



# Town of Shelburne

## 2023 Financial Statements

Presented by Murray Short



*A People Place, A Change of Pace*  
**SHELBURNE**  
ONTARIO, CANADA





# AGENDA



- Audit Overview
- Audit Report
- Financial Statements
- Next Steps

# Audit Overview

- Final materiality = \$750,000
- No change in key audit areas, risks or planned procedures since communicated in Pre-Audit Communication Letter
- No significant internal control deficiencies to communicate
- No known independence issues
- Four adjusting entries, other than consolidations and those provided by Town staff – all tangible capital asset related
- Two unadjusted differences identified and communicated

# Audit Report

- The financial statements present fairly, in all material respects, the financial position, result of operations and cash flows of the Town of Shelburne in accordance with Canadian public sector accounting standards
- Audit conducted in accordance with Canadian generally accepted auditing standards

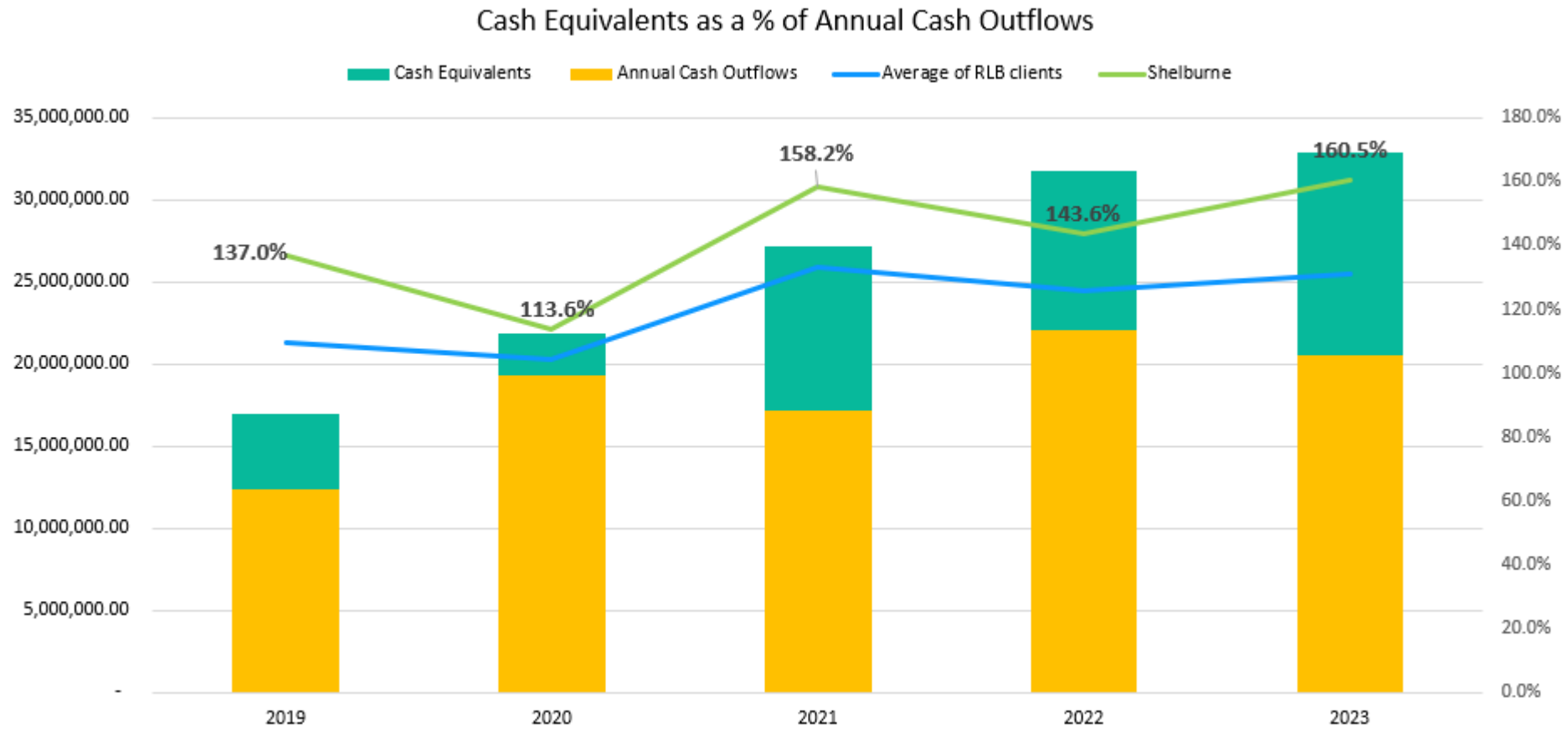
# Statement of Financial Position

- The Statement of Financial Position (similar to a Balance Sheet for non-public entities) is a snapshot of the municipality's assets, liabilities and accumulated surplus at a point in time
- Key areas:
  - Cash equivalents (cash and portfolio investments)
  - Taxes receivable
  - Tangible capital assets
  - Accumulated surplus

# Statement of Financial Position

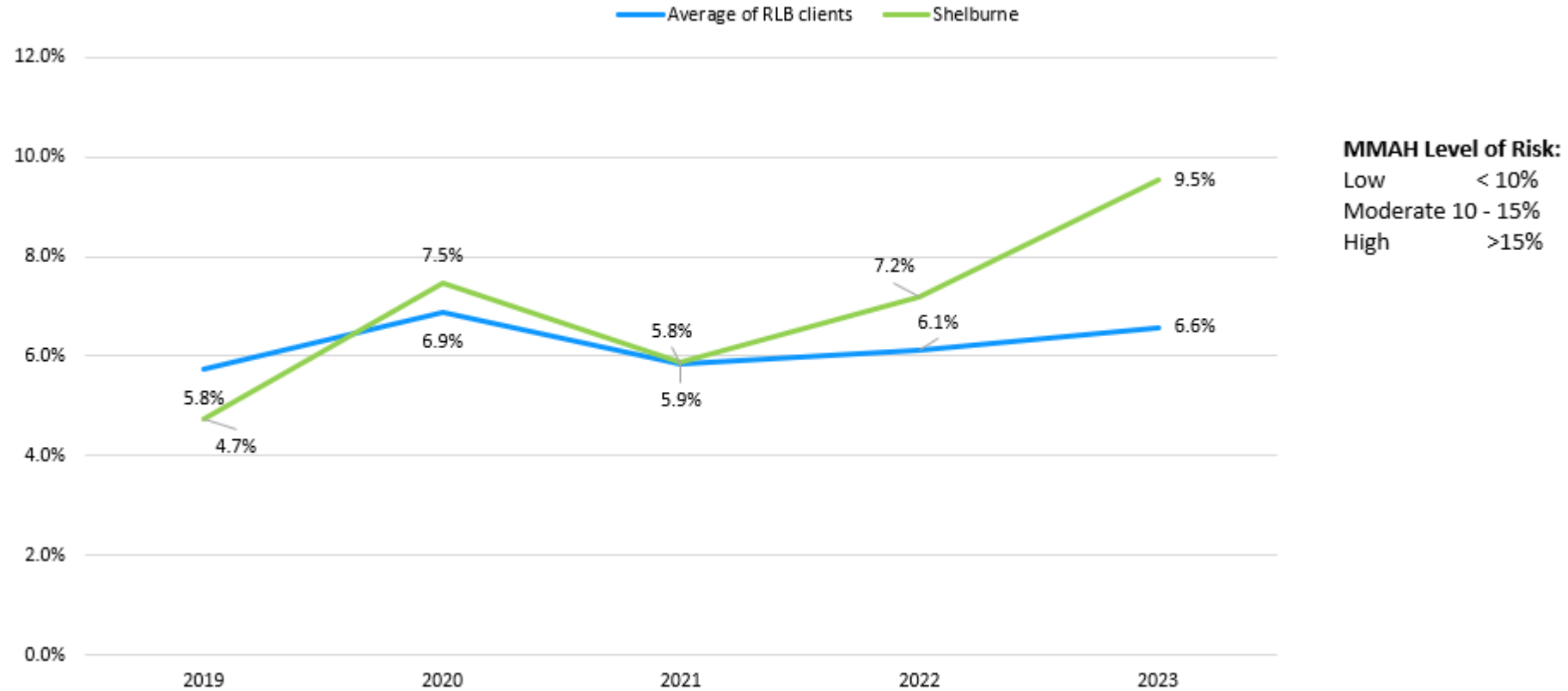
	2023	2022
<b>FINANCIAL ASSETS</b>		
Cash	\$ 31,772,394	\$ 30,591,292
Portfolio investments (note 2)	1,108,729	1,140,814
Taxes receivable	1,589,085	1,132,123
Accounts receivable	2,178,161	2,302,411
	<u>36,648,369</u>	<u>35,166,640</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,391,030	2,072,563
Deferred revenue (note 3)	18,252,173	17,926,687
Post-employment benefits (note 4)	269,542	288,654
Long-term debt (note 6)	7,793,847	8,504,637
Landfill closure and post-closure liability (note 8)	610,588	541,705
	<u>28,317,180</u>	<u>29,334,246</u>
<b>NET FINANCIAL ASSETS</b>	<u>8,331,189</u>	<u>5,832,394</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventory of supplies	64,031	67,916
Prepaid expenses	1,985	27,825
Tangible capital assets (schedule 2)	81,210,543	78,194,167
	<u>81,276,559</u>	<u>78,289,908</u>
<b>ACCUMULATED SURPLUS (schedule 3)</b>	<u>\$ 89,607,748</u>	<u>\$ 84,122,302</u>

