

**The Corporation of the  
Town of Saugeen Shores  
Financial Information  
For the year ended December 31, 2023**

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Financial Information  
For the year ended December 31, 2023**

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Financial Statements  
For the year ended December 31, 2023**

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To the Members of Council of the Corporation of the Town of Saugeen Shores:

## Qualified Opinion

We have audited the consolidated financial statements of the Town of Saugeen Shores (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2023, and the results of its consolidated operations, consolidated changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Qualified Opinion

The completeness and existence of tangible capital assets is not susceptible to satisfactory audit verification, as the Town is unable to determine if all tangible capital assets have been recorded and whether the Town has title to all tangible assets that have been recorded. Accordingly, our verification of these assets was limited to the amounts recorded in the records of the Town. We were unable to determine whether any adjustments might be necessary to amortization and annual surplus for the years ending December 31, 2023 and 2022, tangible capital assets as at December 31, 2023 and 2022 and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 years. The predecessor auditor's audit opinion on the consolidated financial statements for the year ended December 31, 2022 was modified accordingly because of possible effects of this limitation in scope.

Effective January 1, 2023, the Town was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of January 1, 2023. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. Management has not completed its assessment of the tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended December 31, 2023 and 2022, tangible capital assets and the asset retirement obligations at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 year.

As a result of PS 3280 not being adopted, the Town accounts for its landfill closure and post closure liability in accordance with withdrawn PS 3270 Solid Waste Landfill Closure and Post Closure Liability. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended December 31, 2023 and 2022, landfill closure and post closure liability as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 years.

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

### **Other Matter**

The consolidated financial statements for the year ended December 31, 2022 were audited by another auditor who expressed a qualified opinion on those statements on April 8, 2024 for the reasons described in the first paragraph of the Basis for Qualified Opinion paragraph.

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

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

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

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

### **Auditor's 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Town as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

Owen Sound, Ontario

Bcj Ya Ver 28, 2025



Chartered Professional Accountants

Licensed Public Accountants

**The Corporation of the Town of Saugeen Shores**  
**Consolidated Statement of Financial Position**

<b>December 31</b>	<b>2023</b>	<b>2022</b>
<b>Financial assets</b>		
Cash (Note 2)	\$ 43,870,692	\$ 43,934,351
Temporary investments (Note 3)	7,428,567	7,262,930
Trade and other receivables	3,612,928	4,082,018
Taxes receivable	2,260,046	1,953,863
Inventory held for resale	76,334	84,221
Long-term receivables (Note 4)	1,781,470	1,113,192
Long-term investments (Note 5)	7,626,491	7,626,491
	<b>66,656,528</b>	<b>66,057,066</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	7,861,218	6,939,320
Landfill site closure and post-closure care liability (Note 6)	288,005	288,005
Post-employment benefits liability (Note 17)	1,243,000	1,115,300
Deferred revenue (Page 35)	16,218,678	15,967,297
Long-term debt (Note 7)	14,506,750	16,189,741
	<b>40,117,651</b>	<b>40,499,663</b>
<b>Net financial assets</b>	<b>26,538,877</b>	<b>25,557,403</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 8)	194,784,228	182,509,325
Inventory of supplies	87,286	94,967
Prepaid expenses	187,559	135,567
	<b>195,059,073</b>	<b>182,739,859</b>
<b>Accumulated surplus (Note 9)</b>	<b>\$ 221,597,950</b>	<b>\$ 208,297,262</b>

