

**THE CORPORATION OF THE TOWN OF SHELBURNE  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**THE CORPORATION OF THE TOWN OF SHELBURNE**  
**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

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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, 2022 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, 2022 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.

### **Other Matter**

The consolidated financial statements of The Corporation of the Town of Shelburne for the year ended December 31, 2021 were audited by the predecessor auditor who expressed an unmodified opinion on those consolidated financial statements on June 16, 2022.

### **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 8, 2023

Chartered Professional Accountants  
Licensed Public Accountants

**THE CORPORATION OF THE TOWN OF SHELBURNE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2022**

	<b>2022</b>	<b>2021</b>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 30,591,292	\$ 25,943,459
Portfolio investments (note 2)	1,140,814	1,205,023
Taxes receivable	1,132,123	847,697
Accounts receivable	<u>2,302,411</u>	<u>1,470,806</u>
	<u>35,166,640</u>	<u>29,466,985</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	2,072,563	2,136,722
Deferred revenue (note 3)	17,926,687	14,195,668
Post-employment benefits (note 4)	288,654	305,758
Long-term debt (note 6)	8,504,637	3,985,973
Landfill closure and post-closure liability (note 8)	<u>541,705</u>	<u>553,311</u>
	<u>29,334,246</u>	<u>21,177,432</u>
<b>NET FINANCIAL ASSETS</b>	<u>5,832,394</u>	<u>8,289,553</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventory of supplies	67,916	100,890
Prepaid expenses	27,825	1,837
Tangible capital assets (schedule 2)	<u>78,125,869</u>	<u>72,467,162</u>
	<u>78,221,610</u>	<u>72,569,889</u>
<b>ACCUMULATED SURPLUS</b> (schedule 3)	<u>\$ 84,054,004</u>	<u>\$ 80,859,442</u>

**THE CORPORATION OF THE TOWN OF SHELBURNE**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b>2022 Budget (note 15)</b>	<b>2022 Actual</b>	<b>2021 Actual</b>
<b>REVENUES</b>			
Taxation	\$ 8,927,649	\$ 9,026,164	\$ 8,103,260
Fees and user charges	4,852,905	5,430,252	5,187,665
Grants (note 11)	5,424,408	2,679,524	2,193,481
Other (note 10)	<u>3,331,389</u>	<u>1,215,334</u>	<u>2,165,482</u>
	<u>22,536,351</u>	<u>18,351,274</u>	<u>17,649,888</u>
<b>EXPENDITURES</b>			
General government	2,135,873	2,044,128	1,862,077
Protection services	4,573,358	3,973,610	4,557,033
Transportation services	2,572,752	2,587,540	2,276,121
Environmental services	4,040,586	3,594,638	3,685,533
Health services	109,076	92,413	84,558
Recreation services	2,196,468	1,947,982	1,756,568
Planning and development	<u>1,293,971</u>	<u>930,733</u>	<u>1,181,747</u>
	<u>16,922,084</u>	<u>15,171,044</u>	<u>15,403,637</u>
<b>ANNUAL SURPLUS</b>	5,614,267	3,180,230	2,246,251
<b>ACCUMULATED SURPLUS, beginning of year</b>	<u>80,859,442</u>	<u>80,859,442</u>	<u>78,588,307</u>
<b>ADJUSTMENT TO GOVERNMENT BUSINESS PARTNERSHIP (note 13)</b>	<u>0</u>	<u>14,332</u>	<u>24,884</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<u>\$ 86,473,709</u>	<u>\$ 84,054,004</u>	<u>\$ 80,859,442</u>