# Cash Equivalents



# Taxes Receivable

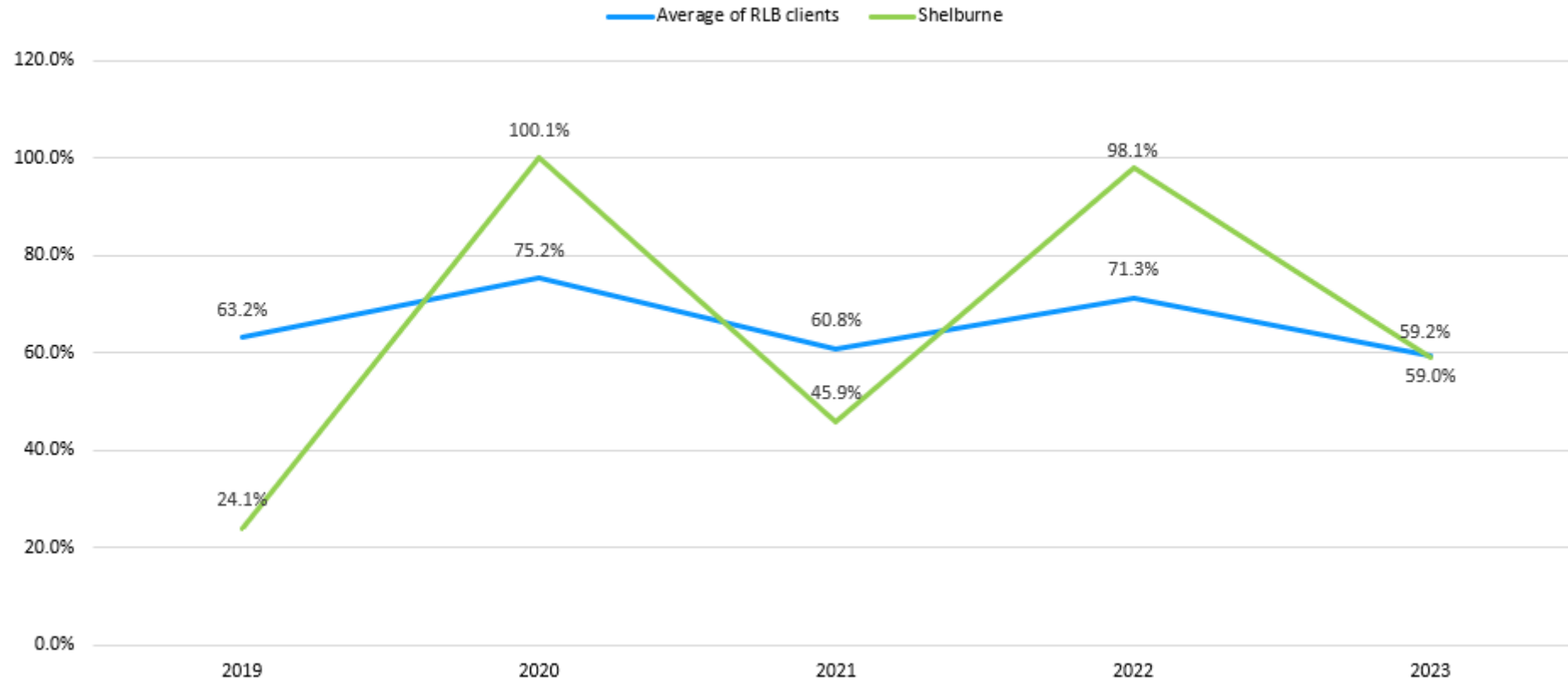
Taxes Receivable as a % of Total Tax Levied





