

**The Corporation of the
Town of Shelburne
Financial Statements
For the year ended December 31, 2020**

The Corporation of the Town of Shelburne
Financial Statements
For the year ended December 31, 2020

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Shelburne (the Town), which comprise the consolidated statement of financial position as at December 31, 2020 and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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, 2020 and its consolidated results of operations, its consolidated change in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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



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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 Town'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 Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Chartered Professional Accountants, Licensed Public Accountants

Orangeville, Ontario
May 31, 2021

The Corporation of the Town of Shelburne Consolidated Statement of Financial Position

December 31	2020	2019
Assets and Liabilities		
Financial Assets		
Cash (Note 1)	\$ 21,719,320	\$ 16,798,688
Temporary investments (Note 2)	154,242	153,743
Taxes receivable	1,041,370	608,127
Trade and other receivable	1,035,292	983,203
Long-term receivables	154	4,938
	23,950,378	18,548,699
Liabilities		
Accounts payable and accrued liabilities	1,417,836	641,628
Deferred revenue (Note 3)	9,961,867	6,481,281
Landfill site closure and post-closure liability (Note 5)	572,318	549,415
Post-employment benefits (Note 7)	320,897	333,804
Long-term liabilities (Note 4)	4,434,667	4,870,170
	16,707,585	12,876,298
Net financial assets	7,242,793	5,672,401
Non-financial Assets		
Inventory of supplies	77,128	78,690
Prepays	1,480	59,737
Tangible capital assets (Note 8)	71,241,817	66,044,314
Accumulated surplus (Note 9)	\$ 78,563,218	\$ 71,855,142

The Corporation of the Town of Shelburne Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	2020 Budget (Note 12)	2020 Actual	2019 Actual
Revenue			
Taxation	\$ 7,497,504	\$ 7,643,100	\$ 6,989,875
Fees and user charges	4,388,563	4,341,766	4,410,551
Government transfers (Note 13)	2,433,912	1,227,292	1,939,257
Other income (Note 11)	769,711	7,309,535	1,697,090
	<u>15,089,690</u>	<u>20,521,693</u>	<u>15,036,773</u>
Expenses			
General government	1,660,996	1,352,660	1,514,841
Protection services	3,527,552	4,003,107	3,018,415
Transportation services	2,295,678	2,200,620	2,087,020
Environmental services	3,479,606	3,597,240	3,281,358
Health services	103,006	95,999	53,730
Recreation and cultural services	1,848,776	1,569,116	1,809,342
Planning and development	1,135,611	1,005,350	843,977
	<u>14,051,225</u>	<u>13,824,092</u>	<u>12,608,683</u>
	1,038,465	6,697,601	2,428,090
Restatement of opening surplus (Note 20)	<u>-</u>	<u>10,475</u>	<u>472</u>
Annual surplus (Note 12)	1,038,465	6,708,076	2,428,562
Accumulated surplus, beginning of year	<u>71,855,142</u>	<u>71,855,142</u>	<u>69,426,580</u>
Accumulated surplus, end of year	<u>\$ 72,893,607</u>	<u>\$ 78,563,218</u>	<u>\$ 71,855,142</u>

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

The Corporation of the Town of Shelburne Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31	2020 Budget (Note 12)	2020 Actual	2019 Actual
Annual surplus (Page 4)	\$ 1,038,465	\$ 6,708,076	\$ 2,428,562
Acquisition of tangible capital assets	(4,305,230)	(7,615,888)	(1,682,936)
Amortization of tangible capital assets	2,407,407	2,416,302	2,340,835
(Gain) loss on sale of tangible capital assets	-	2,083	(8,154)
Proceeds on sale of tangible capital assets	-	-	29,978
	<u>(1,897,823)</u>	<u>(5,197,503)</u>	<u>679,723</u>
Change in prepaids	-	58,257	(58,105)
Change in inventory of supplies	-	1,562	(29,103)
	<u>-</u>	<u>59,819</u>	<u>(87,208)</u>
Increase (decrease) in net financial assets	(859,358)	1,570,392	3,021,077
Net financial assets, beginning of the year	<u>5,672,401</u>	<u>5,672,401</u>	<u>2,651,324</u>
Net financial assets, end of the year	<u>\$ 4,813,043</u>	<u>\$ 7,242,793</u>	<u>\$ 5,672,401</u>

