

**THE CORPORATION OF THE TOWN OF SHELBURNE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

THE CORPORATION OF THE TOWN OF SHELBURNE
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YEAR ENDED DECEMBER 31, 2024

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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 accompanying consolidated financial statements of The Corporation of the Town of Shelburne, which comprise the consolidated statement of financial position as at December 31, 2024 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, 2024 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 Consolidated 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 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 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 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 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.

A handwritten signature in black ink, appearing to read "RLB LLP", is positioned above the firm's name.

Guelph, Ontario
May 12, 2025

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF SHELBURNE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash	\$ 30,662,172	\$ 31,772,394
Portfolio investments (note 2)	781,567	1,108,729
Taxes receivable	2,043,415	1,589,085
Accounts receivable	<u>2,561,683</u>	<u>2,178,161</u>
	<u>36,048,837</u>	<u>36,648,369</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,320,557	1,391,030
Deferred revenue (note 20)	15,114,536	18,252,173
Post-employment benefits (note 4)	254,832	269,542
Long-term debt (note 5)	7,057,096	7,793,847
Asset retirement obligation (note 7)	<u>568,689</u>	<u>610,588</u>
	<u>24,315,710</u>	<u>28,317,180</u>
NET FINANCIAL ASSETS	<u>11,733,127</u>	<u>8,331,189</u>
NON-FINANCIAL ASSETS		
Inventory of supplies	64,031	64,031
Prepaid expenses	3,728	1,985
Tangible capital assets (schedule 2)	<u>83,512,832</u>	<u>81,210,543</u>
	<u>83,580,591</u>	<u>81,276,559</u>
ACCUMULATED SURPLUS (schedule 3)	<u>\$ 95,313,718</u>	<u>\$ 89,607,748</u>

THE CORPORATION OF THE TOWN OF SHELBURNE
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024 Budget (note 14)	2024 Actual	2023 Actual (note 18)
REVENUES (schedule 1)			
Taxation	\$ 10,281,494	\$ 10,387,579	\$ 9,427,774
Fees and user charges	6,234,748	6,544,631	5,852,596
Grants (note 9)	2,778,606	3,186,457	3,662,667
Other (note 10)	<u>6,631,912</u>	<u>3,065,232</u>	<u>3,281,621</u>
	<u>25,926,760</u>	<u>23,183,899</u>	<u>22,224,658</u>
EXPENDITURES (schedule 1)			
General government	2,648,751	2,543,938	2,303,378
Protection services	4,449,984	4,200,996	4,030,402
Transportation services	3,276,548	3,119,286	2,867,901
Environmental services	4,577,509	3,872,808	4,094,091
Health services	139,999	133,603	122,216
Recreation services	2,983,439	2,602,206	2,269,939
Planning and development	<u>1,316,687</u>	<u>998,752</u>	<u>1,045,925</u>
	<u>19,392,917</u>	<u>17,471,589</u>	<u>16,733,852</u>
ANNUAL SURPLUS	6,533,843	5,712,310	5,490,806
ACCUMULATED SURPLUS, beginning of year	<u>89,607,748</u>	<u>89,607,748</u>	<u>84,122,302</u>
ADJUSTMENT TO GOVERNMENT BUSINESS PARTNERSHIP (note 12)	<u>0</u>	<u>(6,340)</u>	<u>(5,360)</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 96,141,591</u>	<u>\$ 95,313,718</u>	<u>\$ 89,607,748</u>

THE CORPORATION OF THE TOWN OF SHELBURNE
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024 Budget (note 14)	2024 Actual	2023 Actual
Annual surplus	\$ <u>6,533,843</u>	\$ <u>5,712,310</u>	\$ <u>5,490,806</u>
Acquisition of tangible capital assets	(10,567,990)	(5,161,349)	(5,565,952)
Amortization of tangible capital assets	2,714,179	2,714,179	2,527,086
Loss (gain) on disposal of tangible capital assets	0	25,818	(86,547)
Proceeds on disposal of tangible capital assets	0	119,063	109,037
Adjustment to government business partnership	<u>0</u>	<u>(6,340)</u>	<u>(5,360)</u>
	<u>(7,853,811)</u>	<u>(2,308,629)</u>	<u>(3,021,736)</u>
Change in inventory of supplies	0	0	3,885
Change in prepaid expenses	<u>0</u>	<u>(1,743)</u>	<u>25,840</u>
	<u>0</u>	<u>(1,743)</u>	<u>29,725</u>
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	\$ <u>(1,319,968)</u>	3,401,938	2,498,795
NET FINANCIAL ASSETS at beginning of year		<u>8,331,189</u>	<u>5,832,394</u>
NET FINANCIAL ASSETS at end of year		\$ <u>11,733,127</u>	\$ <u>8,331,189</u>