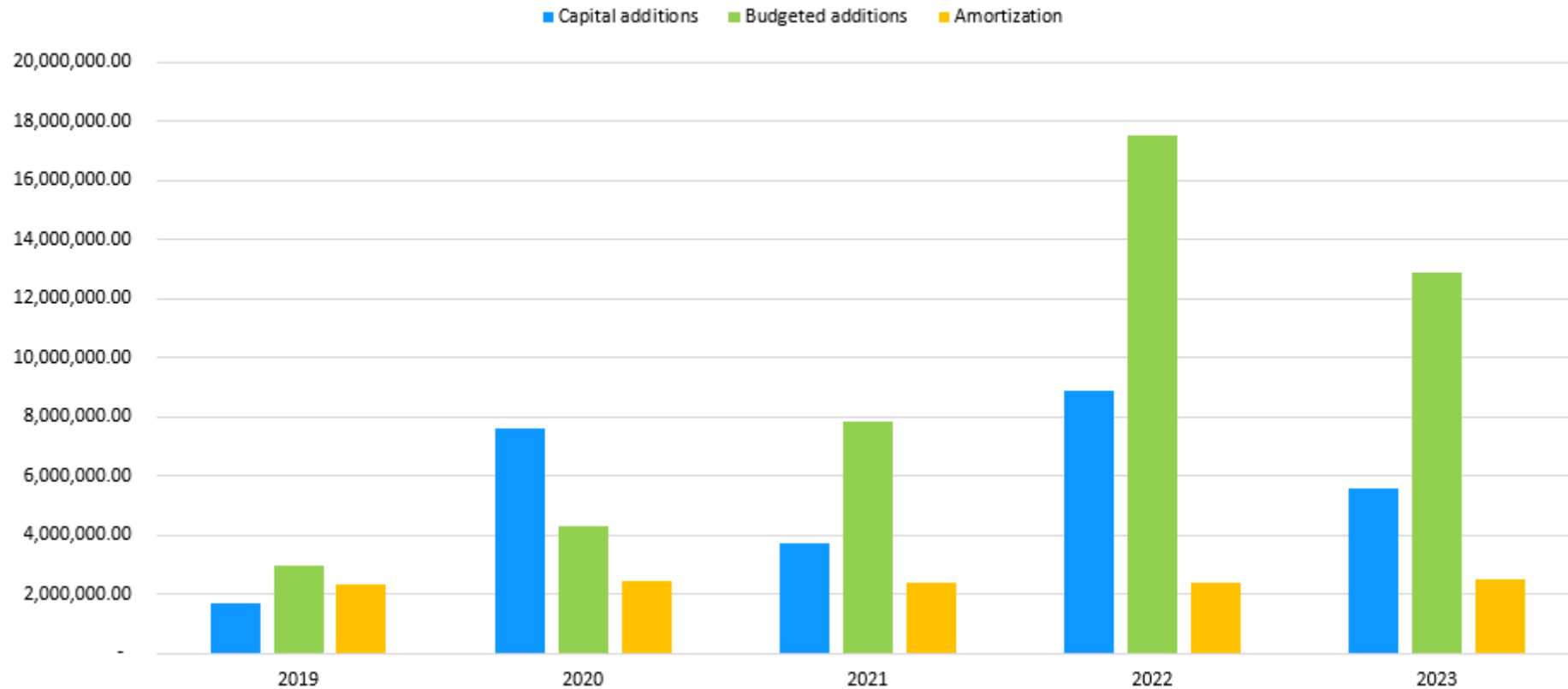
# Tangible Capital Assets

Capital Additions as a % of Total Tax Revenue



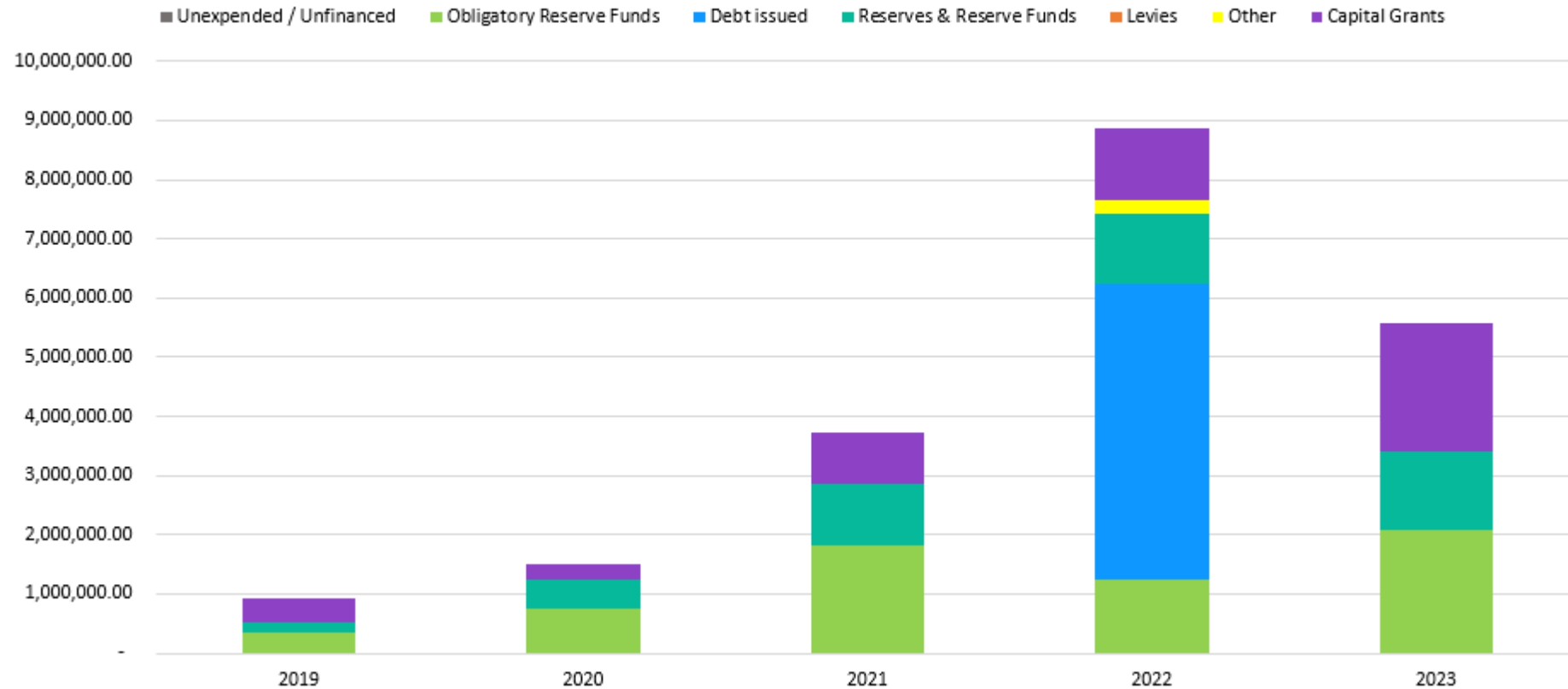
# Tangible Capital Assets

Capital Additions vs. Budget vs. Amortization



# Tangible Capital Assets

Capital Additions by Funding Source



# Statement of Operations

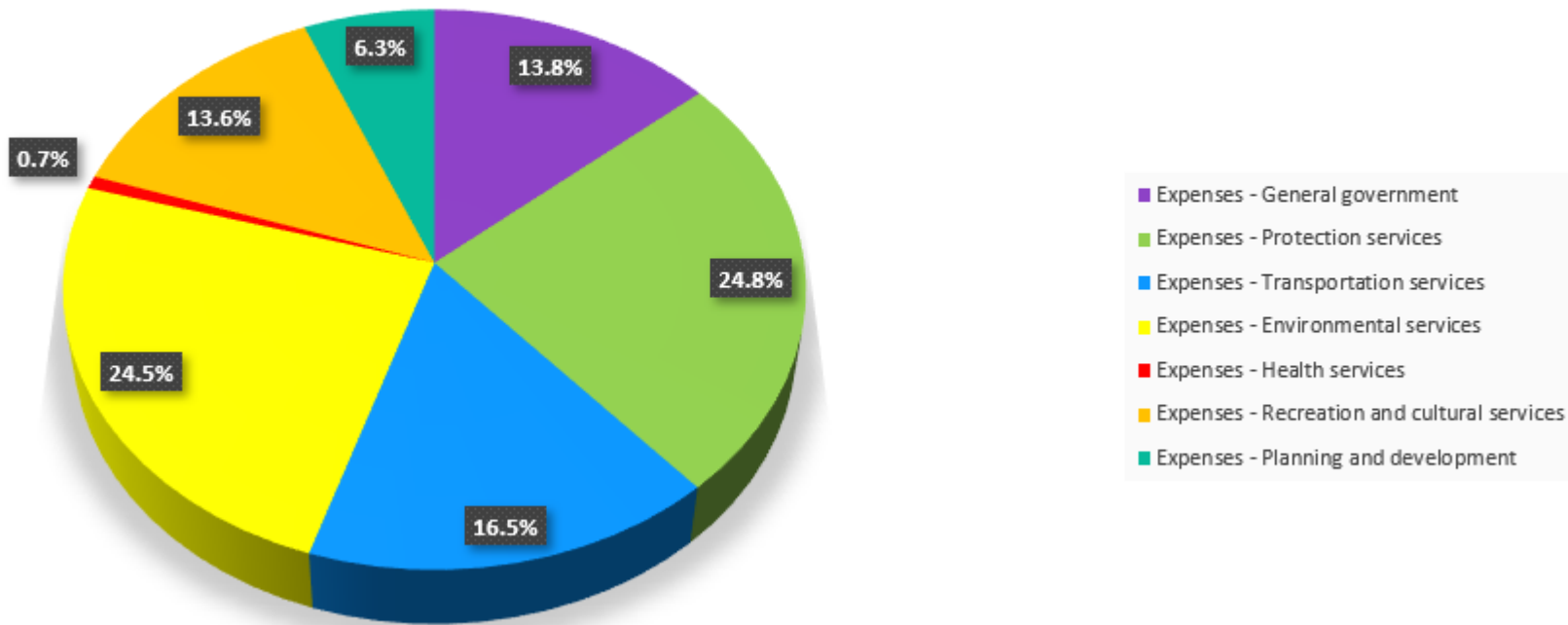
- The Statement of Operations reports the revenues less expenses resulting in the annual surplus of the municipality
- Key areas:
  - Budget vs. actual results
  - Expenditures by department
  - Annual surplus
  - Accumulated surplus

# Statement of Operations

	2023 Budget (note 15)	2023 Actual	2022 Actual
<b>REVENUES</b> (schedule 1)			
Taxation	\$ 9,501,204	\$ 9,427,774	\$ 9,026,164
Fees and user charges	5,384,744	5,852,596	5,430,252
Grants (note 11)	6,288,365	3,662,667	2,679,524
Other (note 10)	3,901,978	3,281,621	1,215,334
	<u>25,076,291</u>	<u>22,224,658</u>	<u>18,351,274</u>
<b>EXPENDITURES</b> (schedule 1)			
General government	2,481,053	2,303,378	2,044,128
Protection services	4,326,789	4,143,680	3,973,610
Transportation services	2,914,543	2,754,623	2,587,540
Environmental services	4,314,225	4,094,091	3,594,638
Health services	120,571	122,216	92,413
Recreation services	2,447,022	2,269,939	1,947,982
Planning and development	1,366,301	1,045,925	930,733
	<u>17,970,504</u>	<u>16,733,852</u>	<u>15,171,044</u>
<b>ANNUAL SURPLUS</b>	7,105,787	5,490,806	3,180,230
<b>ACCUMULATED SURPLUS, beginning of year</b>	<u>84,122,302</u>	<u>84,122,302</u>	<u>80,927,740</u>
<b>ADJUSTMENT TO GOVERNMENT BUSINESS PARTNERSHIP</b> (note 13)	<u>0</u>	<u>(5,360)</u>	<u>14,332</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<u>\$ 91,228,089</u>	<u>\$ 89,607,748</u>	<u>\$ 84,122,302</u>

# Expenditures by Department

Expenditures by Department



# Expenditures by Department

	2019	2020	2021	2022	2023
Expenses - General government	12.0%	9.9%	12.1%	13.5%	13.8%
Expenses - Protection services	23.9%	29.0%	29.6%	26.2%	24.8%
Expenses - Transportation services	16.6%	16.8%	14.8%	17.1%	16.5%
Expenses - Environmental services	26.0%	24.6%	23.9%	23.7%	24.5%
Expenses - Health services	0.4%	0.7%	0.5%	0.6%	0.7%
Expenses - Recreation and cultural services	14.3%	11.6%	11.4%	12.8%	13.6%
Expenses - Planning and development	6.7%	7.4%	7.7%	6.1%	6.3%

# Statement of Changes in Net Financial Assets

- The Statement of Changes in Net Financial Assets reconciles the annual surplus to the change in net financial assets, removing the activity of the non-financial assets



# Statement of Changes in Net Financial Assets

	2023 Budget (note 15)	2023 Actual	2022 Actual
<b>Annual surplus</b>	<u>\$ 7,105,787</u>	<u>\$ 5,490,806</u>	<u>\$ 3,180,230</u>
Acquisition of tangible capital assets	(12,854,945)	(5,565,952)	(8,853,007)
Amortization of tangible capital assets	2,527,086	2,527,086	2,400,897
(Gain) loss on disposal of tangible capital assets	0	(86,547)	698,975
Proceeds on disposal of tangible capital assets	0	109,037	94,428
Adjustment to government business partnership	<u>0</u>	<u>(5,360)</u>	<u>14,332</u>
	<u>(10,327,859)</u>	<u>(3,021,736)</u>	<u>(5,644,375)</u>
Change in inventory of supplies	0	3,885	32,974
Change in prepaid expenses	<u>0</u>	<u>25,840</u>	<u>(25,988)</u>
	<u>0</u>	<u>29,725</u>	<u>6,986</u>
<b>(DECREASE) INCREASE IN NET FINANCIAL ASSETS</b>	<u>\$ (3,222,072)</u>	2,498,795	(2,457,159)
<b>NET FINANCIAL ASSETS at beginning of year</b>		<u>5,832,394</u>	<u>8,289,553</u>
<b>NET FINANCIAL ASSETS at end of year</b>		<u>\$ 8,331,189</u>	<u>\$ 5,832,394</u>

# Statement of Cash Flows

- The Statement of Cash Flows breaks down the change in cash equivalents through the year between operating and capital sources

# Statement of Cash Flows

	2023	2022
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Annual surplus for the year	\$ 5,490,806	\$ 3,180,230
Items not requiring an outlay of cash		
Landfill closure and post-closure liability	68,883	(11,606)
(Gain) loss on disposal of tangible capital assets	(86,547)	698,975
Amortization of tangible capital assets	2,527,086	2,400,897
Adjustment to government business partnership	(5,360)	14,332
	<u>7,994,868</u>	<u>6,282,828</u>
Changes in non-cash working capital		
Taxes receivable	(456,962)	(284,426)
Accounts receivable	124,250	(831,605)
Accounts payable and accrued liabilities	(681,533)	(64,159)
Deferred revenue	325,486	3,731,019
Post-employment benefits	(19,112)	(17,104)
Inventory of supplies	3,885	32,974
Prepaid expenses	25,840	(25,988)
	<u>7,316,722</u>	<u>8,823,539</u>
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	0	5,000,000
Repayment of long-term debt	(710,790)	(481,336)
	<u>(710,790)</u>	<u>4,518,664</u>
<b>CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(5,565,952)	(8,853,007)
Proceeds on disposal of capital assets	109,037	94,428
	<u>(5,456,915)</u>	<u>(8,758,579)</u>
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Purchase of portfolio investments	0	(135,791)
Redemption of portfolio investments	32,085	200,000
	<u>32,085</u>	<u>64,209</u>
<b>NET INCREASE IN CASH</b>	<u>1,181,102</u>	<u>4,647,833</u>
<b>NET CASH, BEGINNING OF YEAR</b>	<u>30,591,292</u>	<u>25,943,459</u>
<b>NET CASH, END OF YEAR</b>	<u>\$ 31,772,394</u>	<u>\$ 30,591,292</u>