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

The Corporation of the Town of Shelburne Consolidated Statement of Cash Flows

For the year ended December 31	2020	2019
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 6,708,076	\$ 2,428,562
Items not involving cash		
Landfill site closure and post-closure liability	22,903	186,716
Amortization of tangible capital assets	2,416,302	2,340,835
Deferred revenue recognized	(838,175)	(521,370)
(Gain) loss on sale of tangible capital assets	2,083	(8,154)
Change in inventory of supplies	1,562	(29,103)
Contribution of tangible capital assets	(6,115,657)	(755,500)
Post-employment benefits (police)	(12,907)	20,607
	<u>2,184,187</u>	<u>3,662,593</u>
Change in non-cash working capital balances		
Decrease (increase) in taxes receivable	(433,243)	21,099
Increase in trade and other receivable	(52,089)	(47,950)
Increase (decrease) in accounts payable and accrued liabilities	776,208	(285,907)
Deferred revenue received	4,318,761	1,917,030
Decrease (increase) in prepaids	58,257	(58,105)
Decrease in long-term receivables	4,784	9,287
	<u>6,856,865</u>	<u>5,218,047</u>
Capital transactions		
Cash used to acquire tangible capital assets	(1,500,231)	(927,436)
Proceeds on sale of tangible capital assets	-	29,978
	<u>(1,500,231)</u>	<u>(897,458)</u>
Investing activities		
Acquisition of investments	(499)	(52,257)
Financing activities		
Repayment of long-term liabilities	(435,503)	(422,719)
Net change in cash and cash equivalents	4,920,632	3,845,613
Cash and cash equivalents, beginning of year	16,798,688	12,953,075
Cash and cash equivalents, end of year	\$ 21,719,320	\$ 16,798,688

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

The Corporation of the Town of Shelburne

Summary of Significant Accounting Policies

December 31, 2020

Management Responsibility	<p>The management of The Corporation of the Town of Shelburne has prepared and is responsible for the integrity, objectivity and accuracy of the financial information presented in these consolidated financial statements. The Council reviews and approves the consolidated financial statements.</p>
Basis of Accounting	<p>The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing.</p> <p>Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues 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.</p>
Basis of Consolidation	<p>The consolidated 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.</p> <p>The following boards and municipal enterprises owned or controlled by Council have been consolidated:</p> <ul style="list-style-type: none">Town of Shelburne Public Library BoardTown of Shelburne Business Improvement AreaCentre Dufferin Recreation ComplexShelburne and District Fire Department (proportionate - 2020 - 53.35%, 2019 - 52.74%)
Use of Estimates	<p>The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items such as accrued grant receivables, useful lives of capital assets, accrued liabilities, solid waste landfill closure and post-closure costs and taxation revenue. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.</p>

The Corporation of the Town of Shelburne Summary of Significant Accounting Policies

December 31, 2020

Financial Instruments

The organization classifies all of its financial instruments at amortized cost. The maximum exposure to credit risk is the carrying value of the financial instruments. These financial instruments include cash, temporary investments, trade and other receivable, long-term receivables, accounts payable and accrued liabilities, and long-term liabilities. They are initially recognized at fair value and subsequently 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 statement of operations.

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.

Inventory of Supplies

Inventory held for consumption is recorded at the lower of cost and replacement cost.

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 asset, using the straight-line method. The useful life of the assets is based on estimates made by Council. The following useful lives are used:

Land Improvements	15 - 60 years
Buildings	15 - 100 years
Vehicles	3 - 15 years
Equipment	5 - 50 years
Roads and Bridges	10 - 50 years
Water and Sewer Systems	10 - 100 years

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

The Corporation of the Town of Shelburne

Summary of Significant Accounting Policies

December 31, 2020

Revenue Recognition	<p>Fees and user charges are recognized when the related service is provided.</p> <p>Contributions are recognized based on the terms of the grant or the year that the related expenses occur.</p> <p>Other income is recognized when receivable.</p> <p>Tangible capital assets received as contributions are recorded at fair value at the date of transfer and also are recorded as other revenue.</p>
Taxation and Related Revenues	<p>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.</p> <p>Assessments 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.</p> <p>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.</p>
Solid Waste Landfills	<p>The estimated costs to close and maintain the closed solid waste landfill sites are based on the estimated future expenses in current dollars, discounted, adjusted for estimated inflation.</p>
Government Transfers	<p>Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.</p>

The Corporation of the Town of Shelburne Summary of Significant Accounting Policies

December 31, 2020

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 attribute 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.

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

Trust Funds Funds held in trust by the municipality, 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 continuity and balance sheet.

The Corporation of the Town of Shelburne Notes to Financial Statements

December 31, 2020

1. Cash

	<u>2020</u>	<u>2019</u>
Unrestricted cash and cash equivalents	\$ 11,675,333	\$ 10,215,978
Restricted cash and cash equivalents	<u>10,043,987</u>	<u>6,582,710</u>
	<u>\$ 21,719,320</u>	<u>\$ 16,798,688</u>

The Town has internally and externally restricted funds that are segregated and will be used only for specific purposes. The Town's bank and savings accounts are held at one financial institution. The Canadian Deposit Insurance Corporation insures deposits to a maximum of \$100,000 per depositor. All accounts earn interest at the bank's prime rate less 1.7%.