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

**The Corporation of the Town of Saugeen Shores  
Consolidated Statement of Operations and Accumulated Surplus**

<b>For the year ended December 31</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>
	Budget (Note 11)	Actual	Actual
<b>Revenue</b>			
Taxation	\$ 22,287,966	\$ 22,657,937	\$ 20,831,147
Fees and user charges	14,550,336	15,246,660	14,457,629
Government transfers (Note 15)	2,648,185	3,867,970	7,261,625
Other income (Note 12)	8,074,869	9,817,278	4,846,700
	<u>47,561,356</u>	<u>51,589,845</u>	<u>47,397,101</u>
<b>Expenses</b>			
General government	4,807,736	5,000,071	4,022,842
Protection services	7,796,266	8,107,632	7,215,331
Transportation services	5,074,313	8,038,290	7,571,718
Environmental services	5,298,466	8,931,637	8,869,784
Health services	691,344	725,935	697,803
Recreation and cultural services	5,309,583	6,153,203	5,561,999
Planning and development	1,557,991	1,332,389	1,992,455
	<u>30,535,699</u>	<u>38,289,157</u>	<u>35,931,932</u>
<b>Annual surplus (Note 11)</b>	17,025,657	13,300,688	11,465,169
<b>Accumulated surplus, beginning of the year</b>	<u>208,297,262</u>	<u>208,297,262</u>	<u>196,832,093</u>
<b>Accumulated surplus, end of the year</b>	<u>\$ 225,322,919</u>	<u>\$ 221,597,950</u>	<u>\$ 208,297,262</u>

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

**The Corporation of the Town of Saugeen Shores**  
**Consolidated Statement of Changes in Net Financial Assets**

<b>For the year ended December 31</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>
	Budget (Note 11)	Actual	Actual
<b>Annual surplus (Page 6)</b>	\$ 17,025,657	<b>\$ 13,300,688</b>	\$ 11,465,169
Acquisition of tangible capital assets	(21,427,474)	<b>(19,960,753)</b>	(12,319,501)
Amortization of tangible capital assets	-	<b>7,515,887</b>	6,900,510
Proceeds on disposal of assets	-	<b>155,638</b>	95,592
Loss on disposal of assets	-	<b>14,325</b>	175,346
	<b>(21,427,474)</b>	<b>(12,274,903)</b>	<b>(5,148,053)</b>
Change in inventory of supplies	-	<b>7,681</b>	(48,134)
Change in prepaid expenses	-	<b>(51,992)</b>	(65,073)
	-	<b>(44,311)</b>	<b>(113,207)</b>
<b>Change in net financial assets</b>	<b>(4,401,817)</b>	<b>981,474</b>	<b>6,203,909</b>
<b>Net financial assets, beginning of the year</b>	<b>25,557,403</b>	<b>25,557,403</b>	<b>19,353,494</b>
<b>Net financial assets, end of the year</b>	<b>\$ 21,155,586</b>	<b>\$ 26,538,877</b>	<b>\$ 25,557,403</b>

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

**The Corporation of the Town of Saugeen Shores**  
**Consolidated Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2023</b>	<b>2022</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus	\$ 13,300,688	\$ 11,465,169
Items not involving cash		
Amortization	7,515,887	6,900,510
Loss on disposal of assets	14,325	175,346
Change in inventory of supplies	7,681	(48,134)
Change in prepaid expenses	(51,992)	(65,073)
Deferred revenue recognized	(4,669,634)	(898,644)
Pledge revenue recognized	(778,098)	-
Post-employment benefits	127,700	72,600
Solid waste closure and post-closure liabilities	-	17,552
	<u>15,466,557</u>	<u>17,619,326</u>
Changes in non-cash working capital balances		
Trade and other receivables	469,090	(1,169,149)
Taxes receivable	(306,183)	(257,495)
Inventory held for resale	7,887	(12,394)
Accounts payable and accrued liabilities	921,898	(1,215,794)
Deferred revenue received	4,921,015	5,075,173
	<u>6,013,707</u>	<u>2,420,341</u>
	<u>21,480,264</u>	<u>20,039,667</u>
<b>Capital transactions</b>		
Cash used to acquire capital assets	(19,960,753)	(12,319,501)
Proceeds on sale of capital assets	155,638	95,592
	<u>(19,805,115)</u>	<u>(12,223,909)</u>
<b>Investing activities</b>		
Change in temporary investments	(165,637)	(33,924)
New loans issued	-	(37,920)
Repayment of loans receivable	109,820	169,514
	<u>(55,817)</u>	<u>97,670</u>
<b>Financing activities</b>		
Repayment of long-term debt	(1,682,991)	(1,620,391)
<b>Net change in cash and cash equivalents</b>	<b>(63,659)</b>	<b>6,293,037</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>43,934,351</b>	<b>37,641,314</b>
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 43,870,692</b>	<b>\$ 43,934,351</b>

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

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## The Corporation of the Town of Saugeen Shores Summary of Significant Accounting Policies

**December 31, 2023**

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**Management Responsibility**      The management of the Corporation of the Town of Saugeen Shores has prepared and is responsible for the integrity, objectivity and accuracy of the financial information presented in the financial statements. Council reviews and approves the consolidated financial statements.