THE CORPORATION OF THE TOWN OF SHELBURNE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Annual surplus for the year	\$ 5,712,310	\$ 5,490,806
Items not requiring an outlay of cash		
Asset retirement obligation	(41,899)	68,883
Loss (gain) on disposal of tangible capital assets	25,818	(86,547)
Amortization of tangible capital assets	2,714,179	2,527,086
Adjustment to government business partnership	(6,340)	(5,360)
	<u>8,404,068</u>	<u>7,994,868</u>
Changes in non-cash working capital		
Taxes receivable	(454,330)	(456,962)
Accounts receivable	(383,522)	124,250
Accounts payable and accrued liabilities	(70,473)	(681,533)
Deferred revenue	(3,137,637)	325,486
Post-employment benefits	(14,710)	(19,112)
Inventory of supplies	0	3,885
Prepaid expenses	(1,743)	25,840
	<u>4,341,653</u>	<u>7,316,722</u>
CASH USED IN FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(736,751)</u>	<u>(710,790)</u>
CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(5,161,349)	(5,565,952)
Proceeds on disposal of tangible capital assets	<u>119,063</u>	<u>109,037</u>
	<u>(5,042,286)</u>	<u>(5,456,915)</u>
CASH PROVIDED BY INVESTING ACTIVITIES		
Redemption of portfolio investments	<u>327,162</u>	<u>32,085</u>
NET (DECREASE) INCREASE IN CASH	<u>(1,110,222)</u>	<u>1,181,102</u>
NET CASH, BEGINNING OF YEAR	<u>31,772,394</u>	<u>30,591,292</u>
NET CASH, END OF YEAR	<u>\$ 30,662,172</u>	<u>\$ 31,772,394</u>
CASH CONSISTS OF:		
Unrestricted cash	\$ 15,493,362	\$ 13,545,329
Restricted cash	<u>15,168,810</u>	<u>18,227,065</u>
	<u>\$ 30,662,172</u>	<u>\$ 31,772,394</u>

THE CORPORATION OF THE TOWN OF SHELBURNE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) **ACKNOWLEDGEMENT OF RESPONSIBILITY**

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

(b) **REVENUE RECOGNITION**

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

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

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

(c) **USE OF ESTIMATES**

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

(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 - 56.43%, 2023 - 55.14%)

THE CORPORATION OF THE TOWN OF SHELBURNE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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
Sewer and water 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, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) ASSET RETIREMENT OBLIGATION

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

(k) COUNTY AND SCHOOL BOARDS

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

(l) GOVERNMENT TRANSFERS

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

(m) TAXATION AND RELATED REVENUES

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

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

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

THE CORPORATION OF THE TOWN OF SHELBURNE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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

	2024	2023
RBC, 5-in-1 guaranteed investment certificate, 1.5% interest, maturing June 3, 2026	\$ 436,633	\$ 627,225
Shelburne Library Board, non-redeemable guaranteed investment certificate, 4.50% interest, maturing July 7, 2027	120,000	120,000
Shelburne Library Board, non-redeemable guaranteed investment certificate, 3.25% interest (2023 - 5.45%), maturing November 13, 2025 (2023 - November 8, 2024)	65,770	109,919
Shelburne Library Board, non-redeemable guaranteed investment certificate, 5.00% interest maturing July 31, 2025	106,664	101,585
Shelburne Library Board, redeemable guaranteed investment certificate, variable interest, matured November 1, 2024	0	100,000
Shelburne Library Board, non-redeemable guaranteed investment certificate, 5.00% interest, maturing July 31, 2025	<u>52,500</u>	<u>50,000</u>
	<u>\$ 781,567</u>	<u>\$ 1,108,729</u>