2. Temporary Investments

	<u>2020</u>	<u>2019</u>
Shelburne Library Board, Cashable guaranteed investment certificate earning 0.34% (2019 - 2.00%), maturing November 6, 2021 (2019 - November 5, 2020)	\$ 103,742	\$ 103,743
Shelburne Library Board, Cashable guaranteed investment certificate earning 0.75% (2019 - 1.00%), maturing July 5, 2021 (2019 - July 5, 2020)	<u>50,500</u>	<u>50,000</u>
	<u>\$ 154,242</u>	<u>\$ 153,743</u>

The Corporation of the Town of Shelburne Notes to Financial Statements

December 31, 2020

3. Deferred Revenue

	2020	2019
Obligatory reserve funds		
Development charges	\$ 9,439,160	\$ 6,195,082
COVID Safe Restart grant	100,000	-
AMO Main St. revitalization grant	-	10,310
Federal gas tax	421,007	273,356
	9,960,167	6,478,748
Other		
Deferred recreation revenue	1,700	2,533
	\$ 9,961,867	\$ 6,481,281

The net change during the year in the obligatory reserve fund balances is made up as follows:

	COVID Safe Restart Grant	AMO Main St. Revitalization Grant	Development Charges	Federal Gas Tax	Total
Obligatory reserve fund, beginning of year	\$ -	\$ 10,310	\$ 6,195,082	\$ 273,356	\$ 6,478,748
Restricted funds received during the year	175,400	-	3,798,383	246,512	4,220,295
Interest earned	-	-	92,492	4,274	96,766
Expenses recognized during the year	(75,400)	(10,310)	(646,797)	(103,135)	(835,642)
	\$ 100,000	\$ -	\$ 9,439,160	\$ 421,007	\$ 9,960,167

The Corporation of the Town of Shelburne Notes to Financial Statements

December 31, 2020

4. Long-term Liabilities

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

	2020	2019
Long-term capital financing for new well, Ontario Infrastructure and Land Corporation (OILC), 3.10%, payable \$41,471 principal and interest semi-annually, due June 2036.	1,014,686	1,065,000
Long-term capital financing for Sister Streets, Ontario Infrastructure and Land Corporation (OILC), 2.52%, payable \$100,104 principal and interest semi-annually, due December 2026.	1,108,383	1,277,457
Long-term capital financing for STP Phase II, Ontario Strategic Infrastructure Financing Authority (OSIFA), 2.67%, payable \$56,751 principal and interest semi-annually, due July 2026.	625,417	720,315
Long-term capital financing for STP Phase III, Ontario Infrastructure Projects Corporation (OIPC), 4.21%, payable \$57,696 principal and interest semi-annually, due December 2030.	933,923	1,007,660
Long-term capital financing for new well and water meters, Ontario Infrastructure and Land Corporation (OILC), 3.43%, payable \$37,254 principal and interest semi-annually, due April 2033.	752,258	799,738
	\$ 4,434,667	\$ 4,870,170

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

2021	\$ 448,694
2022	462,300
2023	476,337
2024	490,818
2025	505,759
Thereafter	2,050,759
	\$ 4,434,667

Interest expense in the amount of \$149,274 (2019 - \$162,081) has been recognized on the consolidated statement of operations and accumulated surplus.

The Corporation of the Town of Shelburne

Notes to Financial Statements

December 31, 2020

5. Landfill Site Closure and Post-Closure Liability

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

The Town of Shelburne has estimated the post-closure liability to be \$572,318 at December 31, 2020 (2019 - \$549,415). The liability was estimated based upon current monitoring costs of \$30,000 (2019 - \$27,800) annually inflated at a rate of 1.37% (2019 - 1.36%) per year and discounted at a rate of 3.10% (2019 - 3.10%) for 22 years (2019 - 23 years).

6. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 44 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2020 was \$365,200 (2019 - \$336,418) for current service. The contribution rate for 2020 was 9.00% to 15.80% depending on retirement age and level of income (2019 - 9.00% to 15.80%).

OMERS is a multi-employer pension 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, 2020. At that time the plan reported a \$3.2 billion actuarial deficit (2019 - \$3.4 billion deficit), based on actuarial liabilities of \$111.8 billion (2019 - \$106.4 billion) and actuarial assets of \$108.6 billion (2019 - \$103.0 billion). Ongoing adequacy of the current contribution rates will need to be monitored as decline in the financial markets may lead to increased future funding requirements.