**THE CORPORATION OF THE TOWN OF SHELBURNE**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b>2022 Budget (note 15)</b>	<b>2022 Actual</b>	<b>2021 Actual</b>
<b>Annual surplus</b>	\$ <u>5,614,267</u>	\$ <u>3,180,230</u>	\$ <u>2,246,251</u>
Acquisition of tangible capital assets	(17,536,152)	(8,853,007)	(3,718,434)
Amortization of tangible capital assets	2,400,897	2,400,897	2,407,554
Loss on disposal of tangible capital assets	0	698,975	41,200
Proceeds on disposal of tangible capital assets	0	94,428	69,424
Adjustment to government business partnership	<u>0</u>	<u>14,332</u>	<u>24,884</u>
	<u>(15,135,255)</u>	<u>(5,644,375)</u>	<u>(1,175,372)</u>
Change in inventory of supplies	0	32,974	(23,762)
Change in prepaid expenses	<u>0</u>	<u>(25,988)</u>	<u>(357)</u>
	<u>0</u>	<u>6,986</u>	<u>(24,119)</u>
<b>(DECREASE) INCREASE IN NET FINANCIAL ASSETS</b>	\$ <u>(9,520,988)</u>	(2,457,159)	1,046,760
<b>NET FINANCIAL ASSETS at beginning of year</b>		<u>8,289,553</u>	<u>7,242,793</u>
<b>NET FINANCIAL ASSETS at end of year</b>		\$ <u><u>5,832,394</u></u>	\$ <u><u>8,289,553</u></u>

**THE CORPORATION OF THE TOWN OF SHELBURNE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b>2022</b>	<b>2021</b>
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Annual surplus for the year	\$ 3,180,230	\$ 2,246,251
Items not requiring an outlay of cash		
Landfill closure and post-closure liability	(11,606)	(19,007)
Loss on disposal of tangible capital assets	698,975	41,200
Amortization of tangible capital assets	2,400,897	2,407,554
Adjustment to government business partnership	<u>14,332</u>	<u>24,884</u>
	6,282,828	4,700,882
Changes in non-cash working capital		
Taxes receivable	(284,426)	316,449
Accounts receivable	(831,605)	(435,514)
Long-term receivables	0	154
Accounts payable and accrued liabilities	(64,159)	718,886
Deferred revenue	3,731,019	4,111,025
Post-employment benefits	(17,104)	(15,139)
Inventory of supplies	32,974	(23,762)
Prepaid expenses	<u>(25,988)</u>	<u>(357)</u>
	<u>8,823,539</u>	<u>9,372,624</u>
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	5,000,000	0
Repayment of long-term debt	<u>(481,336)</u>	<u>(448,694)</u>
	<u>4,518,664</u>	<u>(448,694)</u>
<b>CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(8,853,007)	(3,718,434)
Proceeds on disposal of capital assets	<u>94,428</u>	<u>69,424</u>
	<u>(8,758,579)</u>	<u>(3,649,010)</u>
<b>CASH PROVIDED BY INVESTING ACTIVITIES</b>		
Purchase of portfolio investments	(135,791)	(1,205,023)
Redemption of portfolio investments	<u>200,000</u>	<u>154,242</u>
	<u>64,209</u>	<u>(1,050,781)</u>
<b>NET INCREASE IN CASH</b>	4,647,833	4,224,139
<b>NET CASH, BEGINNING OF YEAR</b>	<u>25,943,459</u>	<u>21,719,320</u>
<b>NET CASH, END OF YEAR</b>	<u>\$ 30,591,292</u>	<u>\$ 25,943,459</u>
<b>CASH CONSISTS OF:</b>		
Unrestricted cash	\$ 12,599,518	\$ 11,618,772
Restricted cash	<u>17,991,774</u>	<u>14,324,687</u>
	<u>\$ 30,591,292</u>	<u>\$ 25,943,459</u>



**THE CORPORATION OF THE TOWN OF SHELBURNE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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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 are the representation of management. 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 - 55.41%, 2021 - 54.69%)

**THE CORPORATION OF THE TOWN OF SHELBURNE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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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, 2022**

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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 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, 2022**

**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>2022</b>	<b>2021</b>
RBC, 5-in-1 guaranteed investment certificate, 1.5% interest, maturing June 3, 2026	\$ 815,000	\$ 1,000,000
Shelburne Library Board, non-redeemable guaranteed investment certificate, 4.50% interest, maturing July 7, 2027	120,000	0
Shelburne Library Board, non-redeemable guaranteed investment certificate, 4.75% interest (2021 - 0.76%), maturing November 8, 2023 (2021 - November 8, 2022)	104,935	104,144
Shelburne Library Board, non-redeemable guaranteed investment certificate, 0.70% interest, maturing July 5, 2023	<u>100,879</u>	<u>100,879</u>
	<u>\$ 1,140,814</u>	<u>\$ 1,205,023</u>