**Basis of Accounting**              The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing.

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

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

- Port Elgin Business Improvement Area
- Southampton Business Improvement Area
- Port Elgin Airport Management Board
- Municipal Innovation Council

A government partnership exists where the Town has shared control over the board or entity. The Town's pro-rata share of the assets, liabilities, revenues and expenses are reflected in the financial statements using the proportionate consolidation method. The Town's proportionate interest of the following government partnerships are reflected in the consolidated financial statements:

Bruce Area Solid Waste Recycling Association	25.0%
Saugeen Mobility and Regional Transit	17.5%

**Inventory**                              Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.

Inventory of goods held for consumption is recorded at the lower of cost and replacement cost. Cost is determined on a first in first out basis.

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## The Corporation of the Town of Saugeen Shores Summary of Significant Accounting Policies

**December 31, 2023**

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### **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. Tangible capital assets under construction or development are not amortized until they are available to be put into service. Amortization is provided over the estimated useful life of the assets using the straight-line method. The useful lives of the following assets are based on estimates made by management. The following useful lives are used:

Buildings	15 - 50 years
Vehicles	3 - 20 years
Equipment	5 - 50 years
Furniture and Fixtures	10 years
Bridges and Culverts	60 - 80 years
Roads - Paved	10 - 15 years
Roads - Gravel	10 - 20 years
Roads - Sidewalks	40 years
Water and Wastewater Systems	20 - 70 years
IT Infrastructure	5 years
Land Improvements	20 - 50 years

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

### **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 financial statements.

### **Solid Waste Landfill Closure and Post-Closure Care**

Site closure and post-closure care costs are recognized over the operating life of the landfill based on capacity used. The liability is recorded at its discounted value, based on the average long-term borrowing rate of the Town.

### **Post-Employment Benefits**

The Town provides post-employment health, dental, and life insurance benefits to eligible retired employees. The benefits earned by employees are recognized over the service life of the employees using the projected benefit method and management's best estimate of salary escalation, benefit costs and retirement ages of employees. Adjustments arising from changes in assumptions and experience gains and losses are amortized on a straight line basis over the expected average remaining service lives of the employees.

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## The Corporation of the Town of Saugeen Shores Summary of Significant Accounting Policies

December 31, 2023

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**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 attributable to remediation activities including post remediation operations, maintenance and monitoring. Management is not aware of any contaminated sites for which a liability needs to be recognized.

**Asset Retirement Obligation** A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. Management intends to complete an assessment of the asset retirement obligation and update the capital asset listing.

**Revenue Recognition** Property 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. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized.

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.

Investment income earned on surplus funds (other than obligatory reserve funds) is reported as revenue on the daily accrual basis. Investment income earned on obligatory reserve funds is recorded directly to each fund balance and forms part of the respective deferred revenue balances.

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## The Corporation of the Town of Saugeen Shores Summary of Significant Accounting Policies

**December 31, 2023**

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**Revenue Recognition (continued)** User fees and other revenues are recognized when related goods or services are provided and collectability is reasonably assured. Revenue related to fees or services received in advance of the fee being earned or when the service is performed is deferred and recognized when the fee is earned or the service is performed.

Donation revenue is recorded when a pledge form is signed and collectability is reasonably assured.

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose.

### **Use of Estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. 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. Estimates are used when accounting for items such as water and sewer charges receivable, taxes receivable and taxation revenue, government transfers and subsidies receivable, accounts payable and accrued liabilities, post-employment benefits liability, landfill site closure and post-closure care liabilities, liabilities for contaminated sites, and the estimated amortization periods for tangible capital assets.