The Corporation of the Town of Shelburne Notes to Financial Statements

December 31, 2020

7. Post-Employment Benefits

The Town of Shelburne sponsors a defined benefit plan for retirement benefits other than pensions to all police employees. The plan provides extended health care, dental and life insurance benefits to employees to a maximum of age 65. Total benefit payments paid by the Town on behalf of retirees during the year were \$11,503 (2019 - \$9,654). The employee benefits liabilities as at December 31, 2020 are \$320,897 (2019 - \$333,804).

The liability is currently partially funded in the amount of \$83,131 (2019 - \$62,495) 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, wage increases, employee turnover 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% (2019 - 3.25%). For extended health care costs, a 5.4167% annual rate of increase was assumed for 2022, 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:

	<u>2020</u>	<u>2019</u>
Current period benefit cost	\$ 18,644	\$ 17,575
Prior period cost of plan amendment	(33,544)	-
Retirement benefit expense	(14,900)	17,575
Interest costs	13,495	12,686
Total expense for the year	<u>\$ (1,405)</u>	<u>\$ 30,261</u>

**The Corporation of the Town of Shelburne
Notes to Financial Statements**

December 31, 2020

8. Tangible Capital Assets

	2020							
	Land	Land Improvements	Buildings	Vehicles	Equipment	Roads and Bridges	Water and Sewer Systems	Total
Cost, beginning of year	\$ 4,430,620	\$ 5,326,809	\$ 25,892,314	\$ 2,469,868	\$ 5,539,196	\$ 18,135,718	\$ 36,005,015	\$ 97,799,540
Additions	415,783	29,105	9,053	165,660	147,077	2,425,254	4,423,956	7,615,888
Disposals	-	(11,965)	-	-	(39,090)	(41,177)	(2,608)	(94,840)
Cost, end of year	4,846,403	5,343,949	25,901,367	2,635,528	5,647,183	20,519,795	40,426,363	105,320,588
Accumulated amortization, beginning of year	-	1,466,803	10,737,379	1,571,515	3,088,312	6,606,713	8,284,504	31,755,226
Amortization	-	180,549	693,040	185,726	244,464	522,484	590,039	2,416,302
Disposals	-	(10,138)	-	-	(39,090)	(40,921)	(2,608)	(92,757)
Accumulated amortization, end of year	-	1,637,214	11,430,419	1,757,241	3,293,686	7,088,276	8,871,935	34,078,771
Net carrying amount, end of year	\$ 4,846,403	\$ 3,706,735	\$ 14,470,948	\$ 878,287	\$ 2,353,497	\$ 13,431,519	\$ 31,554,428	\$ 71,241,817

**The Corporation of the Town of Shelburne
Notes to Financial Statements**

December 31, 2020

8. Tangible Capital Assets (continued)

								2019
	Land	Land Improvements	Buildings	Vehicles	Equipment	Roads and Bridges	Water and Sewer Systems	Total
Cost, beginning of year	\$ 4,324,478	\$ 5,320,642	\$ 25,864,172	\$ 2,406,512	\$ 5,386,361	\$ 17,398,641	\$ 35,592,669	\$ 96,293,475
Additions	106,142	6,167	28,142	113,344	196,538	820,257	412,346	1,682,936
Disposals	-	-	-	(49,988)	(43,703)	(83,180)	-	(176,871)
Cost, end of year	4,430,620	5,326,809	25,892,314	2,469,868	5,539,196	18,135,718	36,005,015	97,799,540
Accumulated amortization, beginning of year	-	1,289,544	10,078,279	1,430,271	2,884,150	6,165,844	7,721,350	29,569,438
Amortization	-	177,259	659,100	183,576	247,865	509,881	563,154	2,340,835
Disposals	-	-	-	(42,332)	(43,703)	(69,012)	-	(155,047)
Accumulated amortization, end of year	-	1,466,803	10,737,379	1,571,515	3,088,312	6,606,713	8,284,504	31,755,226
Net carrying amount, end of year	\$ 4,430,620	\$ 3,860,006	\$ 15,154,935	\$ 898,353	\$ 2,450,884	\$ 11,529,005	\$ 27,720,511	\$ 66,044,314

The Corporation of the Town of Shelburne Notes to Financial Statements

December 31, 2020

8. Tangible Capital Assets (continued)

\$6,115,657 (2019 - \$755,500) in contributed roads and bridges, and water and sewer systems were recognized as tangible capital asset additions in the consolidated financial statements during the year.

The municipality holds various works of art at the Town Hall gallery. These items are not recorded as assets in the consolidated financial statements.