# Schedule of Accumulated Surplus

- The Schedule of Accumulated Surplus (Schedule 3) shows the various sources of the accumulated surplus, including reserves
- Reserves shown are amounts set aside by the municipality for specific purposes

# Schedule of Accumulated Surplus

	2023	2022
<b>SURPLUSES</b>		
Investment in tangible capital assets		
Tangible capital assets purchased	\$ 81,210,543	\$ 78,194,167
Unfunded long-term debt	<u>(7,793,847)</u>	<u>(8,504,637)</u>
	73,416,696	69,689,530
 The Shelburne Library Board	13,879	40,100
Centre Dufferin Recreation Complex	(18,584)	(48,854)
Shelburne Business Improvement Area	33,803	38,162
Shelburne and District Fire Department	(11,894)	(114,243)
Unfunded solid waste closure and post-closure costs	(610,588)	(541,705)
Unfunded post-employment benefit (police)	<u>(269,542)</u>	<u>(288,654)</u>
	<u>72,553,770</u>	<u>68,774,336</u>
 <b>RESERVE FUNDS</b>		
Current purposes	4,919	8,280
Fire capital purposes	<u>109,785</u>	<u>348,833</u>
	<u>114,704</u>	<u>357,113</u>
 <b>RESERVES</b>		
Tax stabilization	528,284	378,285
Working funds	744,498	744,498
Post-employment benefits	83,131	83,131
Current purposes	2,370,261	2,253,645
Capital purposes	<u>13,213,100</u>	<u>11,531,294</u>
	<u>16,939,274</u>	<u>14,990,853</u>
 <b>ACCUMULATED SURPLUS</b>	<u>\$ 89,607,748</u>	<u>\$ 84,122,302</u>

During the year, the Town's operating surplus of \$537,061 (2022 - \$485,011) was transferred to reserves, as approved by Council.

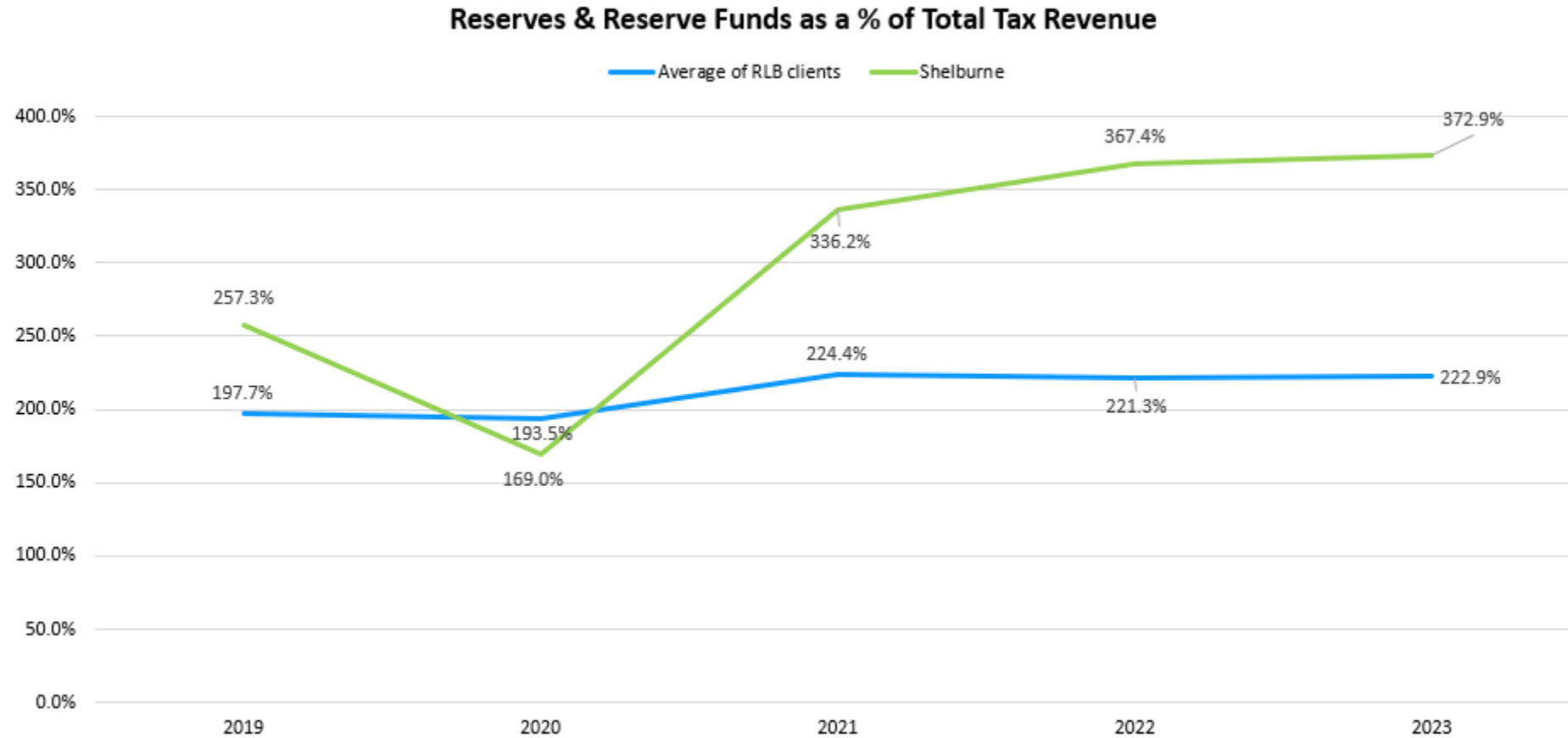
# Deferred Revenue

- The deferred revenue note reconciles the activity within obligatory reserve funds and other deferred items
- Deferred revenue is revenue received that has not yet been spent
- Obligatory reserve funds are deferred revenue that the municipality is required by law, regulation or the funding agreement that a reserve fund be utilized

# Deferred Revenue

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
<b>Obligatory Reserve Funds</b>					
Development charges	\$ 17,260,762	\$ 1,461,635	\$ 889,849	\$ (2,031,475)	\$ 17,580,771
Federal gas tax	550,738	268,922	31,033	(328,887)	521,806
	<u>17,811,500</u>	<u>1,730,557</u>	<u>920,882</u>	<u>(2,360,362)</u>	<u>18,102,577</u>
<b>Other</b>					
Taxation	90,265	106,109	0	(90,265)	106,109
Protection	13,853	0	0	(13,853)	0
Recreation	11,069	43,487	0	(11,069)	43,487
	<u>115,187</u>	<u>149,596</u>	<u>0</u>	<u>(115,187)</u>	<u>149,596</u>
	<u>\$ 17,926,687</u>	<u>\$ 1,880,153</u>	<u>\$ 920,882</u>	<u>\$ (2,475,549)</u>	<u>\$ 18,252,173</u>

# Reserve & Reserve Funds





# Next Steps

Council and management to communicate any changes to representations given throughout the audit process or any awareness of fraud up to the date of financial statement approval

Approval of financial statements by Council

Receipt of signed management representation letter

Town's submission of Financial Information Return (FIR)

A woman with voluminous curly brown hair, wearing a bright yellow sweater, is seated at a white kitchen counter. She is looking at a silver laptop in front of her, with her chin resting on her hand in a thoughtful pose. The background shows a bright kitchen with a window, a sink, and several potted plants, including purple and pink flowers.

Questions?

Thank  
you!



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**THE CORPORATION OF THE TOWN OF SHELBURNE  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

DRAFT

**THE CORPORATION OF THE TOWN OF SHELBURNE**  
**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the accompanying consolidated financial statements of The Corporation of the Town of Shelburne, which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Town of Shelburne as at December 31, 2023 and the consolidated results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of The Corporation of the Town of Shelburne 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 the consolidated financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the corporation's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation'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 corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Guelph, Ontario  
May 13, 2024

Chartered Professional Accountants  
Licensed Public Accountants



**THE CORPORATION OF THE TOWN OF SHELBURNE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 31,772,394	\$ 30,591,292
Portfolio investments (note 2)	1,108,729	1,140,814
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<b>NON-FINANCIAL ASSETS</b>		
Inventory of supplies	64,031	67,916
Prepaid expenses	1,985	27,825
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	<u>81,276,559</u>	<u>78,289,908</u>
<b>ACCUMULATED SURPLUS</b> (schedule 3)	<u>\$ 89,607,748</u>	<u>\$ 84,122,302</u>

**THE CORPORATION OF THE TOWN OF SHELBURNE**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>2023 Budget (note 15)</b>	<b>2023 Actual</b>	<b>2022 Actual</b>
<b>REVENUES</b> (schedule 1)			
Taxation	\$ 9,501,204	\$ 9,427,774	\$ 9,026,164
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Recreation services	2,447,022	2,269,939	1,947,982
Planning and development	<u>1,366,301</u>	<u>1,045,925</u>	<u>930,733</u>
	<u>17,970,504</u>	<u>16,733,852</u>	<u>15,171,044</u>
<b>ANNUAL SURPLUS</b>	7,105,787	5,490,806	3,180,230
<b>ACCUMULATED SURPLUS, beginning of year</b>	<u>84,122,302</u>	<u>84,122,302</u>	<u>80,927,740</u>
<b>ADJUSTMENT TO GOVERNMENT BUSINESS PARTNERSHIP</b> (note 13)	<u>0</u>	<u>(5,360)</u>	<u>14,332</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<u>\$ 91,228,089</u>	<u>\$ 89,607,748</u>	<u>\$ 84,122,302</u>