### **County and School Board**

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

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## The Corporation of the Town of Saugeen Shores Summary of Significant Accounting Policies

December 31, 2023

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### Financial Instruments

The Town elected to apply transitional relief provisions related to embedded derivatives and did not retroactively identify derivatives in contracts that existed prior to the effective date of the standard. Instead, embedded derivatives are assessed only in contracts entered into or substantively modified on or after January 1, 2023. The Town records principal protected notes entered into prior to January 1, 2023 at cost and has elected to measure principal protected notes entered into on or after January 1, 2023 at fair value. Cash is measured at fair value. All other financial assets; investment in GIC's, taxes receivable, trade and other receivables, long-term receivables, accounts payable and accrued liabilities and long-term liabilities are measured at amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations. Since the change in fair value of the principal protected note entered into after January 1, 2023 was \$57,690 no statement of remeasurement gains and losses has been included in these financial statements.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost.

### Trust Funds

Funds held in trust by the Town, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

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## The Corporation of the Town of Saugeen Shores Notes to Consolidated Financial Statements

**December 31, 2023**

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### 1. Change in Accounting Policy

On January 1, 2023 the Town adopted PS 3450 Financial Instruments which establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. This standard is required to be adopted prospectively, therefore comparative figures have not been restated.

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### 2. Cash and Bank

Interest is earned on bank balances at the bank's monthly average prime rate less 1.60%.

According to the terms of the Town's credit agreement with the bank, the maximum available operating credit limit is \$2,500,000 at an interest rate of prime less 0.75%. This facility is secured by a current borrowing by-law. There were no amounts drawn under this facility at year end.

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### 3. Temporary Investments

	<u>2023</u>	<u>2022</u>
One Investment - Bond funds	\$ 1,799,705	\$ 1,757,808
Guaranteed investment certificate (3.25%)	-	131,175
Principal Protected Notes, due 2026 to 2030	<u>5,628,862</u>	<u>5,373,947</u>
	<u>\$ 7,428,567</u>	<u>\$ 7,262,930</u>

One Investment consists of \$442,671 in the Canadian Government Bond Portfolio and \$1,357,035 in the Canadian Corporate Bond Portfolio with a total fair market value of \$1,656,250

The principal protected notes entitles the investor to repayment at maturity of the principal amount in addition to variable interest based on various percentages of performance of various BMO and Solactive Canada indexes. The variable interest has maximum payable percentages. The notes are designed to replicate investing strategies of lower risk long term capital gains. These notes have full principal protection at maturity. The maturity dates for the notes range from 2026 to 2030. Market value at Dec 31, 2023 was \$5,514,401.

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**The Corporation of the Town of Saugeen Shores**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

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**4. Long-term Receivables**

	<u>2023</u>	<u>2022</u>
Notes receivable, benefiting landowners, 0% to 8%, due 2030 to 2031	\$ 228,631	\$ 262,814
Doctor recruitment loans receivable, non-interest bearing, due 2024 to 2027	774,741	850,378
Pledges for Lamont Sports Park, due 2024 to 2028	778,098	-
	<u>\$ 1,781,470</u>	<u>\$ 1,113,192</u>

Interest earned on loans receivable during the year was \$9,640 (2022 - \$10,614).

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**5. Long-Term Investments**

	<u>2023</u>	<u>2022</u>
Note receivable, Westario Power Inc., 4.12% interest receivable quarterly	\$ 3,062,912	\$ 3,062,912
Common shares, Westario Power Inc.	4,563,579	4,563,579
	<u>\$ 7,626,491</u>	<u>\$ 7,626,491</u>

The note from Westario Power Inc. is receivable on demand, subject to certain limitations.

Interest earned on notes receivable during the year was \$126,192 (2022 - \$126,192).

The Town owns 25% of the outstanding common shares of Westario Power Inc., a private company incorporated under the laws of the Province of Ontario. The shares have no fixed maturity dates and are generally not exposed to interest rate risk. The fair value of these shares is not practicable to determine in the absence of published market quotations. Dividends of \$99,919 (2022 - \$199,838) were received on these shares during the year.