9. Accumulated Surplus

Accumulated surplus consists of individual fund surplus (deficit) including reserves as follows:

	2020	2019
Investment in Tangible Capital Assets		
Tangible capital assets purchased	\$ 71,241,817	\$ 66,044,314
Capital assets financed by long-term liabilities, to be funded in future years	<u>(4,434,667)</u>	<u>(4,870,170)</u>
	66,807,150	61,174,144
Centre Dufferin Recreation Complex	(51,072)	-
Shelburne Business Improvement Area	34,134	30,068
Shelburne and District Fire Department	13,060	29,130
Unfunded solid waste closure and post-closure costs	(572,318)	(549,415)
Unfunded post-employment benefit (police)	<u>(320,897)</u>	<u>(333,804)</u>
	<u>(897,093)</u>	<u>(824,021)</u>
	65,910,057	60,350,123
Reserves and reserve funds (Note 10)	<u>12,653,161</u>	<u>11,505,019</u>
Accumulated surplus	<u>\$ 78,563,218</u>	<u>\$ 71,855,142</u>

During the year, the Town's operating surplus of \$428,544 (2019 - \$527,052) was transferred to reserves, as approved by Council.

During the year, the Library's operating surplus of \$23,412 (2019 - deficit of \$998) was transferred to reserves, as approved by the Library Board.

In 2019, Centre Dufferin Recreation Complex's operating surplus of \$32,439 was transferred to reserves, as approved by the Board.

The Corporation of the Town of Shelburne Notes to Financial Statements

December 31, 2020

10. Reserves and Reserve Funds Set Aside for Specific Purpose by Council

	2020	2019
Reserves		
Tax stabilization	\$ 284,438	\$ 275,000
Working funds	744,498	744,499
Post-employment benefits	83,131	62,495
Current purposes	1,718,002	1,764,374
Capital purposes	9,452,835	8,436,905
	<u>12,282,904</u>	<u>11,283,273</u>
Reserve funds		
Current purposes	4,769	4,663
Fire capital purposes	365,488	217,083
	<u>370,257</u>	<u>221,746</u>
Reserves and reserve funds set aside for specific purpose by Council	<u>\$ 12,653,161</u>	<u>\$ 11,505,019</u>

11. Other Income

	2020	2020	2019
	Budget	Actual	Actual
Development charges	\$ 355,894	\$ 646,797	\$ 228,893
Penalties and interest on taxation	105,000	111,096	110,178
Investment income	183,267	155,314	250,177
Rents, concessions and franchises	23,050	15,486	24,628
Donations	12,300	38,522	78,372
Contributed tangible capital assets	-	6,115,657	755,500
Gain (loss) on sale of assets	5,000	(2,083)	8,154
Other	85,200	228,746	241,188
	<u>\$ 769,711</u>	<u>\$ 7,309,535</u>	<u>\$ 1,697,090</u>

The Corporation of the Town of Shelburne Notes to Financial Statements

December 31, 2020

12. Budgets

The budget adopted by Council was not prepared on a basis consistent with that used to report actual results (public sector accounting standards). The budget was prepared on a modified accrual basis while public sector accounting standards now require a full accrual basis. The following is a reconciliation of the budget approved by Council.

For comparative purposes, budget amounts reported on the Statement of Operations and Accumulated Surplus have been adjusted for amortization.

	2020 Budget	2020 Actual	2019 Actual
Annual surplus (Page 4)	\$ 1,038,465	\$ 6,708,076	\$ 2,428,562
Amortization	2,416,302	2,416,302	2,340,835
Change in unfunded liabilities	-	9,996	207,323
Change in other surpluses	-	63,076	128,842
	3,454,767	9,197,450	5,105,562
Net transfers (to) from reserves	1,285,967	(1,148,142)	(3,021,731)
Capital acquisitions less disposals and write-down	(4,305,230)	(7,613,805)	(1,661,112)
Debt principal repayments	(435,504)	(435,503)	(422,719)
	-	-	-
General surplus (Note 9)	\$ -	\$ -	\$ -

The Corporation of the Town of Shelburne Notes to Financial Statements

December 31, 2020

13. Government Transfers

	2020	2020	2019
	Budget	Actual	Actual
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 414,500	\$ 414,500	\$ 435,700
Roads	3,500	7,840	3,920
Other	109,277	161,427	722,065
	<u>527,277</u>	<u>583,767</u>	<u>1,161,685</u>
Government of Canada			
Other	13,494	7,420	13,330
Other Municipalities			
Other	305,830	272,128	264,007
Total operating grants	<u>846,601</u>	<u>863,315</u>	<u>1,439,022</u>
Tangible Capital Asset			
Province of Ontario			
Roads	260,842	260,842	222,674
Sewer and water	1,223,334	-	-
Other	-	-	13,620
	<u>1,484,176</u>	<u>260,842</u>	<u>236,294</u>
Government of Canada			
Federal Gas Tax	103,135	103,135	263,941
Total tangible capital asset grants	<u>1,587,311</u>	<u>363,977</u>	<u>500,235</u>
Total grants	<u>\$ 2,433,912</u>	<u>\$ 1,227,292</u>	<u>\$ 1,939,257</u>