3. CREDIT FACILITY

The Town has utilized \$0 (2023 - \$0) of an authorized revolving demand facility with a limit up to a maximum of \$1,000,000. The facility bears interest at prime minus 0.75% per annum. The aggregate borrowings outstanding under this facility must not exceed 50% of the total budgeted revenues for the period of January 1st to September 30th of each fiscal year and must not exceed 25% of total budgeted revenues for the period of October 1st to December 31st. No conditions regarding this loan have been breached at year end and no accrued interest relating to this loan is owing.

THE CORPORATION OF THE TOWN OF SHELBURNE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

4. POST-EMPLOYMENT BENEFITS

The Town sponsors a defined benefit plan for retirement benefits other than pensions to former qualified police employees. The plan provides extended health care and dental benefits to employees to a maximum of age 65, followed with a Health Care Spending Account (HCSA) to age 70 and 75 for some of those employees. Total benefit payments paid by the Town on behalf of retirees during the year were \$35,670 (2023 - \$33,369). The employee benefits liabilities as at year end are \$254,832 (2023 - \$269,542). The liability is currently partially funded in the amount of \$83,131 (2023 - \$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 July 23, 2024 (2023 - April 3, 2021). The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, medical inflation rates and mortality rates. The assumptions used reflect management's best estimates. The post-employment benefit liability was determined using a discount rate of 4.50% (2023 - 2.25%). For extended health care costs, a 6% annual rate of increase was assumed for 2024 (2023 - 5.0837%), reducing by 0.333% per year to 4.00% in 2030 (2023 - 3.75% in 2027). For dental costs, a 4.00% (2023 - 3.75%) annual rate of increase was assumed.

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

	2024	2023
Amortization of actuarial loss	\$ 11,429	\$ 7,633
Interest costs	<u>14,808</u>	<u>7,484</u>
	<u>\$ 26,237</u>	<u>\$ 15,117</u>

5. LONG-TERM DEBT

	2024	2023
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	\$ 797,211	\$ 854,114
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	388,112	574,999
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	219,624	325,143

THE CORPORATION OF THE TOWN OF SHELBURNE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

5. LONG-TERM DEBT (continued)

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	606,239	693,349
Long-term capital financing for new well and water meters, Ontario Infrastructure and Land Corporation (OILC), 3.43% interest, semi-annual principal and interest payments of \$37,254, due April 2033	545,333	599,732
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>4,500,577</u>	<u>4,746,510</u>
	<u>\$ 7,057,096</u>	<u>\$ 7,793,847</u>

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

2025	\$ 763,735
2026	791,782
2027	505,211
2028	527,344
2029	550,468
Thereafter	<u>3,918,556</u>
	<u>\$ 7,057,096</u>

6. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees' Retirement System (OMERS), which is a multi-employer plan, on behalf of 45 (2023 - 39) 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 2024 by the municipality was \$279,643 (2023 - \$252,880). The contribution rate for 2024 was 9.0% to 15.8% (2023 - 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, 2024. At that time, the plan reported a \$2.91 billion funding deficit (2023 - \$4.20 billion deficit), based on an accrued pension obligation of \$140.77 billion (2023 - \$134.57 billion) and net assets available for benefits of \$138.41 billion (2023 - \$128.81 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.

THE CORPORATION OF THE TOWN OF SHELBURNE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

7. ASSET RETIREMENT OBLIGATION

Asset retirement obligation 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 asset retirement obligation at year end as \$568,689 (2023 - \$610,588). The liability is estimated based upon current monitoring costs of \$31,618 (2023 - \$32,466) inflated annually at a rate of 3.44% (2023 - 3.34%) per year and discounted at a rate of 3.45% (2023 - 3.45%) for 18 years (2023 - 19 years).