**3. DEFERRED REVENUE**

	<b>Opening</b>	<b>Contributions Received</b>	<b>Investment Income</b>	<b>Revenue Recognized</b>	<b>Ending</b>
<b>Obligatory Reserve Funds</b>					
Development charges	\$ 13,239,589	\$ 4,535,743	\$ 341,562	\$ (856,132)	\$ 17,260,762
Federal gas tax	<u>824,984</u>	<u>257,717</u>	<u>17,981</u>	<u>(549,944)</u>	<u>550,738</u>
	<u>14,064,573</u>	<u>4,793,460</u>	<u>359,543</u>	<u>(1,406,076)</u>	<u>17,811,500</u>
<b>Other</b>					
Taxation	122,776	90,265	0	(122,776)	90,265
Protection	0	13,853	0	0	13,853
Recreation	<u>8,319</u>	<u>11,069</u>	<u>0</u>	<u>(8,319)</u>	<u>11,069</u>
	<u>131,095</u>	<u>115,187</u>	<u>0</u>	<u>(131,095)</u>	<u>115,187</u>
	<u>\$ 14,195,668</u>	<u>\$ 4,908,647</u>	<u>\$ 359,543</u>	<u>\$ (1,537,171)</u>	<u>\$ 17,926,687</u>

**THE CORPORATION OF THE TOWN OF SHELBURNE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**4. POST EMPLOYMENT BENEFITS**

The Town 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 \$33,587 (2021 - \$27,112). The employee benefits liabilities as at year end are \$288,654 (2021 - \$305,758). The liability is currently partially funded in the amount of \$83,131 (2021 - \$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, 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% (2021 - 2.25%). 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:

	<b>2022</b>	<b>2021</b>
Amortization of actuarial loss	\$ 7,633	\$ 7,633
Interest costs	<u>8,056</u>	<u>8,585</u>
	<u>\$ 15,689</u>	<u>\$ 16,218</u>

**5. CREDIT FACILITY**

The Town has utilized \$0 (2021 - \$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.

**6. LONG-TERM DEBT**

	<b>2022</b>	<b>2021</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	\$ 909,293	\$ 962,800
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	757,264	935,022

**THE CORPORATION OF THE TOWN OF SHELBURNE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**6. LONG-TERM DEBT (continued)**

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	427,901	527,968
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	776,903	857,048
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 November 2037	652,313	703,135
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>4,980,963</u>	<u>0</u>
	<u>\$ 8,504,637</u>	<u>\$ 3,985,973</u>

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

2023	\$ 710,790
2024	736,751
2025	763,735
2026	791,782
2027	505,211
Thereafter	<u>4,996,368</u>
	<u>\$ 8,504,637</u>

**THE CORPORATION OF THE TOWN OF SHELBURNE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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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 35 (2021 - 43) 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 2022 by the municipality was \$215,463 (2021 - \$242,842). The contribution rate for 2022 was 9.0% to 15.8% (2021 - 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, 2022. At that time, the plan reported a \$6.68 billion funding deficit (2021 - \$3.13 billion deficit), based on an accrued pension obligation of \$128.79 billion (2021 - \$119.34 billion) and net assets available for benefits of \$124.38 billion (2021 - \$120.92 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 \$541,705 (2021 - \$553,311). The liability is estimated based upon current monitoring costs of \$28,269 (2021 - \$30,000) inflated annually at a rate of 3.03% (2021 - 1.42%) per year and discounted at a rate of 3.45% (2021 - 3.10%) for 20 years (2021 - 21 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>2022</b>	<b>2021</b>
School boards	\$ 2,462,236	\$ 2,321,828
County of Dufferin	<u>4,275,145</u>	<u>3,973,298</u>
	<u>\$ 6,737,381</u>	<u>\$ 6,295,126</u>