The Corporation of the Town of Shelburne Notes to Financial Statements

December 31, 2020

14. Government Business Partnerships

The following summarizes the financial position and operations of the government business partnerships which have been reported in these consolidated financial statements using the proportionate consolidation method:

Shelburne & District Fire Department

Shelburne & District Fire Department is a joint fire board under the shared control of the Town of Shelburne, the Township of Amaranth, the Township of Melancthon, the Town of Mono and the Township of Mulmur. Shelburne & District Fire Department provides fire suppression services, fire prevention services, training and education to Shelburne and the surrounding municipalities. The consolidated financial statements include the municipality's 53.35% (2019 - 52.74%) proportionate interest of the following:

	2020	2019
Financial assets	\$ 770,831	\$ 556,391
Liabilities	15,275	43,548
Net financial assets	755,556	512,843
Non-financial assets	1,101,444	1,204,321
Accumulated surplus	\$ 1,857,000	\$ 1,717,164
Revenues	\$ 791,717	\$ 777,963
Expenses	651,881	632,896
Annual surplus	\$ 139,836	\$ 145,067

15. 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 County of Dufferin:

	2020	2019
School boards	2,382,612	2,309,596
County of Dufferin	3,727,412	3,562,892
	\$ 6,110,024	\$ 5,872,488

The Corporation of the Town of Shelburne Notes to Financial Statements

December 31, 2020

16. Financial Instrument Risk Management

Credit Risk

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

	0 - 30 days	31 - 90 days	91 to 365 days	1 to 2 years	3 to 10 years
Cash	\$ 21,719,320	\$ -	\$ -	\$ -	-
Temporary investments		-	154,242	-	-
Trade and other receivable	917,487	91,338	26,467	-	-
Long-term receivables	-	-	-	154	-
Net amount receivable	<u>\$ 22,636,807</u>	<u>\$ 91,338</u>	<u>\$ 180,709</u>	<u>\$ 154</u>	<u>-</u>

Liquidity Risk

Liquidity risk is the risk that the municipality will not be able to meet its financial obligations as they fall due. The municipality has a planning and budgeting process in place to help determine the funds required to support the municipality's normal operating requirements on an ongoing basis. The municipality 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 bylaw to meet, at a minimum, expected requirements for a period of at least 90 days. The following table set out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	0 - 30 days	31 - 90 days	91 to 365 days	1 to 5 years	6 years and later
Accounts payable and accrued liabilities	632,895	-	784,941	-	-
Long-term liabilities	-	-	-	2,383,908	2,050,759
Total financial liabilities	<u>\$ 634,595</u>	<u>\$ -</u>	<u>\$ 784,941</u>	<u>\$ 2,383,908</u>	<u>\$ 2,050,759</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 municipality is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of temporary borrowings and the value of fixed rate long-term liabilities.

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

The Corporation of the Town of Shelburne Notes to Financial Statements

December 31, 2020

17. Trust Funds

The municipality acts as a trustee for a number of third parties administering the assets on their behalf. Assets held in trust are not included on the statement of financial position as assets of the municipality nor have their activities been included in the statement of operations. Amounts held in trust at the year-end are as follows:

	<u>2020</u>	<u>2019</u>
Development in trust	\$ 1,393,585	\$ 935,850
Cemetery maintenance and equipment	70,275	69,375
Cemetery perpetual care	327,139	322,390
Prepaid burial fund	8,874	9,303
	<u>\$ 1,799,873</u>	<u>\$ 1,336,918</u>

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

18. 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 \$654,423 per year, beginning January 1, 2020, with the annual cost adjusted by the CPI index and any new costs impacted by new regulations.
 - b) The Town of Shelburne has committed to fund the Victoria Street clean up project and has approximately \$200,000 remaining to be spent in 2021.
 - c) The Town of Shelburne has committed to spend approximately \$1,320,711 on capital projects in 2021 and beyond on environmental services projects.
 - d) A four-year contract for OPP services, at an approximate annual cost of \$2,529,381 per year, beginning February 18, 2021 and ending on December 31, 2024.
-

The Corporation of the Town of Shelburne

Notes to Financial Statements

December 31, 2020

19. 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.

20. Restatement of Opening Surplus

In the current year, the Town's percentage share of operations of the Shelburne Fire Department increased to 53.35% (2019 - 52.74%). As a result of the increase in percentage, there has been a restatement of opening accumulated surplus of \$10,475 (2019 - \$472).