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**The Corporation of the Town of Saugeen Shores**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

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**6. Landfill Site Closure and Post-closure Care Liability**

Landfill site closure and post-closure care requirements are defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates and ongoing environmental monitoring, site inspection and maintenance. These costs will be incurred as each landfill site stops accepting waste, with the post-closure care expected to continue for an additional 20 years. The total present value of future closure and post-closure care costs are estimated to be \$288,005.

**Port Elgin Landfill Site**

At December 31, 2023 a liability of \$32,235 has been recognized in the financial statements. This represents 100% of the present value of the estimated post-closure care costs, and is based on a long-term borrowing rate of 2.81% and an annual inflation rate of 3.36%.

**Southampton Landfill Site**

At December 31, 2023 a liability of \$255,770 has been recognized in the financial statements. This represents 81% of the present value of the estimated post-closure care costs, and is based on a long-term borrowing rate of 2.81% and an annual inflation rate of 3.36%. The balance of the liability of \$61,994 will be accrued as the remaining capacity of 83,240 cubic meters is utilized, which is expected to be over the next 7 years.

At December 31, 2023 the landfill site closure and post closure liability is unfunded. The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill sites.

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**The Corporation of the Town of Saugeen Shores**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

**7. Long-Term Debt**

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

	<u>2023</u>	<u>2022</u>
Loan payable, Canadian Imperial Bank of Commerce, 3.02%, payable \$2,176 monthly, principal and interest, due November 2024	\$ 141,309	\$ 162,800
Loan payable, Canadian Imperial Bank of Commerce, 3.02%, payable \$8,453 monthly, principal and interest, due November 2024	548,984	632,475
Loan payable, Canadian Mortgage and Housing Corporation, 3.97%, payable \$390,725 annually, principal and interest, due December 2024	375,806	737,261
Loan payable, Canadian Mortgage and Housing Corporation, 4.15%, payable \$85,252 annually, principal and interest, due May 2025	160,448	235,910
Loan payable, Ontario Infrastructure Project Corporation, 4.72% payable, \$132,718 semi-annually, principal and interest, due February 2026	619,077	847,185
Loan payable, Ontario Infrastructure Project Corporation, 4.74% payable, \$175,723 semi-annually, principal and interest, due April 2027	1,121,276	1,409,294
Loan payable, Ontario Infrastructure Project Corporation, 4.82% payable, \$93,565 semi-annually, principal and interest, due December 2029	965,021	1,100,713
Loan payable, Ontario Infrastructure Project Corporation, 2.59% payable, \$210,404 semi-annually, principal and interest, due December 2039	5,483,543	5,757,003
Loan payable, Ontario Infrastructure Project Corporation, 2.76% payable, \$180,405 semi-annually, principal and interest, due December 2041	<u>5,091,286</u>	<u>5,307,100</u>
	<u>\$ 14,506,750</u>	<u>\$ 16,189,741</u>

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**The Corporation of the Town of Saugeen Shores**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

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**7. Long-Term Debt - (continued)**

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

2024	\$ 2,330,242
2025	1,313,711
2026	1,147,389
2027	879,755
2028	730,702
Thereafter	<u>8,104,951</u>
	<u>\$ 14,506,750</u>

Interest paid during the year on long-term debt was \$506,161 (2022 - \$568,761).

The Canadian Imperial Bank of Commerce loans are secured by capital borrowing bylaws. These loans also include certain reporting requirements.