8. 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:

	2024	2023
School boards	\$ 2,707,135	\$ 2,640,598
County of Dufferin	<u>5,038,118</u>	<u>4,612,107</u>
	<u><u>\$ 7,745,253</u></u>	<u><u>\$ 7,252,705</u></u>

9. GRANTS

	2024 Budget	2024 Actual	2023 Actual
Operating			
Government of Canada	\$ 24,900	\$ 32,439	\$ 22,904
Province of Ontario	513,572	542,207	508,032
Other	<u>401,842</u>	<u>400,095</u>	<u>353,919</u>
	<u>940,314</u>	<u>974,741</u>	<u>884,855</u>
Capital			
Government of Canada	114,001	114,001	328,888
Province of Ontario	<u>1,724,291</u>	<u>2,097,715</u>	<u>2,448,924</u>
	<u>1,838,292</u>	<u>2,211,716</u>	<u>2,777,812</u>
	<u><u>\$ 2,778,606</u></u>	<u><u>\$ 3,186,457</u></u>	<u><u>\$ 3,662,667</u></u>

10. OTHER INCOME

	2024 Budget	2024 Actual	2023 Actual
Penalties and interest on taxation	\$ 155,300	\$ 279,171	\$ 200,997
Investment income	717,408	930,145	844,706
Rents, concessions and franchises	16,850	22,742	21,400
Donations	82,500	61,582	69,412
Gain (loss) on disposal of tangible capital assets	30,000	(25,818)	86,547
Development charges	5,602,474	1,677,897	2,031,475
Other	<u>27,380</u>	<u>119,513</u>	<u>27,084</u>
	<u><u>\$ 6,631,912</u></u>	<u><u>\$ 3,065,232</u></u>	<u><u>\$ 3,281,621</u></u>

THE CORPORATION OF THE TOWN OF SHELBURNE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

11. TRUST FUNDS

Amounts held in trust at year end are as follows:

	2024	2023
Development in trust	\$ 1,525,882	\$ 1,872,625
Cemetery maintenance and equipment	369,359	360,760
Cemetery perpetual care	82,875	79,975
Prepaid burial fund	<u>7,261</u>	<u>7,650</u>
	<u>\$ 1,985,377</u>	<u>\$ 2,321,010</u>

12. 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 56.43% (2023 - 55.14%) proportionate interest of the following:

	2024	2023
Statement of Financial Position		
Assets	\$ 609,425	\$ 334,068
Liabilities	<u>68,470</u>	<u>156,535</u>
Net financial assets	540,955	177,533
Non-financial assets	<u>1,852,520</u>	<u>1,893,191</u>
Accumulated surplus	<u>\$ 2,393,475</u>	<u>\$ 2,070,724</u>
Statement of Operations		
Revenues	\$ 1,469,079	\$ 1,281,846
Expenses	<u>1,146,328</u>	<u>1,196,313</u>
Annual surplus	<u>\$ 322,751</u>	<u>\$ 85,533</u>

THE CORPORATION OF THE TOWN OF SHELBURNE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

13. 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	\$ 2,291,813	\$ 211,706	\$ 58,164	\$ 0	\$ 0
Taxes receivable	<u>1,764,604</u>	<u>0</u>	<u>0</u>	<u>272,997</u>	<u>5,814</u>
Total	<u>\$ 4,056,417</u>	<u>\$ 211,706</u>	<u>\$ 58,164</u>	<u>\$ 272,997</u>	<u>\$ 5,814</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:

	0 - 30 days	31 - 90 days	91 - 365 days	1 - 5 years	6 years and later
Accounts payable and accrued liabilities	\$ 1,320,557	\$ 0	\$ 0	\$ 0	\$ 0
Long term debt	<u>74,849</u>	<u>42,312</u>	<u>646,574</u>	<u>2,374,805</u>	<u>3,918,556</u>
Total	<u>\$ 1,395,406</u>	<u>\$ 42,312</u>	<u>\$ 646,574</u>	<u>\$ 2,374,805</u>	<u>\$ 3,918,556</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.