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

	<b>2023 Budget (note 15)</b>	<b>2023 Actual</b>	<b>2022 Actual</b>
<b>Annual surplus</b>	\$ <u>7,105,787</u>	\$ <u>5,490,806</u>	\$ <u>3,180,230</u>
Acquisition of tangible capital assets	(12,854,945)	(5,565,952)	(8,853,007)
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Adjustment to government business partnership	<u>0</u>	<u>(5,360)</u>	<u>14,332</u>
	<u>(10,327,859)</u>	<u>(3,021,736)</u>	<u>(5,644,375)</u>
Change in inventory of supplies	0	3,885	32,974
Change in prepaid expenses	<u>0</u>	<u>25,840</u>	<u>(25,988)</u>
	<u>0</u>	<u>29,725</u>	<u>6,986</u>
<b>(DECREASE) INCREASE IN NET FINANCIAL ASSETS</b>	\$ <u>(3,222,072)</u>	2,498,795	(2,457,159)
<b>NET FINANCIAL ASSETS at beginning of year</b>		<u>5,832,394</u>	<u>8,289,553</u>
<b>NET FINANCIAL ASSETS at end of year</b>		\$ <u><u>8,331,189</u></u>	\$ <u><u>5,832,394</u></u>

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

	<b>2023</b>	<b>2022</b>
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Annual surplus for the year	\$ 5,490,806	\$ 3,180,230
Items not requiring an outlay of cash		
Landfill closure and post-closure liability	68,883	(11,606)
(Gain) loss on disposal of tangible capital assets	(86,547)	698,975
Amortization of tangible capital assets	2,527,086	2,400,897
Adjustment to government business partnership	(5,360)	14,332
	<u>7,994,868</u>	<u>6,282,828</u>
Changes in non-cash working capital		
Taxes receivable	(456,962)	(284,426)
Accounts receivable	124,250	(831,605)
Accounts payable and accrued liabilities	(681,533)	(64,159)
Deferred revenue	325,486	3,731,019
Post-employment benefits	(19,112)	(17,104)
Inventory of supplies	3,885	32,974
Prepaid expenses	25,840	(25,988)
	<u>7,316,722</u>	<u>8,823,539</u>
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	0	5,000,000
Repayment of long-term debt	(710,790)	(481,336)
	<u>(710,790)</u>	<u>4,518,664</u>
<b>CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(5,565,952)	(8,853,007)
Proceeds on disposal of capital assets	109,037	94,428
	<u>(5,456,915)</u>	<u>(8,758,579)</u>
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Purchase of portfolio investments	0	(135,791)
Redemption of portfolio investments	32,085	200,000
	<u>32,085</u>	<u>64,209</u>
<b>NET INCREASE IN CASH</b>	<b>1,181,102</b>	<b>4,647,833</b>
<b>NET CASH, BEGINNING OF YEAR</b>	<b><u>30,591,292</u></b>	<b><u>25,943,459</u></b>
<b>NET CASH, END OF YEAR</b>	<b><u>\$ 31,772,394</u></b>	<b><u>\$ 30,591,292</u></b>
<b>CASH CONSISTS OF:</b>		
Unrestricted cash	\$ 13,545,329	\$ 12,599,518
Restricted cash	<u>18,227,065</u>	<u>17,991,774</u>
	<u><u>\$ 31,772,394</u></u>	<u><u>\$ 30,591,292</u></u>

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

(a) **ACKNOWLEDGEMENT OF RESPONSIBILITY**

The consolidated financial statements of the Corporation of the Town of Shelburne (the "Town") are the representation of management and approved by Council. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of Chartered Professional Accountants Canada.

(b) **REVENUE RECOGNITION**

Fees and user charges are recognized when the related service is provided.

Investment income earned on surplus funds (other than obligatory funds) are reported in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balances.

Other income is recognized when received or receivable and collection is reasonably assured.

(c) **USE OF ESTIMATES**

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates made by management include accrued grants receivable, useful lives of tangible capital assets, the valuation of accounts receivable and taxes receivable, accrued liabilities, post-employment benefits and landfill closure and post-closure liabilities.

(d) **BASIS OF CONSOLIDATION**

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

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

Town of Shelburne Public Library Board  
Town of Shelburne Business Improvement Area  
Centre Dufferin Recreation Complex  
Shelburne and District Fire Department (proportionate - 55.14%, 2022 - 55.41%)

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

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

**(e) FINANCIAL INSTRUMENTS**

The municipality classifies all of its financial instruments at amortized cost. The maximum exposure to credit risk is the carrying value of the financial instruments. They are carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument. Writedowns of financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net realizable value with the writedown being recognized in the consolidated statement of operations.

**(f) CASH AND CASH EQUIVALENTS**

The Town considers all short term, highly liquid investments with an original maturity of three months or less to be cash equivalents.

**(g) INVENTORY**

Inventory held for consumption are measured at the lower of cost and replacement cost.

**(h) TANGIBLE CAPITAL ASSETS**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets. The useful life of the assets is based on estimates made by Council. The following rates and methods are used:

Land improvements	15-60	years straight line basis
Buildings	15-100	years straight line basis
Roads and bridges	10-50	years straight line basis
Equipment	5-50	years straight line basis
Vehicles	3-15	years straight line basis
Water and sewer systems	10-100	years straight line basis

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

**(i) INTANGIBLE ASSETS**

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

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

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

**(j) LIABILITY FOR CONTAMINATED SITES**

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributed to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. There are no sites that are not in productive use where a liability needs to be recognized.

**(k) COUNTY AND SCHOOL BOARDS**

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

**(l) GOVERNMENT TRANSFERS**

Government transfers are recognized as grant revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability, in which case, it is initially recognized as deferred revenue. This revenue is recognized in the consolidated statement of operations as the transfer stipulations are settled.

**(m) TAXATION AND RELATED REVENUES**

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by town Council, incorporating amounts to be raised for local services. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Town determines the taxes applicable and renders supplementary tax billings.

Assessment and the related property taxes are subject to appeal. Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of allowance for anticipated uncollectable amounts.

The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

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

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

(n) TRUST FUNDS

The Town acts as a trustee for a number of third parties administering the assets on their behalf. Funds held in trust by the Town, and their related operations, are not included in these consolidated financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of financial position and statement of continuity.

The development in trust fund includes construction deposits held by the municipality for developers. The cemetery maintenance and equipment fund and cemetery perpetual care fund include amounts for the future care and maintenance of the cemetery. The prepaid burial fund includes deposits held by the municipality for burials.

**2. PORTFOLIO INVESTMENTS**

	<b>2023</b>	<b>2022</b>
RBC, 5-in-1 guaranteed investment certificate, 1.5% interest, maturing June 3, 2026	\$ 627,225	\$ 815,000
Shelburne Library Board, non-redeemable guaranteed investment certificate, 4.50% interest, maturing July 7, 2027	120,000	120,000
Shelburne Library Board, non-redeemable guaranteed investment certificate, 5.45% interest (2022 - 4.75%), maturing November 8, 2024 (2022 - November 8, 2023)	109,919	104,935
Shelburne Library Board, non-redeemable guaranteed investment certificate, 5.00% interest (2022 - 0.70%), maturing July 31, 2025 (2022 - July 5, 2023)	101,585	100,879
Shelburne Library Board, redeemable guaranteed investment certificate, variable interest, maturing November 1, 2024	100,000	0
Shelburne Library Board, non-redeemable guaranteed investment certificate, 5.00% interest, maturing July 31, 2025	<u>50,000</u>	<u>0</u>
	<u><b>\$ 1,108,729</b></u>	<u><b>\$ 1,140,814</b></u>



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

**3. DEFERRED REVENUE**

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
<b>Obligatory Reserve Funds</b>					
Development charges	\$ 17,260,762	\$ 1,461,635	\$ 889,849	\$ (2,031,475)	\$ 17,580,771
Federal gas tax	550,738	268,922	31,033	(328,887)	521,806
	<u>17,811,500</u>	<u>1,730,557</u>	<u>920,882</u>	<u>(2,360,362)</u>	<u>18,102,577</u>
<b>Other</b>					
Taxation	90,265	106,109	0	(90,265)	106,109
Protection	13,853	0	0	(13,853)	0
Recreation	11,069	43,487	0	(11,069)	43,487
	<u>115,187</u>	<u>149,596</u>	<u>0</u>	<u>(115,187)</u>	<u>149,596</u>
	<u>\$ 17,926,687</u>	<u>\$ 1,880,153</u>	<u>\$ 920,882</u>	<u>\$ (2,475,549)</u>	<u>\$ 18,252,173</u>

**4. POST EMPLOYMENT BENEFITS**

The Town sponsors a defined benefit plan for retirement benefits other than pensions to former qualified police employees. The plan provides extended health care and dental benefits to employees to a maximum of age 65, followed with a Health Care Spending Account (HCSA) to age 70 and 75 for some of those employees. Total benefit payments paid by the Town on behalf of retirees during the year were \$33,369 (2022 - \$33,587). The employee benefits liabilities as at year end are \$269,542 (2022 - \$288,654). The liability is currently partially funded in the amount of \$83,131 (2022 - \$83,131) through reserves. The additional liability is expected to be funded through budget allocations to the post-employment benefits reserve.

Actuarial valuations for accounting purposes are performed using the projected benefit method, pro-rated on services. The most recent actuarial report was prepared as at April 3, 2021. The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, medical inflation rates and mortality rates. The assumptions used reflect management's best estimates. The post-employment benefit liability was determined using a discount rate of 2.25% (2022 - 2.25%). For extended health care costs, a 5.0837% annual rate of increase was assumed for 2023, reducing by 0.333% per year to 3.75% in 2027. For dental costs, a 3.75% annual rate of increase was assumed.