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**The Corporation of the Town of Saugeen Shores**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

**8. Tangible Capital Assets**

													<b>2023</b>
	Land	Land Improvement	Buildings	Miscellaneous Equipment	Communication Equipment	IT Infrastructure	Playground Equipment	Furniture and Fixtures	Vehicles	Roads	Bridges and Culverts	Water and Wastewater Systems	Total
Cost, beginning of the year	\$ 10,424,644	\$ 11,201,357	\$ 55,203,213	\$ 6,997,943	\$ 595,321	\$ 1,632,656	\$ 1,499,580	\$ 901,009	\$14,758,914	\$ 65,040,658	\$ 7,631,834	\$ 129,343,879	\$ 305,231,008
Additions	-	-	12,930	27,414	-	-	-	-	121,568	-	-	-	161,912
Disposals	-	-	-	-	-	-	-	-	(1,104,288)	-	-	-	(1,104,288)
Transfer in complete WIP	-	6,177,677	1,943,945	896,229	17,146	472,502	407,142	7,820	2,551,694	3,424,206	-	3,827,253	19,725,614
Completed assets	10,424,644	17,379,034	57,160,088	7,921,586	612,467	2,105,158	1,906,722	908,829	16,327,888	68,464,864	7,631,834	133,171,132	324,014,246
Opening WIP	-	6,936,517	1,033,458	-	-	186,029	26,397	-	201,671	5,542,279	-	2,740,120	16,666,471
WIP Additions	-	8,811,027	2,947,260	132,735	17,146	294,662	-	34,392	2,551,694	3,840,603	35,793	1,133,529	19,798,841
Transfer out complete WIP	-	(6,177,677)	(1,943,945)	(896,229)	(17,146)	(472,502)	(407,142)	(7,820)	(2,551,694)	(3,424,206)	-	(3,827,253)	(19,725,614)
Cost of WIP, end of year	-	9,569,867	2,036,773	(763,494)	-	8,189	(380,745)	26,572	201,671	5,958,676	35,793	46,396	16,739,698
All assets, end of year	10,424,644	26,948,901	59,196,861	7,158,092	612,467	2,113,347	1,525,977	935,401	16,529,559	74,423,540	7,667,627	133,217,528	340,753,944
Accumulated amortization, beginning of the year	-	4,350,384	27,057,398	3,931,545	551,291	993,659	782,026	644,561	7,865,745	46,181,202	3,149,341	43,881,002	139,388,154
Amortization	-	402,110	1,415,805	422,759	8,394	171,338	70,266	43,782	909,156	2,092,960	-	1,979,317	7,515,887
Disposals	-	-	-	-	-	-	-	-	(934,325)	-	-	-	(934,325)
Accumulated amortization, end of the year	-	4,752,494	28,473,203	4,354,304	559,685	1,164,997	852,292	688,343	7,840,576	48,274,162	3,149,341	45,860,319	145,969,716
Net carrying amount, end of the year	\$ 10,424,644	\$ 22,196,407	\$ 30,723,658	\$ 2,803,788	\$ 52,782	\$ 948,350	\$ 673,685	\$ 247,058	\$ 8,688,983	\$ 26,149,378	\$ 4,518,286	\$ 87,357,209	\$ 194,784,228