THE CORPORATION OF THE TOWN OF SHELBURNE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

14. 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 2024 budget amounts for the Town of Shelburne, approved by Council, have been reclassified to conform to the presentation of the consolidated statements of operations and changes in net financial assets. The following is a reconciliation of the budget approved by Council:

	2024 Budget	2024 Actual	2023 Actual
Annual surplus	\$ 6,533,843	\$ 5,712,310	\$ 5,490,806
Adjustment to government business partnership	0	(6,340)	(5,360)
Amortization of tangible capital assets	2,714,179	2,714,179	2,527,086
Change in unfunded liabilities	0	(56,609)	49,771
Change in other surpluses	<u>0</u>	<u>(97,874)</u>	<u>(102,039)</u>
	9,248,022	8,265,666	7,960,264
Net transfers (to) from reserves and discretionary reserve funds	2,006,381	(2,512,447)	(1,706,012)
Acquisition of tangible capital assets	(10,567,990)	(5,161,349)	(5,565,952)
Proceeds on disposal of tangible capital assets	0	119,063	109,037
Gain (loss) on disposal of tangible capital assets	0	25,818	(86,547)
Debt principal repayments	<u>(736,751)</u>	<u>(736,751)</u>	<u>(710,790)</u>
General surplus (deficit) (schedule 3)	\$ <u>(50,338)</u>	\$ <u>0</u>	\$ <u>0</u>

15. 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 \$774,204 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 \$50,503, with an annual COLA adjustment.
- c) The Town of Shelburne has committed to spend approximately \$183,568 on capital projects in 2025 and beyond on transportation and recreational projects.
- d) Annual settlement for OPP services provided in 2025, at an approximate annual cost of \$665,696
- e) A one-year contract for municipal insurance at a cost of \$471,436.

16. 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.

THE CORPORATION OF THE TOWN OF SHELBURNE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

17. MATERIAL UNCERTAINTY RELATED TO TARIFFS

As of the date of these financial statements, the The Corporation of the Town of Shelburne faces material uncertainty regarding the potential impact of tariffs and trade restrictions on its operations, cost structure, and potential revenues. Ongoing changes in tariffs and international trade policies, particularly those implemented by major trading partners such as the United States of America, the European Union, and China, create uncertainty around procurement strategies, supply chain logistics, and future demand for the The Corporation of the Town of Shelburne's services (e.g. building permits).

The Corporation of the Town of Shelburne recognizes that the outcome of ongoing tariff-related uncertainties and trade negotiations may materially affect its operations, financial position, and cash flows in the future if tariffs or other new trade barriers are imposed. This includes potential increases in tangible capital asset purchase costs, delays in the supply chain, and disruptions in global trade. As such, there remains a material uncertainty regarding the financial impact of these tariffs, and the full extent of the potential effects on The Corporation of the Town of Shelburne cannot be reasonably estimated at this time. The Corporation of the Town of Shelburne continues to monitor and assess the evolving trade environment and is taking steps to mitigate the risks related to these potential tariffs.

18. COMPARATIVE FIGURES

The comparative figures presented in the financial statements have been reclassified to conform to the current year's presentation.

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.

Sewer and Water

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

Environmental Services

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

THE CORPORATION OF THE TOWN OF SHELBURNE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

19. SEGMENTED DISCLOSURE (continued)

Health Services

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

Recreation and Cultural

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

Planning and Development

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

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

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

THE CORPORATION OF THE TOWN OF SHELBURNE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

20. DEFERRED REVENUE

	Opening	Contributions Received	Investment Income	Credits Issued	Revenue Recognized	Ending
Obligatory Reserve Funds						
Development charges	\$17,580,771	\$ 495,041	\$ 768,206	\$ (2,907,080)	\$ (1,677,897)	\$14,259,041
Federal gas tax	521,806	286,787	28,197	0	(114,000)	722,790
	<u>18,102,577</u>	<u>781,828</u>	<u>796,403</u>	<u>(2,907,080)</u>	<u>(4,698,977)</u>	<u>14,981,831</u>
Other						
Taxation	106,109	115,071	0	0	(106,109)	115,071
Recreation	43,487	17,635	0	0	(43,488)	17,634
	<u>149,596</u>	<u>132,706</u>	<u>0</u>	<u>0</u>	<u>(149,597)</u>	<u>132,705</u>
	<u>\$18,252,173</u>	<u>\$ 914,534</u>	<u>\$ 796,403</u>	<u>\$ (2,907,080)</u>	<u>\$ (7,755,654)</u>	<u>\$15,114,536</u>

THE CORPORATION OF THE TOWN OF SHELBURNE
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2024