The total expenses related to retirement benefits other than pensions include the following components:

	2023	2022
Amortization of actuarial loss	\$ 7,633	\$ 7,633
Interest costs	<u>7,484</u>	<u>8,056</u>
	<u>\$ 15,117</u>	<u>\$ 15,689</u>

**5. CREDIT FACILITY**

The Town has utilized \$0 (2022 - \$0) of an authorized revolving demand facility with a limit up to a maximum of \$1,000,000. The facility bears interest at prime minus 0.75% per annum. The aggregate borrowings outstanding under this facility must not exceed 50% of the total budgeted revenues for the period of January 1st to September 30th of each fiscal year and must not exceed 25% of total budgeted revenues for the period of October 1st to December 31st. No conditions regarding this loan have been breached at year end and no accrued interest relating to this loan is owing.

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

**6. LONG-TERM DEBT**

	<b>2023</b>	<b>2022</b>
Long-term capital financing for new well, Ontario Infrastructure and Land Corporation (OILC), 3.10% interest, semi-annual principal and interest payments of \$41,471, due June 2036	\$ 854,114	\$ 909,293
Long-term capital financing for Sister Streets, Ontario Infrastructure and Land Corporation (OILC), 2.52% interest, semi-annual principal and interest payments of \$100,104, due December 2026	574,999	757,264
Long-term capital financing for STP Phase II, Ontario Infrastructure and Land Corporation (OILC), 2.67% interest, semi-annual principal and interest payments of \$56,751, due July 2026	325,143	427,901
Long-term capital financing for STP Phase III, Ontario Infrastructure and Land Corporation (OILC), 4.21% interest, semi-annual principal and interest payments of \$57,696, due December 2030	693,349	776,903
Long-term capital financing for new well and water meters, Ontario Infrastructure and Land Corporation (OILC), 3.43% interest, semi-annual principal and interest payments of \$37,254, due April 2033	599,732	652,313
Long-term capital financing for water tower, Ontario Infrastructure and Land Corporation (OILC), 4.79% interest, monthly principal and interest payments of \$38,995, due November 2037	<u>4,746,510</u>	<u>4,980,963</u>
	<u>\$ 7,793,847</u>	<u>\$ 8,504,637</u>

Future minimum payments on long-term obligations are as follows:

2024	\$ 736,751
2025	763,735
2026	791,782
2027	505,211
2028	527,344
Thereafter	<u>4,469,024</u>
	<u>\$ 7,793,847</u>

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

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**7. PENSION AGREEMENTS**

The municipality makes contributions to the Ontario Municipal Employees' Retirement System (OMERS), which is a multi-employer plan, on behalf of 39 (2022 - 35) members of its staff.

This plan is a defined benefit plan which specifies the amount of the retirement benefits to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The amount contributed to OMERS for 2023 by the municipality was \$252,880 (2022 - \$215,463). The contribution rate for 2023 was 9.0% to 15.8% (2022 - 9.0% to 15.8%) depending on retirement age and income level.

OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2023. At that time, the plan reported a \$4.20 billion funding deficit (2022 - \$6.68 billion deficit), based on an accrued pension obligation of \$134.57 billion (2022 - \$128.79 billion) and net assets available for benefits of \$128.81 billion (2022 - \$124.38 billion). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in financial markets may lead to increased future funding requirements.

**8. LANDFILL POST-CLOSURE LIABILITY**

Landfill closure and post-closure care requirements have been defined in accordance with industry standards, and include final covering landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The landfill site is closed, therefore only monitoring costs are expected to be incurred.

The Town has estimated the post-closure liability at year end as \$610,588 (2022 - \$541,705). The liability is estimated based upon current monitoring costs of \$32,466 (2022 - \$28,269) inflated annually at a rate of 3.34% (2022 - 3.03%) per year and discounted at a rate of 3.45% (2022 - 3.45%) for 19 years (2022 - 20 years).

**9. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF DUFFERIN**

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

	<b>2023</b>	<b>2022</b>
School boards	\$ 2,640,598	\$ 2,462,236
County of Dufferin	<u>4,612,107</u>	<u>4,275,145</u>
	<u>\$ 7,252,705</u>	<u>\$ 6,737,381</u>

**THE CORPORATION OF THE TOWN OF SHELBURNE**  
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**10. OTHER INCOME**

	<b>2023 Budget</b>	<b>2023 Actual</b>	<b>2022 Actual</b>
Penalties and interest on taxation	\$ 135,000	\$ 200,997	\$ 136,308
Investment income	424,725	844,706	274,696
Rents, concessions and franchises	27,880	21,400	28,383
Donations	15,000	69,412	413,201
Gain (loss) on disposal of tangible capital assets	0	86,547	(698,975)
Development charges	3,245,113	2,031,475	811,284
Other	<u>54,260</u>	<u>27,084</u>	<u>250,437</u>
	<b><u>\$ 3,901,978</u></b>	<b><u>\$ 3,281,621</u></b>	<b><u>\$ 1,215,334</u></b>

**11. GRANTS**

	<b>2023 Budget</b>	<b>2023 Actual</b>	<b>2022 Actual</b>
<b>Operating</b>			
Government of Canada	\$ 27,000	\$ 22,904	\$ 40,679
Province of Ontario	609,472	508,032	560,122
Other	<u>353,918</u>	<u>353,919</u>	<u>322,625</u>
	<u>990,390</u>	<u>884,855</u>	<u>923,426</u>
<b>Capital</b>			
Government of Canada	111,182	328,888	645,202
Province of Ontario	<u>5,186,793</u>	<u>2,448,924</u>	<u>1,110,896</u>
	<u>5,297,975</u>	<u>2,777,812</u>	<u>1,756,098</u>
	<b><u>\$ 6,288,365</u></b>	<b><u>\$ 3,662,667</u></b>	<b><u>\$ 2,679,524</u></b>

**12. TRUST FUNDS**

Amounts held in trust at year end are as follows:

	<b>2023</b>	<b>2022</b>
Development in trust	\$ 1,872,625	\$ 1,752,625
Cemetery maintenance and equipment	360,760	348,540
Cemetery perpetual care	79,975	76,875
Prepaid burial fund	<u>7,650</u>	<u>7,865</u>
	<b><u>\$ 2,321,010</u></b>	<b><u>\$ 2,185,905</u></b>

**13. GOVERNMENT BUSINESS PARTNERSHIP**

Shelburne and District Fire Department is a joint fire board under the shared controls of the Town of Shelburne, Township of Amaranth, Township of Melancthon, Town of Mono and Township of Mulmur. Shelburne and District Fire Department provides fire suppression and prevention services, training and education to Shelburne and the surrounding municipalities. The consolidated financial statements include the municipality's 55.14% (2022 - 55.41%) proportionate interest of the following:

**THE CORPORATION OF THE TOWN OF SHELBURNE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**13. GOVERNMENT BUSINESS PARTNERSHIP (continued)**

	<b>2023</b>	<b>2022</b>
<b>Statement of Financial Position</b>		
Assets	\$ 334,068	\$ 587,430
Liabilities	<u>156,535</u>	<u>56,559</u>
Net financial assets	177,533	530,871
Non-financial assets	<u>1,893,191</u>	<u>1,454,320</u>
Accumulated surplus	<u>\$ 2,070,724</u>	<u>\$ 1,985,191</u>
<b>Statement of Operations</b>		
Revenues	\$ 1,281,846	\$ 938,523
Expenses	<u>1,196,313</u>	<u>943,850</u>
Annual surplus	<u>\$ 85,533</u>	<u>\$ (5,327)</u>

**14. FINANCIAL INSTRUMENT RISK MANAGEMENT**

Credit risk

The Town is exposed to credit risk through the possibility of non-collection of accounts receivable and taxes receivable. The majority of the Town's receivables are from rate payers and government entities. For accounts receivable, the Town measures impairment based on how long the amounts have been outstanding. For amounts outstanding greater than 91 days, an impairment allowance is set up for items deemed uncollectable. The amounts outstanding at year end, which is the municipality's maximum exposure to credit risk related to accounts receivable, are as follows:

	0 - 30 days	31 - 90 days	91 - 365 days	1 - 2 years	3 - 5 years
Accounts receivable	\$ 2,011,586	\$ 128,002	\$ 38,573	\$ 0	\$ 0
Taxes receivable	<u>1,346,953</u>	<u>27,399</u>	<u>2,340</u>	<u>207,015</u>	<u>5,378</u>
Total	<u>\$ 3,358,539</u>	<u>\$ 155,401</u>	<u>\$ 40,913</u>	<u>\$ 207,015</u>	<u>\$ 5,378</u>

Liquidity risk

Liquidity risk is the risk that the Town will not be able to meet its financial obligations as they fall due. The municipality undertakes a planning and budgeting process to help determine the funds required to support the Town's normal operating requirements on an ongoing basis. The municipality ensures that there are sufficient funds to meet its short term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain an available line of credit balance as approved by the appropriate borrowing by-law to meet, at a minimum, expected requirements for a period of at least 90 days. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

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

**14. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)**

Liquidity risk (continued)

	0 - 30 days	31 - 90 days	91 - 365 days	1 - 5 years	6 years and later
Accounts payable and accrued liabilities \$	1,391,030	\$ 0	\$ 0	\$ 0	\$ 0
Long term debt	<u>72,459</u>	<u>40,337</u>	<u>623,956</u>	<u>2,588,071</u>	<u>4,469,024</u>
Total	<u>\$ 1,463,489</u>	<u>\$ 40,337</u>	<u>\$ 623,956</u>	<u>\$ 2,588,071</u>	<u>\$ 4,469,024</u>

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Town is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the fixed rate of long term debt and value of the fixed income denominated investments.