**THE CORPORATION OF THE TOWN OF SHELBURNE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**10. OTHER INCOME**

	<b>2022 Budget</b>	<b>2022 Actual</b>	<b>2021 Actual</b>
Penalties and interest on taxation	\$ 125,000	\$ 136,308	\$ 139,909
Investment income	120,450	274,696	101,532
Rents, concessions and franchises	17,900	28,383	17,271
Donations	314,500	413,201	29,466
Loss on disposal of tangible capital assets	0	(698,975)	(41,200)
Development charges	2,631,539	811,284	1,706,903
Other	<u>122,000</u>	<u>250,437</u>	<u>211,601</u>
	<b><u>\$ 3,331,389</u></b>	<b><u>\$ 1,215,334</u></b>	<b><u>\$ 2,165,482</u></b>

**11. GRANTS**

	<b>2022 Budget</b>	<b>2022 Actual</b>	<b>2021 Actual</b>
<b>Operating</b>			
Government of Canada	\$ 40,700	\$ 40,679	\$ 32,926
Province of Ontario	526,233	560,122	857,759
Other	<u>284,624</u>	<u>322,625</u>	<u>335,408</u>
	<u>851,557</u>	<u>923,426</u>	<u>1,226,093</u>
<b>Capital</b>			
Government of Canada	668,432	645,202	105,750
Province of Ontario	<u>3,904,419</u>	<u>1,110,896</u>	<u>861,638</u>
	<u>4,572,851</u>	<u>1,756,098</u>	<u>967,388</u>
	<b><u>\$ 5,424,408</u></b>	<b><u>\$ 2,679,524</u></b>	<b><u>\$ 2,193,481</u></b>

**12. TRUST FUNDS**

Amounts held in trust at year end are as follows:

	<b>2022</b>	<b>2021</b>
Development in trust	\$ 1,752,625	\$ 1,483,625
Cemetery maintenance and equipment	348,540	340,270
Cemetery perpetual care	76,875	72,375
Prepaid burial fund	<u>7,865</u>	<u>8,145</u>
	<b><u>\$ 2,185,905</u></b>	<b><u>\$ 1,904,415</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 55.41% (2021 - 54.69%) proportionate interest of the following:



**THE CORPORATION OF THE TOWN OF SHELBURNE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**13. GOVERNMENT BUSINESS PARTNERSHIP (continued)**

	<b>2022</b>	<b>2021</b>
<b>Statement of Financial Position</b>		
Assets	\$ 587,430	\$ 980,612
Liabilities	<u>56,559</u>	<u>8,799</u>
Net financial assets	530,871	971,813
Non-financial assets	<u>1,454,320</u>	<u>1,018,705</u>
Accumulated surplus	<u>\$ 1,985,191</u>	<u>\$ 1,990,518</u>
<b>Statement of Operations</b>		
Revenues	\$ 938,523	\$ 859,749
Expenses	<u>943,850</u>	<u>726,231</u>
Annual surplus	<u>\$ (5,327)</u>	<u>\$ 133,518</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	\$ 2,137,164	\$ 130,162	\$ 35,085	\$ 0	\$ 0
Taxes receivable	<u>1,010,398</u>	<u>266</u>	<u>49,196</u>	<u>67,551</u>	<u>4,712</u>
Total	<u>\$ 3,147,562</u>	<u>\$ 130,428</u>	<u>\$ 84,281</u>	<u>\$ 67,551</u>	<u>\$ 4,712</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, 2022**

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

	0 - 30 days	31 - 90 days	91 - 365 days	1 - 5 years	6 years and later
Accounts payable and accrued liabilities	\$ 2,010,035	\$ 9,220	\$ 53,308	\$ 0	\$ 0
Long term debt	<u>70,151</u>	<u>38,454</u>	<u>602,185</u>	<u>2,797,479</u>	<u>4,996,368</u>
Total	<u>\$ 2,080,186</u>	<u>\$ 47,674</u>	<u>\$ 655,493</u>	<u>\$ 2,797,479</u>	<u>\$ 4,996,368</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 2022 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. Amortization is not included in the budget approved by Council. For comparative purposes, budget figures have been adjusted for amortization based upon actuals. The following is a reconciliation of the budget approved by Council:

	<b>2022 Budget</b>	<b>2022 Actual</b>	<b>2021 Actual</b>
Annual surplus	\$ 5,614,267	\$ 3,180,230	\$ 2,246,251
Adjustment to government business partnership	0	14,332	24,884
Amortization of tangible capital assets	2,400,897	2,400,897	2,407,554
Change in unfunded liabilities	0	(28,710)	(34,146)
Change in other surpluses	<u>0</u>	<u>146,996</u>	<u>(66,039)</u>
	8,015,164	5,713,745	4,578,504
Net transfers (to) from reserves and discretionary reserve funds	5,182,220	(2,172,805)	(522,000)
Acquisition of tangible capital assets	(17,536,152)	(8,853,007)	(3,718,434)
Proceeds on disposal of tangible capital assets	0	94,428	69,424
Loss of disposal of tangible capital assets	0	698,975	41,200
Proceeds from long term debt	5,000,000	5,000,000	0
Debt principal repayments	<u>(724,989)</u>	<u>(481,336)</u>	<u>(448,694)</u>
General surplus (schedule 3)	<u>\$ (63,757)</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, 2022**

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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 \$734,742 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 \$35,705, with an annual 2% COLA adjustment.
- c) The Town of Shelburne has committed to spend approximately \$213,645 on capital projects in 2023 and beyond on transportation and recreational projects.
- d) A four-year contract for OPP services, at an approximate annual cost of \$3,089,025 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 \$411,257.

**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. MATERIAL UNCERTAINTY DUE TO THE NOVEL CORONAVIRUS (COVID-19)**

During the year and subsequent to year end, the Novel Coronavirus (COVID-19) significantly impacted the economy in Canada and globally. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. This may impact the timing and amounts realized on the Town's assets and its future ability to deliver all programming.

**19. 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.

**THE CORPORATION OF THE TOWN OF SHELBURNE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**19. SEGMENTED DISCLOSURE (continued)**

**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 providing waste disposal to citizens and expenses relating to a closed landfill.

**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, 2022**

*(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 2022</b>
<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	469,089	0	2,157,735
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>2,750,755</u>	<u>1,037,975</u>	<u>17,829,485</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>\$ 802,773</u>	<u>\$ 107,242</u>	<u>\$ 2,658,441</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, 2022

	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Recreation and Cultural	Planning and Development	Total 2021
<b>REVENUE</b>									
Taxation	\$ 887,018	\$ 3,597,471	\$ 1,741,303	\$ 35,050	\$ 54,040	\$ 69,600	\$ 946,701	\$ 772,077	\$ 8,103,260
Fees and user charges	97,969	91,695	12,488	4,003,522	37,471	48,909	282,471	613,140	5,187,665
Grants	630,487	34,887	864,188	0	0	0	656,735	7,184	2,193,481
Other	231,885	240,391	956,212	387,481	0	5,455	33,465	310,593	2,165,482
	<u>1,847,359</u>	<u>3,964,444</u>	<u>3,574,191</u>	<u>4,426,053</u>	<u>91,511</u>	<u>123,964</u>	<u>1,919,372</u>	<u>1,702,994</u>	<u>17,649,888</u>
<b>EXPENSES</b>									
Salaries and benefits	1,151,292	1,393,984	674,528	359,623	22,361	74,193	927,507	301,818	4,905,306
Interest on debt	0	0	16,182	119,472	0	0	0	0	135,654
Materials and supplies	402,619	330,469	809,275	789,057	760	9,354	451,501	168,508	2,961,543
Contracted services	235,087	2,621,662	36,552	1,287,793	30,801	0	0	711,421	4,923,316
Other transfers	0	52,713	0	0	0	0	8,359	0	61,072
Rents and financial	9,192	0	0	0	0	0	0	0	9,192
Amortization	63,887	158,205	739,584	1,075,666	0	1,011	369,201	0	2,407,554
	<u>1,862,077</u>	<u>4,557,033</u>	<u>2,276,121</u>	<u>3,631,611</u>	<u>53,922</u>	<u>84,558</u>	<u>1,756,568</u>	<u>1,181,747</u>	<u>15,403,637</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ (14,718)</u>	<u>\$ (592,589)</u>	<u>\$ 1,298,070</u>	<u>\$ 794,442</u>	<u>\$ 37,589</u>	<u>\$ 39,406</u>	<u>\$ 162,804</u>	<u>\$ 521,247</u>	<u>\$ 2,246,251</u>