(Schedule 1)

	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Recreation and Cultural	Planning and Development	Total 2024
REVENUE									
Taxation	\$ 1,011,861	\$ 4,487,681	\$ 2,506,212	\$ 35,406	\$ 30,788	\$ 104,912	\$ 1,336,593	\$ 874,126	\$10,387,579
Fees and user charges	163,286	118,730	41,821	5,142,651	74,945	63,152	771,979	168,067	6,544,631
Grants	457,099	41,489	1,687,893	528,461	0	0	471,515	0	3,186,457
Other	<u>1,203,015</u>	<u>43,229</u>	<u>(48,139)</u>	<u>856,663</u>	<u>0</u>	<u>18,286</u>	<u>832,130</u>	<u>160,048</u>	<u>3,065,232</u>
	<u>2,835,261</u>	<u>4,691,129</u>	<u>4,187,787</u>	<u>6,563,181</u>	<u>105,733</u>	<u>186,350</u>	<u>3,412,217</u>	<u>1,202,241</u>	<u>23,183,899</u>
EXPENSES									
Salaries and benefits	1,739,067	530,045	1,251,395	502,159	14,850	92,169	1,427,392	359,855	5,916,932
Interest on debt	0	0	7,901	307,580	0	0	0	0	315,481
Materials and supplies	454,498	243,640	942,638	765,370	1,900	38,763	771,850	89,025	3,307,684
Contracted services	264,278	3,212,196	51,327	1,023,083	24,300	0	0	549,872	5,125,056
Other transfers	0	71,258	0	0	0	0	10,952	0	82,210
Rents and financial	10,047	0	0	0	0	0	0	0	10,047
Amortization	<u>76,048</u>	<u>143,857</u>	<u>866,025</u>	<u>1,233,566</u>	<u>0</u>	<u>2,671</u>	<u>392,012</u>	<u>0</u>	<u>2,714,179</u>
	<u>2,543,938</u>	<u>4,200,996</u>	<u>3,119,286</u>	<u>3,831,758</u>	<u>41,050</u>	<u>133,603</u>	<u>2,602,206</u>	<u>998,752</u>	<u>17,471,589</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 291,323</u>	<u>\$ 490,133</u>	<u>\$ 1,068,501</u>	<u>\$ 2,731,423</u>	<u>\$ 64,683</u>	<u>\$ 52,747</u>	<u>\$ 810,011</u>	<u>\$ 203,489</u>	<u>\$ 5,712,310</u>

See notes to the financial statements

THE CORPORATION OF THE TOWN OF SHELBURNE

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

(Schedule 1 continued)

FOR THE YEAR ENDED DECEMBER 31, 2024

	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Recreation and Cultural	Planning and Development	Total 2023 (note 18)
REVENUE									
Taxation	\$ 1,154,284	\$ 4,096,395	\$ 2,204,321	\$ 37,735	\$ 30,188	\$ 85,056	\$ 1,059,443	\$ 760,352	\$ 9,427,774
Fees and user charges	177,748	88,861	25,071	4,590,859	55,796	56,786	727,357	130,118	5,852,596
Grants	445,600	41,589	829,629	1,948,183	0	0	397,666	0	3,662,667
Other	<u>1,018,953</u>	<u>23,968</u>	<u>1,506</u>	<u>1,618,801</u>	<u>0</u>	<u>17,458</u>	<u>556,611</u>	<u>44,324</u>	<u>3,281,621</u>
	<u>2,796,585</u>	<u>4,250,813</u>	<u>3,060,527</u>	<u>8,195,578</u>	<u>85,984</u>	<u>159,300</u>	<u>2,741,077</u>	<u>934,794</u>	<u>22,224,658</u>
EXPENSES									
Salaries and benefits	1,551,566	402,602	1,054,456	462,247	16,563	86,859	1,222,973	332,665	5,129,931
Interest on debt	0	0	10,731	330,776	0	0	0	0	341,507
Materials and supplies	451,836	343,404	980,052	926,512	2,850	33,413	677,840	75,713	3,491,620
Contracted services	218,926	3,082,848	36,306	1,065,855	128,559	0	0	637,547	5,170,041
Other transfers	0	61,429	0	0	0	0	1,800	0	63,229
Rents and financial	10,438	0	0	0	0	0	0	0	10,438
Amortization	<u>70,612</u>	<u>140,119</u>	<u>786,356</u>	<u>1,160,729</u>	<u>0</u>	<u>1,944</u>	<u>367,326</u>	<u>0</u>	<u>2,527,086</u>
	<u>2,303,378</u>	<u>4,030,402</u>	<u>2,867,901</u>	<u>3,946,119</u>	<u>147,972</u>	<u>122,216</u>	<u>2,269,939</u>	<u>1,045,925</u>	<u>16,733,852</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 493,207</u>	<u>\$ 220,411</u>	<u>\$ 192,626</u>	<u>\$ 4,249,459</u>	<u>\$ (61,988)</u>	<u>\$ 37,084</u>	<u>\$ 471,138</u>	<u>\$ (111,131)</u>	<u>\$ 5,490,806</u>

