderich Business Improvement Area Board'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 Corporation of the Town of Goderich Business Improvement Area Board or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the The Corporation of the Town of Goderich Business Improvement Area Board's financial reporting process.

### **Auditors' 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 Auditors' 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 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 and opinion on the effectiveness of the The Corporation of the Town of Goderich Business Improvement Area Board'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 Corporation of the Town of Goderich Business Improvement Area Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' 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 Auditors' Report. However, future events or conditions may cause the The Corporation of the Town of Goderich Business Improvement Area Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance a statement that we have compiled 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.

Goderich, Ontario  
date

LICENCED PUBLIC ACCOUNTANTS  
CHARTERED PROFESSIONAL ACCOUNTANTS

*Takalo & Burt - Draft for discussion purposes only*

**The Corporation of the Town of Goderich  
 Business Improvement Area Board  
 Statement of Financial Position**  
 As at December 31

	2023	2022
<b>FINANCIAL ASSETS</b>		
Cash	\$ <u>213,511</u>	\$ <u>204,288</u>
<b>ACCUMULATED SURPLUS</b>	\$ <u>213,511</u>	\$ <u>204,288</u>

ON BEHALF OF THE COUNCIL:

\_\_\_\_\_ Mayor \_\_\_\_\_ Treasurer  
 \_\_\_\_\_ Date \_\_\_\_\_ Date

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

*Dalziel & Burt - Draft for discussion purposes only*

**The Corporation of the Town of Goderich  
Business Improvement Area Board  
Statement of Operations and Accumulated Surplus  
Year ended December 31**

	<b>2023 <u>Budget</u></b>	<b>2023 <u>Actual</u></b>	<b>2022 <u>Actual</u></b>
<b>REVENUE</b>			
Taxation	\$ 126,460	\$ 125,460	\$ 125,625
Farmers' market fees	37,000	46,202	35,321
Sponsorship/miscellaneous recoveries	27,000	17,819	27,293
Interest	-	8,764	4,446
Donations	4,500	4,039	4,558
Grants	7,500	-	45,983
	<u>202,460</u>	<u>202,284</u>	<u>243,226</u>
<b>EXPENDITURES</b>			
Wages	69,600	73,801	66,500
Festival event	42,000	38,732	15,005
Farmers' market	27,000	25,839	25,237
Beautification	25,000	17,741	60,172
Advertising	18,070	14,312	50,142
Events programming	14,600	11,555	18,444
Other professional services	2,100	2,641	147
Office rent	2,400	2,400	2,400
Office supplies	1,600	1,748	1,343
Awards	1,400	1,284	1,734
Legal	-	763	-
Meetings	1,000	717	-
Administration	500	500	500
Audit	500	500	500
Association memberships	500	472	447
Miscellaneous	1,000	56	634
Taxes written off	3,400	-	5,707
Initiatives - mural	-	-	5,000
Conferences	190	-	183
Grounds - repairs and maintenance	500	-	-
Travel	100	-	-
	<u>211,460</u>	<u>193,061</u>	<u>254,095</u>
<b>Annual surplus (deficit)</b>	<b>(9,000)</b>	<b>9,223</b>	<b>(10,869)</b>
<b>Accumulated surplus, beginning of year</b>	<b><u>204,288</u></b>	<b><u>204,288</u></b>	<b><u>215,157</u></b>
<b>Accumulated surplus, end of year</b>	<b>\$ <u>195,288</u></b>	<b>\$ <u>213,511</u></b>	<b>\$ <u>204,288</u></b>

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

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# The Corporation of the Town of Goderich

## Business Improvement Area Board

### Notes to the Financial Statements

December 31, 2023

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#### 1. ACCOUNTING POLICIES

The financial statements of the Corporation of the Town of Goderich Business Improvement Area Board are the representation of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies are as follows:

##### Basis of Accounting

##### Revenues and Expenses

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

##### Revenue Recognition

The various revenue sources of the Business Improvement Area Board are recognized as follows:

Taxation revenues are recorded at the time the tax billings are issued.

Farmers' market fees and other revenues are reported as services are provided.

Investment income earned on operating funds and reserve funds is reported as revenue in the period earned.

##### Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

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#### 2. STATEMENT OF CASHFLOWS AND STATEMENT OF CHANGES IN NET ASSETS

A separate statements of cash flows and changes in net assets are not presented since the information is readily apparent from the other financial statements.

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#### 3. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	<b>2023</b> <b>Actual</b>	<b>2022</b> <b>Actual</b>
Reserve fund for Business Improvement Area	\$ <u>213,511</u>	\$ <u>204,288</u>
Total surplus	\$ <u>213,511</u>	\$ <u>204,288</u>

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#### 4. PRESENTATION

The budgeted figures are presented for comparison purposes as prepared and approved by the Board.

## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants  
and Ratepayers of the Corporation of the  
The Corporation of the Town of Goderich

### Opinion

We have audited the financial statements of The Corporation of the Town of Goderich Trust Funds, which comprise the statements of financial position as at December 31, 2023 and the statements of operations and trust fund surplus for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Corporation of the Town of Goderich Trust Funds as at December 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the The Corporation of the Town of Goderich Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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 The Corporation of the Town of Goderich Trust Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the The Corporation of the Town of Goderich Trust Funds or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the The Corporation of the Town of Goderich Trust Funds' financial reporting process.

### **Auditors' 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 Auditors' 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 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 and opinion on the effectiveness of the The Corporation of the Town of Goderich Trust Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the The Corporation of the Town of Goderich Trust Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' 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 Auditors' Report. However, future events or conditions may cause the The Corporation of the Town of Goderich Trust Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance a statement that we have compiled 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.

Goderich, Ontario  
date

LICENCED PUBLIC ACCOUNTANTS  
CHARTERED PROFESSIONAL ACCOUNTANTS

*Talalo & Burt - Draft for discussion purposes only*

**The Corporation of the Town of Goderich  
Trust Funds - Maitland Cemetery Perpetual Care Fund  
Statement of Financial Position  
As at December 31**

	<u>2023</u>	<u>2022</u>
<b>Financial Assets</b>		
Interest receivable	\$ 5,961	\$ 2,540
Investments (market value <b>\$442,138</b> (2022 - \$428,294)) (Note 2)	<u>442,138</u>	<u>428,294</u>
	<u>\$ 448,099</u>	<u>\$ 430,834</u>
<b>Trust Fund Surplus</b>	<u>\$ 448,099</u>	<u>\$ 430,834</u>

**Statement of Operations and Trust Fund Surplus  
Year ended December 31**

<b>Revenue</b>		
Sale of plots	\$ 13,971	\$ 15,112
Interest	<u>10,326</u>	<u>5,759</u>
	24,297	20,871
<b>Expenditure</b>		
Transfer to Maitland Cemetery Board	<u>7,032</u>	<u>3,766</u>
<b>Surplus for the year</b>	17,265	17,105
<b>Trust fund surplus balance, beginning of year</b>	<u>430,834</u>	<u>413,729</u>
<b>Trust fund surplus balance, end of year</b>	<u>\$ 448,099</u>	<u>\$ 430,834</u>

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

**The Corporation of the Town of Goderich  
Trust Funds - Maitland Cemetery Marker Fund  
Statement of Financial Position  
As at December 31**

	<u>2023</u>	<u>2022</u>
<b>Financial Assets</b>		
Interest receivable	\$ 1,225	\$ 696
Investments (market value \$78,000 (2022 - \$75,800)) (Note 2)	<u>78,000</u>	<u>75,800</u>
	<u>\$ 79,225</u>	<u>\$ 76,496</u>
<b>Trust Fund Surplus</b>	<u>\$ 79,225</u>	<u>\$ 76,496</u>

**Statement of Operations and Trust Fund Surplus  
Year ended December 31**

<b>Revenue</b>		
Sale of markers	\$ 2,200	\$ 2,100
Interest	<u>1,935</u>	<u>1,335</u>
	4,135	3,435
<b>Expenditure</b>		
Transfer to Maitland Cemetery Board	<u>1,406</u>	<u>639</u>
<b>Surplus for the year</b>	2,729	2,796
<b>Trust fund surplus balance, beginning of year</b>	<u>76,496</u>	<u>73,700</u>
<b>Trust fund surplus balance, end of year</b>	<u>\$ 79,225</u>	<u>\$ 76,496</u>

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

**The Corporation of the Town of Goderich  
Trust Funds - Maitland Cemetery Perpetuity Fund  
Statement of Financial Position  
As at December 31**

	<u>2023</u>	<u>2022</u>
<b>Financial Assets</b>		
Interest receivable	\$ 975	\$ 716
Investments (market value \$41,677 (2022 - \$41,677)) (Note 2)	<u>41,677</u>	<u>41,677</u>
	<u>\$ 42,652</u>	<u>\$ 42,393</u>
<b>Trust Fund Surplus</b>	<u>\$ 42,652</u>	<u>\$ 42,393</u>

**Statement of Operations and Trust Fund Surplus  
Year ended December 31**

<b>Revenue</b>		
Interest	\$ 1,258	\$ 929
<b>Expenditure</b>		
Transfer to Maitland Cemetery Board	<u>999</u>	<u>758</u>
<b>Surplus for the year</b>	<b>259</b>	<b>171</b>
<b>Trust fund balance, beginning of year</b>	<u>42,393</u>	<u>42,222</u>
<b>Trust fund balance, end of year</b>	<u>\$ 42,652</u>	<u>\$ 42,393</u>

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

**The Corporation of the Town of Goderich  
Trust Funds - Robert MacKay Cemetery Fund  
Statement of Financial Position  
As at December 31**