21. Uncertainty due to COVID-19

The impact of COVID-19 in Canada and on the global economy remains significant. As the impacts of COVID-19 continue, there could be further impact on the Town, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Town's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Town is not known. Given the dynamic nature of these circumstances, and the duration of disruption, the related financial impact cannot be reasonably estimated at this time. The Town's ability to continue delivering non-essential services and employ related staff will depend on the legislative mandates from the various levels of government. The Town will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

The Corporation of the Town of Shelburne

Notes to Financial Statements

December 31, 2020

22. Segmented Information

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

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

Protection

Protection is comprised of police services, fire protection and bylaw enforcement. The police works 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 bylaws are being adhered to.

Transportation

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

Environmental services consists of providing waste disposal to citizens and expenses relating to a closed landfill.

Health

Health services are comprised of public health services which works 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.

Recreational and Cultural

This service area provides services meant to improve the health and development of the municipality's citizens. Recreational programs 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.

The Corporation of the Town of Shelburne Notes to Financial Statements

December 31, 2020

22. Segmented Information (continued)

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 and expenses 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 those segments that are funded by these amounts based on the approved budget for the year.

OMPF Grant

allocated to segments based on the approved budget for the year.

The Corporation of the Town of Shelburne Notes to Financial Statements

December 31, 2020

22. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2020 Total
Revenue									
Taxation	\$ 1,128,601	\$ 3,350,771	\$ 1,655,091	\$ 85,050	\$ 54,040	\$ 37,595	\$ 774,916	\$ 557,036	\$ 7,643,100
Fees and user charges	61,429	87,610	7,585	3,689,138	33,179	46,409	260,569	155,847	4,341,766
Specific grants	75,400	34,903	371,818	-	-	-	290,361	40,310	812,792
OMPF grant	414,500	-	-	-	-	-	-	-	414,500
Other revenue	259,433	13,715	2,049,056	4,668,540	-	6,365	39,886	272,540	7,309,535
	<u>1,939,363</u>	<u>3,486,999</u>	<u>4,083,550</u>	<u>8,442,728</u>	<u>87,219</u>	<u>90,369</u>	<u>1,365,732</u>	<u>1,025,733</u>	<u>20,521,693</u>
Expenses									
Salaries and benefits	913,632	3,241,203	706,815	285,630	5,717	73,604	705,230	331,235	6,263,066
Interest on debt	-	-	18,892	130,382	-	-	-	-	149,274
Materials and supplies	276,194	540,794	720,337	833,180	3,040	21,384	402,421	115,934	2,913,284
Contracted services	88,017	861	60,990	1,222,473	77,079	-	-	558,181	2,007,601
Other transfers	-	53,451	-	-	-	-	12,248	-	65,699
Rents and financial expenses	8,866	-	-	-	-	-	-	-	8,866
Amortization	65,951	166,798	693,586	1,039,739	-	1,011	449,217	-	2,416,302
	<u>1,352,660</u>	<u>4,003,107</u>	<u>2,200,620</u>	<u>3,511,404</u>	<u>85,836</u>	<u>95,999</u>	<u>1,569,116</u>	<u>1,005,350</u>	<u>13,824,092</u>
Restatement of opening surplus	-	10,475	-	-	-	-	-	-	10,475
Net surplus (deficit)	\$ 586,703	\$ (505,633)	\$ 1,882,930	\$ 4,931,324	\$ 1,383	\$ (5,630)	\$ (203,384)	\$ 20,383	\$ 6,708,076

**The Corporation of the Town of Shelburne
Notes to Financial Statements**

December 31, 2020

22. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2019 Total
Revenue									
Taxation	\$ 845,291	\$ 3,035,137	\$ 1,624,606	\$ 35,050	\$ 48,900	\$ 56,350	\$ 624,443	\$ 720,098	\$ 6,989,875
Fees and user charges	69,237	190,494	9,790	3,127,701	33,465	60,295	591,609	327,960	4,410,551
Specific grants	8,861	53,710	490,535	579,899	-	-	299,238	71,314	1,503,557
OMPF grant	435,700	-	-	-	-	-	-	-	435,700
Other revenue	349,843	37,251	386,868	589,571	-	8,218	87,424	237,915	1,697,090
	<u>1,708,932</u>	<u>3,316,592</u>	<u>2,511,799</u>	<u>4,332,221</u>	<u>82,365</u>	<u>124,863</u>	<u>1,602,714</u>	<u>1,357,287</u>	<u>15,036,773</u>
Expenses									
Salaries and benefits	959,394	2,402,711	682,955	237,771	10,194	39,165	803,050	317,595	5,452,835
Interest on debt	-	-	21,470	140,611	-	-	-	-	162,081
Materials and supplies	270,349	406,130	665,062	857,705	5,320	13,554	592,581	127,447	2,938,148
Contracted services	208,868	783	28,973	740,077	255,573	-	-	398,308	1,632,582
Other transfers	-	53,430	-	-	-	-	22,545	627	76,602
Rents and financial expenses	5,600	-	-	-	-	-	-	-	5,600
Amortization	70,630	155,361	688,560	1,034,107	-	1,011	391,166	-	2,340,835
	<u>1,514,841</u>	<u>3,018,415</u>	<u>2,087,020</u>	<u>3,010,271</u>	<u>271,087</u>	<u>53,730</u>	<u>1,809,342</u>	<u>843,977</u>	<u>12,608,683</u>
Restatement of opening surplus	-	472	-	-	-	-	-	-	472
Net surplus (deficit)	\$ 194,091	\$ 298,649	\$ 424,779	\$ 1,321,950	\$ (188,722)	\$ 71,133	\$ (206,628)	\$ 513,310	\$ 2,428,562