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWN OF SHELBURNE

SCHEDULE OF TANGIBLE CAPITAL ASSETS

(Schedule 2)

FOR THE YEAR ENDED DECEMBER 31, 2022

	Land	Land Improvements	Buildings	Vehicles	Equipment	Roads and Bridges	Sewer and Water	2022
<b>COST</b>								
Balance, beginning of year	\$ 4,866,025	\$ 5,387,483	\$26,309,681	\$ 2,479,544	\$ 5,620,759	\$22,163,981	\$41,430,627	\$108,258,100
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>4,966,930</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>115,414,540</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>\$ 4,966,930</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>\$78,125,869</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 \$7,812,580 (2021 - \$1,947,021).

THE CORPORATION OF THE TOWN OF SHELburnE

SCHEDULE OF TANGIBLE CAPITAL ASSETS

(Schedule 2 continued)

FOR THE YEAR ENDED DECEMBER 31, 2022

	Land	Land Improvements	Buildings	Vehicles	Equipment	Roads and Bridges	Sewer and Water	2021
<b>COST</b>								
Balance, beginning 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
Additions during the year	19,622	43,534	456,782	35,191	465,869	1,693,172	1,004,264	3,718,434
Disposals during the year	<u>0</u>	<u>0</u>	<u>(48,468)</u>	<u>(191,175)</u>	<u>(492,293)</u>	<u>(48,986)</u>	<u>0</u>	<u>(780,922)</u>
Balance, end of year	<u>4,866,025</u>	<u>5,387,483</u>	<u>26,309,681</u>	<u>2,479,544</u>	<u>5,620,759</u>	<u>22,163,981</u>	<u>41,430,627</u>	<u>108,258,100</u>
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year	0	1,637,214	11,405,330	1,757,241	3,293,686	7,088,276	8,871,935	34,053,682
Amortization	0	179,464	650,013	173,578	298,945	487,731	617,823	2,407,554
Accumulated amortization on disposals	<u>0</u>	<u>0</u>	<u>(22,526)</u>	<u>(151,792)</u>	<u>(448,146)</u>	<u>(47,834)</u>	<u>0</u>	<u>(670,298)</u>
Balance, end of year	<u>0</u>	<u>1,816,678</u>	<u>12,032,817</u>	<u>1,779,027</u>	<u>3,144,485</u>	<u>7,528,173</u>	<u>9,489,758</u>	<u>35,790,938</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 4,866,025</u>	<u>\$ 3,570,805</u>	<u>\$14,276,864</u>	<u>\$ 700,517</u>	<u>\$ 2,476,274</u>	<u>\$14,635,808</u>	<u>\$31,940,869</u>	<u>\$72,467,162</u>



**THE CORPORATION OF THE TOWN OF SHELBURNE**

**SCHEDULE OF ACCUMULATED SURPLUS**

**(Schedule 3)**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b>2022</b>	<b>2021</b>
<b>SURPLUSES</b>		
Investment in tangible capital assets		
Tangible capital assets purchased	\$ 78,125,869	\$ 72,467,162
Unfunded long-term debt	<u>(8,504,637)</u>	<u>(3,985,973)</u>
	69,621,232	68,481,189
The Shelburne Library Board	40,100	0
Centre Dufferin Recreation Complex	(48,854)	(12,688)
Shelburne Business Improvement Area	38,162	35,297
Shelburne and District Fire Department	(114,243)	39,552
Unfunded solid waste closure and post-closure costs	(541,705)	(553,311)
Unfunded post-employment benefit (police)	<u>(288,654)</u>	<u>(305,758)</u>
	<u>68,706,038</u>	<u>67,684,281</u>
<b>RESERVE FUNDS</b>		
Current purposes	8,280	4,802
Fire capital purposes	<u>348,833</u>	<u>452,281</u>
	<u>357,113</u>	<u>457,083</u>
<b>RESERVES</b>		
Tax stabilization	378,285	335,784
Working funds	744,498	744,498
Post-employment benefits	83,131	83,131
Current purposes	2,253,645	1,928,484
Capital purposes	<u>11,531,294</u>	<u>9,626,181</u>
	<u>14,990,853</u>	<u>12,718,078</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 84,054,004</u>	<u>\$ 80,859,442</u>