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

**15. BUDGETS**

Under Canadian public sector accounting standards, budget amounts are to be reported on the statement of operations and changes in net financial assets for comparative purposes. The 2023 budget amounts for the Town of Shelburne, approved by Council, have been reclassified to conform to the presentation of the consolidated statements of operations and changes in net financial assets. The following is a reconciliation of the budget approved by Council:

	<b>2023 Budget</b>	<b>2023 Actual</b>	<b>2022 Actual</b>
Annual surplus	\$ 7,105,787	\$ 5,490,806	\$ 3,180,230
Adjustment to government business partnership	0	(5,360)	14,332
Amortization of tangible capital assets	2,527,086	2,527,086	2,400,897
Change in unfunded liabilities	0	49,771	(28,710)
Change in other surpluses	<u>0</u>	<u>(102,039)</u>	<u>146,996</u>
	9,632,873	7,960,264	5,713,745
Net transfers (to) from reserves and discretionary reserve funds	3,927,672	(1,706,012)	(2,172,805)
Acquisition of tangible capital assets	(12,854,945)	(5,565,952)	(8,853,007)
Proceeds on disposal of tangible capital assets	0	109,037	94,428
(Gain) loss of disposal of tangible capital assets	0	(86,547)	698,975
Proceeds from long term debt	0	0	5,000,000
Debt principal repayments	<u>(781,875)</u>	<u>(710,790)</u>	<u>(481,336)</u>
General surplus (deficit) (schedule 3)	<u>\$ (76,275)</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

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**16. CONTRACTUAL COMMITMENTS**

The Town of Shelburne has entered into the following contracts:

- a) A ten-year contract for the treatment and maintenance of the Shelburne Water Supply and operations and maintenance of the Shelburne Waste Water Treatment, at an approximate cost of \$761,192 per year, beginning January 1, 2020, with the annual cost adjusted by the CPI index and any new costs impacted by new regulations.
- b) A four-year contract for auditing services at a cost of \$36,580, with an annual 2% COLA adjustment.
- c) The Town of Shelburne has committed to spend approximately \$793,988 on capital projects in 2024 and beyond on transportation and recreational projects.
- d) A four-year contract for OPP services, at an approximate annual cost of \$3,076,629 per year, beginning February 18, 2021 and ending on December 31, 2024, with an annual 2% COLA adjustment.
- e) A one-year contract for municipal insurance at a cost of \$459,324.

**17. CONTINGENT LIABILITIES**

The Town has been served with various claims as a result of accidents and other incidents. The Town is not aware of any possible settlements in excess of its liability insurance coverage. The outcomes of these claims are not determinable at this time. Should any liability be determined and not covered by insurance, it will be recognized in the period when determined.

**18. SEGMENTED DISCLOSURE**

The Corporation of the Town of Shelburne is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, environmental, planning, community, and water services. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

**General Government**

General government revenues and expenses relate to the operations of the municipality itself and cannot be directly attributed to a specific segment.

**Protection Services**

Protection is comprised of police services, fire protection and by-law enforcement. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible for providing fire suppression services, fire prevention programs, training, and education. The by-law enforcement department works to ensure that citizens and their property are protected by ensuring the Town's by-laws are being adhered to.

**Transportation Services**

Transportation is responsible for providing the municipality with road maintenance, winter control services, street light maintenance, parking lots, and equipment maintenance.

**Sewer and Water**

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

**Environmental Services**

Environmental services consists of a fall leaf collection program and expenses relating to monitoring a closed landfill.

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

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**18. SEGMENTED DISCLOSURE (continued)**

**Health Services**

Health services are comprised of public health services which work to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities. Also, the municipality provides cemetery services including cemetery maintenance and care.

**Recreation and Cultural**

This service area provides services meant to improve the health and development of the municipality's citizens. Recreational and cultural programs like swimming and skating lessons are provided at the recreation complex. Also, the municipality provides library services to assist with its citizens' informational needs.

**Planning and Development**

This department provides a number of services including town planning, maintenance and enforcement of building and construction codes and review of all property development plans through its application process. This department also includes the economic development committee and the downtown business improvement area.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The revenues, expenses and equity in government business enterprises and government business partnerships that are directly attributable to a particular segment are allocated to that segment. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation, payments in-lieu and penalties and interest	Allocated to segments based on the approved budget for the year.
OMPF grant	Allocated to segment based on the approved budget for the year.



**THE CORPORATION OF THE TOWN OF SHELBURNE**  
**CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

*(Schedule 1)*

	<b>General Government</b>	<b>Protection Services</b>	<b>Transportation Services</b>	<b>Sewer and Water</b>	<b>Environmental Services</b>	<b>Health Services</b>	<b>Recreation and Cultural</b>	<b>Planning and Development</b>	<b>Total 2023</b>
<b>REVENUE</b>									
Taxation	\$ 1,154,284	\$ 4,096,395	\$ 2,204,321	\$ 37,735	\$ 30,188	\$ 85,056	\$ 1,059,443	\$ 760,352	\$ 9,427,774
Fees and user charges	177,748	88,861	25,071	4,590,859	55,796	56,786	727,357	130,118	5,852,596
Grants	445,600	41,589	829,629	1,948,183	0	0	397,666	0	3,662,667
Other	<u>1,018,953</u>	<u>23,968</u>	<u>1,506</u>	<u>1,618,801</u>	<u>0</u>	<u>17,458</u>	<u>556,611</u>	<u>44,324</u>	<u>3,281,621</u>
	<u>2,796,585</u>	<u>4,250,813</u>	<u>3,060,527</u>	<u>8,195,578</u>	<u>85,984</u>	<u>159,300</u>	<u>2,741,077</u>	<u>934,794</u>	<u>22,224,658</u>
<b>EXPENSES</b>									
Salaries and benefits	1,551,566	515,880	941,178	462,247	16,563	86,859	1,222,973	332,665	5,129,931
Interest on debt	0	0	10,731	330,776	0	0	0	0	341,507
Materials and supplies	451,836	343,404	980,052	926,512	2,850	33,413	677,840	75,713	3,491,620
Contracted services	218,926	3,082,848	36,306	1,065,855	128,559	0	0	637,547	5,170,041
Other transfers	0	61,429	0	0	0	0	1,800	0	63,229
Rents and financial	10,438	0	0	0	0	0	0	0	10,438
Amortization	<u>70,612</u>	<u>140,119</u>	<u>786,356</u>	<u>1,160,729</u>	<u>0</u>	<u>1,944</u>	<u>367,326</u>	<u>0</u>	<u>2,527,086</u>
	<u>2,303,378</u>	<u>4,143,680</u>	<u>2,754,623</u>	<u>3,946,119</u>	<u>147,972</u>	<u>122,216</u>	<u>2,269,939</u>	<u>1,045,925</u>	<u>16,733,852</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ 493,207</u>	<u>\$ 107,133</u>	<u>\$ 305,904</u>	<u>\$ 4,249,459</u>	<u>\$ (61,988)</u>	<u>\$ 37,084</u>	<u>\$ 471,138</u>	<u>\$ (111,131)</u>	<u>\$ 5,490,806</u>

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWN OF SHELBURNE

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

(Schedule 1 continued)

FOR THE YEAR ENDED DECEMBER 31, 2023

	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Recreation and Cultural	Planning and Development	Total 2022
<b>REVENUE</b>									
Taxation	\$ 1,249,476	\$ 3,797,134	\$ 2,123,571	\$ 120,594	\$ 53,670	\$ 74,552	\$ 987,408	\$ 619,759	\$ 9,026,164
Fees and user charges	172,068	74,974	11,341	4,349,324	44,283	51,210	598,032	129,020	5,430,252
Grants	508,108	41,487	1,139,051	0	0	0	990,878	0	2,679,524
Other	437,875	(60,389)	(614,613)	458,660	0	8,379	696,226	289,196	1,215,334
	<u>2,367,527</u>	<u>3,853,206</u>	<u>2,659,350</u>	<u>4,928,578</u>	<u>97,953</u>	<u>134,141</u>	<u>3,272,544</u>	<u>1,037,975</u>	<u>18,351,274</u>
<b>EXPENSES</b>									
Salaries and benefits	1,341,793	504,040	787,015	411,022	18,577	72,309	1,031,738	317,045	4,483,539
Interest on debt	0	0	13,496	128,571	0	0	0	0	142,067
Materials and supplies	454,377	252,849	984,853	820,089	1,710	19,093	568,549	48,949	3,150,469
Contracted services	171,870	3,028,452	44,615	1,089,097	35,412	0	0	564,739	4,934,185
Other transfers	0	56,404	0	0	0	0	7,800	0	64,204
Rents and financial	9,044	0	0	0	0	0	0	0	9,044
Amortization	67,044	131,865	757,561	1,090,160	0	1,011	339,895	0	2,387,536
	<u>2,044,128</u>	<u>3,973,610</u>	<u>2,587,540</u>	<u>3,538,939</u>	<u>55,699</u>	<u>92,413</u>	<u>1,947,982</u>	<u>930,733</u>	<u>15,171,044</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ 323,399</u>	<u>\$ (120,404)</u>	<u>\$ 71,810</u>	<u>\$ 1,389,639</u>	<u>\$ 42,254</u>	<u>\$ 41,728</u>	<u>\$ 1,324,562</u>	<u>\$ 107,242</u>	<u>\$ 3,180,230</u>

THE CORPORATION OF THE TOWN OF SHELBURNE

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

(Schedule 2)

FOR THE YEAR ENDED DECEMBER 31, 2023

	Land	Land Improvements	Buildings	Vehicles	Equipment	Roads and Bridges	Sewer and Water	2023
<b>COST</b>								
Balance, beginning of year	\$ 5,035,228	\$ 5,932,860	\$27,060,931	\$ 2,775,599	\$ 5,382,445	\$21,786,272	\$47,509,503	\$115,482,838
Additions during the year	12,843	514,814	182,662	556,379	395,769	579,268	3,324,217	5,565,952
Disposals during the year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(101,070)</u>	<u>(49,598)</u>	<u>0</u>	<u>(150,668)</u>
Balance, end of year	<u>5,048,071</u>	<u>6,447,674</u>	<u>27,243,593</u>	<u>3,331,978</u>	<u>5,677,144</u>	<u>22,315,942</u>	<u>50,833,720</u>	<u>120,898,122</u>
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year	0	1,992,918	12,635,580	1,821,468	3,060,880	7,670,186	10,107,639	37,288,671
Amortization	0	204,663	612,840	194,752	250,761	575,629	688,441	2,527,086
Accumulated amortization on disposals	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(95,583)</u>	<u>(32,595)</u>	<u>0</u>	<u>(128,178)</u>
Balance, end of year	<u>0</u>	<u>2,197,581</u>	<u>13,248,420</u>	<u>2,016,220</u>	<u>3,216,058</u>	<u>8,213,220</u>	<u>10,796,080</u>	<u>39,687,579</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 5,048,071</u>	<u>\$ 4,250,093</u>	<u>\$13,995,173</u>	<u>\$ 1,315,758</u>	<u>\$ 2,461,086</u>	<u>\$14,102,722</u>	<u>\$40,037,640</u>	<u>\$81,210,543</u>

The net book value of tangible capital assets not being amortized because they are under construction or development, or have been removed from service, is \$3,621,594 (2022 - \$7,812,580).