**The Corporation of the Town of Shelburne
Trust Funds
Financial Information
For the year ended December 31, 2020**

Independent Auditor's Report

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

Opinion

We have audited the financial information of the trust funds of The Corporation of the Town of Shelburne, which comprise the balance sheet as at December 31, 2020 and the statement of continuity of the trust funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial information presents fairly, in all material respects, the financial position of the trust funds of The Corporation of the Town of Shelburne as at December 31, 2020 and the continuity of the trust funds for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Information

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

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

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

Auditor's Responsibilities for the Audit of the Financial Information

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



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

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

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

Chartered Professional Accountants, Licensed Public Accountants

Orangeville, Ontario
May 31, 2021

**The Corporation of The Town of Shelburne
Trust Funds
Balance Sheet**

December 31

	Development in Trust	Cemetery Maint & Equipment	Cemetery Perpetual Care	Prepaid Burial Fund	2020 Total	2019 Total
Current Assets						
Cash	\$ 1,393,585	\$ 70,275	\$ 127,139	\$ 8,874	\$1,599,873	\$ 1,136,918
Investments (Note 1)	-	-	200,000	-	200,000	200,000
	\$ 1,393,585	\$ 70,275	\$ 327,139	\$ 8,874	\$1,799,873	\$ 1,336,918
Liabilities and Fund Balance						
Fund balance	\$ 1,393,585	\$ 70,275	\$ 327,139	\$ 8,874	\$1,799,873	\$ 1,336,918

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

**The Corporation of The Town of Shelburne
Trust Funds
Statement of Continuity**

December 31

	Development in Trust	Cemetery Maint & Equipment	Cemetery Perpetual Care	Prepaid Burial Fund	2020 Total	2019 Total
Balance, beginning of year	\$ 935,850	\$ 69,375	\$ 322,390	\$ 9,303	\$1,336,918	\$ 983,569
Receipts						
Fees	746,000	-	4,749	-	750,749	1,827,365
Cemetery maintenance fee	-	900	-	-	900	1,350
Interest earned	12,797	836	5,529	112	19,274	26,679
	758,797	1,736	10,278	112	770,923	1,855,394
Expenses	301,062	836	5,529	541	307,968	1,502,045
Balance, end of year	\$ 1,393,585	\$ 70,275	\$ 327,139	\$ 8,874	\$1,799,873	\$ 1,336,918

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

The Corporation of the Town of Shelburne Trust Funds Summary of Significant Accounting Policies

December 31, 2020

Management Responsibility	The management of the The Corporation of the Town of Shelburne Trust Funds has prepared and is responsible for the integrity, objectivity and accuracy of the financial information. The Council reviews and approves the financial information.
Basis of Accounting	<p>The financial information has been prepared in accordance with Canadian public sector accounting standards as established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing.</p> <p>Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues 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.</p>
Use of Estimates	The preparation of the financial information in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial information, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items such as accrued liabilities. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.
Basis of Consolidation	These trust funds have not been consolidated with the consolidated financial statements of the municipality.
Financial Instruments	<p>The organization classifies all of its financial instruments at amortized cost. The maximum exposure to credit risk is the carrying value of the financial instruments. These financial instruments include cash, and investments. They are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.</p> <p>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 operations.</p>

**The Corporation of the Town of Shelburne
Trust Funds
Notes to Financial Statements**

December 31, 2020

1. Investments

	<u>2020</u>	<u>2019</u>
GIC earning 1.95%, maturing April 28, 2022.	\$ 100,000	\$ 100,000
GIC earning 2.1%, maturing May 26, 2022.	<u>100,000</u>	<u>100,000</u>
	<u>\$ 200,000</u>	<u>\$ 200,000</u>

2. Letters of Credit

In addition to funds held in trust for developers, the Town also held letters of credit from developers of \$7,954,140 as at December 31, 2020.

3. Financial Instrument Risk Management

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk arising from its bank balance.

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 organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the 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.