See notes to the financial statements

THE CORPORATION OF THE TOWN OF SHELBURNE

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

(Schedule 2)

FOR THE YEAR ENDED DECEMBER 31, 2024

	Land	Land Improvements	Buildings	Vehicles	Equipment	Roads and Bridges	Sewer and Water	2024
COST								
Balance, beginning of year	\$ 5,048,071	\$ 6,447,674	\$27,243,593	\$ 3,331,978	\$ 5,677,144	\$22,315,942	\$50,833,720	\$120,898,122
Additions during the year	21,516	813,349	109,110	583,316	693,358	1,279,492	1,661,208	5,161,349
Disposals during the year	0	0	(24,790)	(358,209)	(593,460)	(323,203)	(113,236)	(1,412,898)
Asset transfers	0	(513,308)	236,369	(221,908)	124,599	(16,805)	391,053	0
Balance, end of year	<u>5,069,587</u>	<u>6,747,715</u>	<u>27,564,282</u>	<u>3,335,177</u>	<u>5,901,641</u>	<u>23,255,426</u>	<u>52,772,745</u>	<u>124,646,573</u>
ACCUMULATED AMORTIZATION								
Balance, beginning of year	0	2,197,581	13,248,420	2,016,220	3,216,058	8,213,220	10,796,080	39,687,579
Amortization	0	215,989	618,423	232,758	283,850	601,701	761,458	2,714,179
Accumulated amortization on disposals	0	0	(24,790)	(344,454)	(593,460)	(192,077)	(113,236)	(1,268,017)
Accumulated amortization transfers	0	(78,629)	199,125	(209,837)	106,124	(8,066)	(8,717)	0
Balance, end of year	<u>0</u>	<u>2,334,941</u>	<u>14,041,178</u>	<u>1,694,687</u>	<u>3,012,572</u>	<u>8,614,778</u>	<u>11,435,585</u>	<u>41,133,741</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 5,069,587</u>	<u>\$ 4,412,774</u>	<u>\$13,523,104</u>	<u>\$ 1,640,490</u>	<u>\$ 2,889,069</u>	<u>\$14,640,648</u>	<u>\$41,337,160</u>	<u>\$83,512,832</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 \$2,110,811 (2023 - \$3,621,594).

THE CORPORATION OF THE TOWN OF SHELburnE

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

(Schedule 2 continued)

FOR THE YEAR ENDED DECEMBER 31, 2024

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

THE CORPORATION OF THE TOWN OF SHELBURNE
CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2024

(Schedule 3)