	<u>2023</u>	<u>2022</u>
<b>Financial Assets</b>		
Interest receivable	\$ 212	\$ 120
Investments (market value <b>\$8,780</b> (2022 - \$8,780)) (Note 2)	<u>8,780</u>	<u>8,780</u>
	<u>\$ 8,992</u>	<u>\$ 8,900</u>
<b>Trust Fund Surplus</b>	<u>\$ 8,992</u>	<u>\$ 8,900</u>

**Statement of Operations and Trust Fund Surplus  
Year ended December 31**

<b>Revenue</b>		
Interest	\$ 359	\$ 211
<b>Expenditure</b>		
Transfer to Maitland Cemetery Board	<u>267</u>	<u>170</u>
<b>Surplus for the year</b>	<u>92</u>	<u>41</u>
<b>Trust fund surplus balance, beginning of year</b>	<u>8,900</u>	<u>8,859</u>
<b>Trust fund surplus balance, end of year</b>	<u>\$ 8,992</u>	<u>\$ 8,900</u>

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

**The Corporation of the Town of Goderich  
Trust Funds - Charles Blake Park Fund  
Statement of Financial Position  
As at December 31**

	<u>2023</u>	<u>2022</u>
<b>Financial Assets</b>		
Interest receivable	\$ 90	\$ 37
Investments (market value <b>\$4,554</b> (2022 - \$4,497)) (Note 2)	<u>4,554</u>	<u>4,497</u>
	<u>\$ 4,644</u>	<u>\$ 4,534</u>
<b>Trust Fund Surplus</b>	<u>\$ 4,644</u>	<u>\$ 4,534</u>

**Statement of Operations and Trust Fund Surplus  
Year ended December 31**

<b>Revenue</b>		
Interest	\$ <u>110</u>	\$ <u>40</u>
<b>Surplus for the year</b>	<b>110</b>	<b>40</b>
<b>Trust fund surplus balance, beginning of year</b>	<u>4,534</u>	<u>4,494</u>
<b>Trust fund surplus balance, end of year</b>	<u>\$ 4,644</u>	<u>\$ 4,534</u>

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

**The Corporation of the Town of Goderich  
Trust Funds - Goderich Public Library Fund  
Statement of Financial Position  
As at December 31**

	<u>2023</u>	<u>2022</u>
<b>Financial Assets</b>		
Interest receivable	\$ 632	\$ 613
Investments (market value <b>\$25,253</b> (2022 - \$24,637)) (Note 2)	<u>25,253</u>	<u>24,637</u>
	<u>\$ 25,885</u>	<u>\$ 25,250</u>
<b>Trust Fund Surplus</b>	<u>\$ 25,885</u>	<u>\$ 25,250</u>

**Statement of Operations and Trust Fund Surplus  
Year ended December 31**

<b>Revenue</b>		
Interest	\$ 635	\$ 617
<b>Surplus for the year</b>	<b>635</b>	<b>617</b>
<b>Trust fund surplus balance, beginning of year</b>	<u>25,250</u>	<u>24,633</u>
<b>Trust fund surplus balance, end of year</b>	<u>\$ 25,885</u>	<u>\$ 25,250</u>

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

**The Corporation of the Town of Goderich**  
**Trust Funds**  
**Notes to the Financial Statements**  
December 31, 2023

**1. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town's trust funds are the representations of management prepared in accordance with Canadian public sector accounting standards.

**Revenue Recognition**

Revenue is reported using the accrual basis of accounting which recognizes revenues as they become available and measurable.

**Basis of Accounting**

Expenditures are reported using the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

**2. INVESTMENTS**

The total for investments of the trust funds of **\$600,402** (2022 - \$583,685) are reported on the Statement of Financial Position at cost, and have a market value of **\$600,402** (2022 - \$583,685) at the end of the year. The terms of these investments are as follows:

	<u>2023</u>	<u>2022</u>
<b>Maitland Cemetery Perpetual Care Fund</b> Multiple GIC's maturing from 2024 to 2026, bearing interest at 0.80% to 5.55%	\$ 442,138	\$ 428,294
<b>Maitland Cemetery Marker Fund</b> Multiple GIC's maturing from 2024 to 2025, bearing interest at 0.86% to 5.0%	78,000	75,800
<b>Maitland Cemetery Perpetuity Fund</b> Multiple GIC's maturing from 2024 to 2027, bearing interest at 0.8% to 5.0%	41,677	41,677
<b>Robert MacKay Cemetery Fund</b> Multiple GIC's maturing from 2024 to 2025, bearing interest at 2.75% to 5.75%	8,780	8,780
<b>Charles Blake Park Fund</b> GIC maturing May 2024, bearing interest at 3%	4,554	4,497
<b>Goderich Public Library Fund</b> GIC maturing January 2024, bearing interest at 2.5%	<u>25,253</u>	<u>24,637</u>
	<u>\$ 600,402</u>	<u>\$ 583,685</u>

**3. STATEMENT OF CASH FLOWS**

Separate statements of cash flows are not presented since the information is readily apparent from the other financial statements.