THE CORPORATION OF THE TOWN OF SHELburnE

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

(Schedule 2 continued)

FOR THE YEAR ENDED DECEMBER 31, 2023

	Land	Land Improvements	Buildings	Vehicles	Equipment	Roads and Bridges	Sewer and Water	2022
<b>COST</b>								
Balance, beginning of year	\$ 4,934,323	\$ 5,387,483	\$26,309,681	\$ 2,479,544	\$ 5,620,759	\$22,163,981	\$41,430,627	\$108,326,398
Additions during the year	100,905	572,445	731,651	422,319	206,952	739,859	6,078,876	8,853,007
Disposals during the year	0	(15,000)	0	(126,264)	(437,735)	(1,117,568)	0	(1,696,567)
Asset transfers	0	(12,068)	19,599	0	(7,531)	0	0	0
Balance, end of year	<u>5,035,228</u>	<u>5,932,860</u>	<u>27,060,931</u>	<u>2,775,599</u>	<u>5,382,445</u>	<u>21,786,272</u>	<u>47,509,503</u>	<u>115,482,838</u>
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year	0	1,816,678	12,032,817	1,779,027	3,144,485	7,528,173	9,489,758	35,790,938
Amortization	0	191,240	598,847	169,357	257,200	566,372	617,881	2,400,897
Accumulated amortization on disposals	0	(15,000)	0	(126,916)	(336,889)	(424,359)	0	(903,164)
Accumulated amortization transfers	0	0	3,916	0	(3,916)	0	0	0
Balance, end of year	<u>0</u>	<u>1,992,918</u>	<u>12,635,580</u>	<u>1,821,468</u>	<u>3,060,880</u>	<u>7,670,186</u>	<u>10,107,639</u>	<u>37,288,671</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 5,035,228</u>	<u>\$ 3,939,942</u>	<u>\$14,425,351</u>	<u>\$ 954,131</u>	<u>\$ 2,321,565</u>	<u>\$14,116,086</u>	<u>\$37,401,864</u>	<u>\$78,194,167</u>

See notes to the consolidated financial statements

**THE CORPORATION OF THE TOWN OF SHELBURNE**  
**CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

*(Schedule 3)*

	<b>2023</b>	<b>2022</b>
<b>SURPLUSES</b>		
Investment in tangible capital assets		
Tangible capital assets purchased	\$ 81,210,543	\$ 78,194,167
Unfunded long-term debt	<u>(7,793,847)</u>	<u>(8,504,637)</u>
	73,416,696	69,689,530
 The Shelburne Library Board	13,879	40,100
Centre Dufferin Recreation Complex	(18,584)	(48,854)
Shelburne Business Improvement Area	33,803	38,162
Shelburne and District Fire Department	(11,894)	(114,243)
Unfunded solid waste closure and post-closure costs	(610,588)	(541,705)
Unfunded post-employment benefit (police)	<u>(269,542)</u>	<u>(288,654)</u>
	<u>72,553,770</u>	<u>68,774,336</u>
 <b>RESERVE FUNDS</b>		
Current purposes	4,919	8,280
Fire capital purposes	<u>109,785</u>	<u>348,833</u>
	<u>114,704</u>	<u>357,113</u>
 <b>RESERVES</b>		
Tax stabilization	528,284	378,285
Working funds	744,498	744,498
Post-employment benefits	83,131	83,131
Current purposes	2,370,261	2,253,645
Capital purposes	<u>13,213,100</u>	<u>11,531,294</u>
	<u>16,939,274</u>	<u>14,990,853</u>
 <b>ACCUMULATED SURPLUS</b>	<u>\$ 89,607,748</u>	<u>\$ 84,122,302</u>

During the year, the Town's operating surplus of \$537,061 (2022 - \$485,011) was transferred to reserves, as approved by Council.

**THE CORPORATION OF THE TOWN OF SHELBURNE  
TRUST FUNDS  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the accompanying financial statements of the trust funds of The Corporation of the Town of Shelburne, which comprise the statement of financial position as at December 31, 2023 and the statement of continuity of the trust funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the Town of Shelburne as at December 31, 2023 and the continuity of the trust funds for the year then ended in accordance with Canadian public sector accounting standards.

### Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Information section of our report. We are independent of The Corporation of the Town of Shelburne 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 the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the trust funds' ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the trust funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the trust funds' financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trust funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 represents the underlying transactions and events in a manner that achieves fair presentation.

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

Guelph, Ontario  
May 13, 2024

Chartered Professional Accountants  
Licensed Public Accountants



THE CORPORATION OF THE TOWN OF SHELBURNE

TRUST FUNDS

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	Development in Trust	Cemetery Maintenance & Equipment	Cemetery Perpetual Care	Prepaid Burial Fund	2023 Total	2022 Total
<b>Assets</b>						
Cash	\$ 1,872,625	\$ 79,975	\$ 160,760	\$ 7,650	\$ 2,121,010	\$ 1,985,905
Investments (note 2)	<u>0</u>	<u>0</u>	<u>200,000</u>	<u>0</u>	<u>200,000</u>	<u>200,000</u>
	<u>\$ 1,872,625</u>	<u>\$ 79,975</u>	<u>\$ 360,760</u>	<u>\$ 7,650</u>	<u>\$ 2,321,010</u>	<u>\$ 2,185,905</u>
<b>Fund balance</b>	<u>\$ 1,872,625</u>	<u>\$ 79,975</u>	<u>\$ 360,760</u>	<u>\$ 7,650</u>	<u>\$ 2,321,010</u>	<u>\$ 2,185,905</u>

THE CORPORATION OF THE TOWN OF SHELBURNE

TRUST FUNDS

STATEMENT OF CONTINUITY

AS AT DECEMBER 31, 2023

	Development in Trust	Cemetery Maintenance & Equipment	Cemetery Perpetual Care	Prepaid Burial Fund	2023 Total	2022 Total
<b>Fund balance, beginning of year</b>	\$ <u>1,752,625</u>	\$ <u>76,875</u>	\$ <u>348,540</u>	\$ <u>7,865</u>	\$ <u>2,185,905</u>	\$ <u>1,904,415</u>
<b>Receipts</b>						
Fees	138,000	0	12,220	0	150,220	386,270
Cemetery maintenance fee	0	3,100	0	0	3,100	4,500
Interest	<u>93,856</u>	<u>4,004</u>	<u>13,454</u>	<u>405</u>	<u>111,719</u>	<u>44,102</u>
	<u>231,856</u>	<u>7,104</u>	<u>25,674</u>	<u>405</u>	<u>265,039</u>	<u>434,872</u>
<b>Expenses</b>	<u>111,856</u>	<u>4,004</u>	<u>13,454</u>	<u>620</u>	<u>129,934</u>	<u>153,382</u>
<b>Net surplus (deficit)</b>	<u>120,000</u>	<u>3,100</u>	<u>12,220</u>	<u>(215)</u>	<u>135,105</u>	<u>281,490</u>
<b>Fund balance, end of year</b>	\$ <u><u>1,872,625</u></u>	\$ <u><u>79,975</u></u>	\$ <u><u>360,760</u></u>	\$ <u><u>7,650</u></u>	\$ <u><u>2,321,010</u></u>	\$ <u><u>2,185,905</u></u>

**THE CORPORATION OF THE TOWN OF SHELBURNE**  
**TRUST FUNDS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

(a) **ACKNOWLEDGEMENT OF RESPONSIBILITY**

The financial statements of the The Corporation of the Town of Shelburne (the "Town") trust funds are the representation of management and approved by Council. The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of receipts and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

(b) **BASIS OF ACCOUNTING**

Receipts and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes receipts as they become available 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.

(c) **FINANCIAL INSTRUMENTS**

The Town trust funds classify all of their financial instruments at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument. Writedowns of financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net realizable value with the writedown being recognized in the statement of continuity.

**2. INVESTMENTS**

	<b>2023</b>	<b>2022</b>
GIC, 3.10% interest, maturing June 9, 2024	\$ 100,000	\$ 100,000
GIC, 2.55% interest, maturing April 28, 2024	<u>100,000</u>	<u>100,000</u>
	<u>\$ 200,000</u>	<u>\$ 200,000</u>

**3. LETTERS OF CREDIT**

In addition to funds held in trust for developers, the Town also held letters of credit from developers of \$16,306,626 (2022 - \$12,840,126) as at December 31, 2023.

**THE CORPORATION OF THE TOWN OF SHELBURNE**  
**TRUST FUNDS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**4. FINANCIAL INSTRUMENT RISK MANAGEMENT**

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The municipality is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

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