**THE CORPORATION OF THE TOWN OF SHELBURNE  
TRUST FUNDS  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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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, 2022 and the statement of continuity of the trust funds for the year then ended, and notes to the financial information, 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, 2022 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.

### Other Matter

The financial statements of the trust funds of The Corporation of the Town of Shelburne for the year ended December 31, 2021 were audited by the predecessor auditor who expressed an unqualified opinion on those financial statements on June 16, 2022.

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional 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 8, 2023

Chartered Professional Accountants  
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF SHELBURNE

TRUST FUNDS

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	Development in Trust	Cemetery Maintenance & Equipment	Cemetery Perpetual Care	Prepaid Burial Fund	2022 Total	2021 Total
<b>Assets</b>						
Cash	\$ 1,752,625	\$ 76,875	\$ 148,540	\$ 7,865	\$ 1,985,905	\$ 1,704,415
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>\$ 1,752,625</u>	<u>\$ 76,875</u>	<u>\$ 348,540</u>	<u>\$ 7,865</u>	<u>\$ 2,185,905</u>	<u>\$ 1,904,415</u>
<b>Fund balance</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>

THE CORPORATION OF THE TOWN OF SHELBURNE

TRUST FUNDS

STATEMENT OF CONTINUITY

AS AT DECEMBER 31, 2022

	Development in Trust	Cemetery Maintenance & Equipment	Cemetery Perpetual Care	Prepaid Burial Fund	2022 Total	2021 Total
<b>Fund balance, beginning of year</b>	\$ <u>1,483,625</u>	\$ <u>72,375</u>	\$ <u>340,270</u>	\$ <u>8,145</u>	\$ <u>1,904,415</u>	\$ <u>1,799,873</u>
<b>Receipts</b>						
Fees	378,000	0	8,270	0	386,270	1,281,171
Cemetery maintenance fee	0	4,500	0	0	4,500	2,100
Interest	<u>35,563</u>	<u>1,477</u>	<u>6,902</u>	<u>160</u>	<u>44,102</u>	<u>17,009</u>
	<u>413,563</u>	<u>5,977</u>	<u>15,172</u>	<u>160</u>	<u>434,872</u>	<u>1,300,280</u>
<b>Expenses</b>	<u>144,563</u>	<u>1,477</u>	<u>6,902</u>	<u>440</u>	<u>153,382</u>	<u>1,195,738</u>
<b>Net surplus (deficit)</b>	<u>269,000</u>	<u>4,500</u>	<u>8,270</u>	<u>(280)</u>	<u>281,490</u>	<u>104,542</u>
<b>Fund balance, end of year</b>	\$ <u><u>1,752,625</u></u>	\$ <u><u>76,875</u></u>	\$ <u><u>348,540</u></u>	\$ <u><u>7,865</u></u>	\$ <u><u>2,185,905</u></u>	\$ <u><u>1,904,415</u></u>

# THE CORPORATION OF THE TOWN OF SHELBURNE

## TRUST FUNDS

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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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

	2022	2021
GIC, 3.10% interest, maturing June 9, 2024	\$ 100,000	\$ 0
GIC, 2.55% interest, maturing April 28, 2024	100,000	0
GIC, 2.10% interest, matured May 26, 2022	0	100,000
GIC, 1.95% interest, matured April 28, 2022	<u>0</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 \$12,840,126 (2021 - \$19,210,126) as at December 31, 2022.

**THE CORPORATION OF THE TOWN OF SHELBURNE**  
**TRUST FUNDS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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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.