	2024	2023
SURPLUSES		
Investment in tangible capital assets		
Tangible capital assets purchased	\$ 83,512,832	\$ 81,210,543
Unfunded long-term debt	<u>(7,057,096)</u>	<u>(7,793,847)</u>
	76,455,736	73,416,696
 The Shelburne Library Board	 (17,386)	 13,879
Centre Dufferin Recreation Complex	67,740	(18,584)
Shelburne Business Improvement Area	33,849	33,803
Shelburne and District Fire Department	30,875	(11,894)
Unfunded solid waste closure and post-closure costs	(568,689)	(610,588)
Unfunded post-employment benefit (police)	<u>(254,832)</u>	<u>(269,542)</u>
	<u>75,747,293</u>	<u>72,553,770</u>
 RESERVE FUNDS		
Current purposes	0	4,919
Fire capital purposes	<u>272,518</u>	<u>109,785</u>
	<u>272,518</u>	<u>114,704</u>
 RESERVES		
Tax stabilization	678,284	528,284
Working funds	874,498	744,498
Post-employment benefits	83,131	83,131
Current purposes	2,650,229	2,370,261
Capital purposes	<u>15,007,765</u>	<u>13,213,100</u>
	<u>19,293,907</u>	<u>16,939,274</u>
 ACCUMULATED SURPLUS	 <u>\$ 95,313,718</u>	 <u>\$ 89,607,748</u>

During the year, the Town's operating surplus of \$647,062 (2023 - \$537,061) was transferred to reserves, as approved by Council.

**THE CORPORATION OF THE TOWN OF SHELBURNE
TRUST FUNDS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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 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, 2024 and the statement of continuity of the trust funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the Town of Shelburne as at December 31, 2024 and the continuity of the trust funds for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Guelph, Ontario
May 12, 2025

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF SHELBURNE

TRUST FUNDS

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2024

	Development in Trust	Cemetery Maintenance & Equipment	Cemetery Perpetual Care	Prepaid Burial Fund	2024 Total	2023 Total
Assets						
Cash	\$ 1,525,882	\$ 82,875	\$ 169,359	\$ 7,261	\$ 1,785,377	\$ 2,121,010
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>\$ 1,525,882</u>	<u>\$ 82,875</u>	<u>\$ 369,359</u>	<u>\$ 7,261</u>	<u>\$ 1,985,377</u>	<u>\$ 2,321,010</u>
Fund balance	<u>\$ 1,525,882</u>	<u>\$ 82,875</u>	<u>\$ 369,359</u>	<u>\$ 7,261</u>	<u>\$ 1,985,377</u>	<u>\$ 2,321,010</u>

THE CORPORATION OF THE TOWN OF SHELBURNE

TRUST FUNDS

STATEMENT OF CONTINUITY

AS AT DECEMBER 31, 2024

	Development in Trust	Cemetery Maintenance & Equipment	Cemetery Perpetual Care	Prepaid Burial Fund	2024 Total	2023 Total
Fund balance, beginning of year	\$ <u>1,872,625</u>	\$ <u>79,975</u>	\$ <u>360,760</u>	\$ <u>7,650</u>	\$ <u>2,321,010</u>	\$ <u>2,185,905</u>
Receipts						
Fees	288,000	0	8,599	0	296,599	150,220
Cemetery maintenance fee	0	2,900	0	0	2,900	3,100
Interest	<u>94,298</u>	<u>4,193</u>	<u>14,093</u>	<u>396</u>	<u>112,980</u>	<u>111,719</u>
	<u>382,298</u>	<u>7,093</u>	<u>22,692</u>	<u>396</u>	<u>412,479</u>	<u>265,039</u>
Expenses	<u>729,041</u>	<u>4,193</u>	<u>14,093</u>	<u>785</u>	<u>748,112</u>	<u>129,934</u>
Net (deficit) surplus	<u>(346,743)</u>	<u>2,900</u>	<u>8,599</u>	<u>(389)</u>	<u>(335,633)</u>	<u>135,105</u>
Fund balance, end of year	\$ <u><u>1,525,882</u></u>	\$ <u><u>82,875</u></u>	\$ <u><u>369,359</u></u>	\$ <u><u>7,261</u></u>	\$ <u><u>1,985,377</u></u>	\$ <u><u>2,321,010</u></u>

THE CORPORATION OF THE TOWN OF SHELBURNE
TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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

	2024	2023
GIC, 4.45% interest, maturing April 28, 2026	\$ 100,000	\$ 0
GIC, 4.45% interest, maturing June 9, 2026	100,000	0
GIC, 3.10% interest, matured June 9, 2024	0	100,000
GIC, 2.55% interest, matured April 28, 2024	<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 \$13,998,126 (2023 - \$16,306,626) as at December 31, 2024.

THE CORPORATION OF THE TOWN OF SHELBURNE
TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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.