**The Corporation of the Town of Saugeen Shores**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

**8. Tangible Capital Assets - (continued)**

													2022
	Land	Land Improvement	Buildings	Miscellaneous Equipment	Communication Equipment	IT Infrastructure	Playground Equipment	Furniture and Fixtures	Vehicles	Roads	Bridges and Culverts	Water and Wastewater Systems	Total
Cost, beginning of the year	\$10,424,644	\$ 8,596,271	\$ 54,839,335	\$ 6,068,313	\$ 594,098	\$ 1,316,953	\$ 1,234,321	\$ 903,861	\$13,811,248	\$58,621,390	\$ 4,498,262	\$126,498,429	\$ 287,407,125
Additions	-	207	2,573	22,464	-	-	-	-	54,679	-	-	-	79,923
Disposals	-	-	-	(10,520)	-	-	-	(2,852)	(354,012)	-	(145,756)	(60,072)	(573,212)
Transfer in complete WIP	-	2,604,879	361,305	917,686	1,223	315,703	265,259	-	1,246,999	6,419,268	3,279,328	2,905,522	18,317,172
Completed Assets	<u>10,424,644</u>	<u>11,201,357</u>	<u>55,203,213</u>	<u>6,997,943</u>	<u>595,321</u>	<u>1,632,656</u>	<u>1,499,580</u>	<u>901,009</u>	<u>14,758,914</u>	<u>65,040,658</u>	<u>7,631,834</u>	<u>129,343,879</u>	<u>305,231,008</u>
Opening WIP	-	700,510	6,500,326	-	-	77,244	-	-	-	9,288,352	3,772,645	2,404,988	22,744,065
WIP Additions	-	2,617,373	815,276	917,686	-	370,358	286,176	-	1,431,595	1,511,527	3,279,328	1,010,259	12,239,578
Reallocation	-	6,223,513	(5,920,839)	-	1,223	54,130	5,480	-	17,075	1,161,668	(3,772,645)	2,230,395	-
Transfer out complete WIP	-	(2,604,879)	(361,305)	(917,686)	(1,223)	(315,703)	(265,259)	-	(1,246,999)	(6,419,268)	(3,279,328)	(2,905,522)	(18,317,172)
Cost of WIP, end of year	-	<u>6,936,517</u>	<u>1,033,458</u>	-	-	<u>186,029</u>	<u>26,397</u>	-	<u>201,671</u>	<u>5,542,279</u>	-	<u>2,740,120</u>	<u>16,666,471</u>
All assets, end of year	<u>10,424,644</u>	<u>18,137,874</u>	<u>56,236,671</u>	<u>6,997,943</u>	<u>595,321</u>	<u>1,818,685</u>	<u>1,525,977</u>	<u>901,009</u>	<u>14,960,585</u>	<u>70,582,937</u>	<u>7,631,834</u>	<u>132,083,999</u>	<u>321,897,479</u>
Accumulated amortization, beginning of the year	-	4,052,391	25,630,645	3,585,525	530,819	856,289	719,732	599,763	7,136,155	44,475,814	3,169,007	42,033,778	132,789,918
Amortization	-	297,993	1,426,753	351,631	20,472	137,370	62,294	44,956	874,545	1,705,388	77,819	1,901,289	6,900,510
Disposals	-	-	-	(5,611)	-	-	-	(158)	(144,955)	-	(97,485)	(54,065)	(302,274)
Accumulated amortization, end of the year	-	<u>4,350,384</u>	<u>27,057,398</u>	<u>3,931,545</u>	<u>551,291</u>	<u>993,659</u>	<u>782,026</u>	<u>644,561</u>	<u>7,865,745</u>	<u>46,181,202</u>	<u>3,149,341</u>	<u>43,881,002</u>	<u>139,388,154</u>
Net carrying amount, end of the year	<u>\$10,424,644</u>	<u>\$ 13,787,490</u>	<u>\$ 29,179,273</u>	<u>\$ 3,066,398</u>	<u>\$ 44,030</u>	<u>\$ 825,026</u>	<u>\$ 743,951</u>	<u>\$ 256,448</u>	<u>\$ 7,094,840</u>	<u>\$24,401,735</u>	<u>\$ 4,482,493</u>	<u>\$ 88,202,997</u>	<u>\$ 182,509,325</u>

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**The Corporation of the Town of Saugeen Shores**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

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**8. Tangible Capital Assets - (continued)**

The net book value of tangible capital assets not being amortized because they are under construction is \$16,739,698 (2022 - \$16,666,471).

Contributed capital assets valued at \$Nil were recognized in the financial statements during the year (2022 - \$Nil).

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**9. Accumulated Surplus**

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

	2023	2022
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$ 194,784,228	\$ 182,509,325
Capital assets financed by long-term liabilities and to be funded in future years (Note 7)	<u>(14,506,750)</u>	<u>(16,189,741)</u>
Total invested in capital assets	<b>180,277,478</b>	166,319,584
General surplus (Note 11)	-	558,563
BASWRA surplus (deficit)	(2,185)	52,096
Port Elgin Airport Management Board Surplus	36,593	35,359
Port Elgin Business Improvement Area Surplus	98,014	65,268
Southampton Business Improvement Area Surplus	9,044	24,215
Unfunded post-employment benefits	(1,243,000)	(1,115,300)
Unfunded solid waste closure and post-closure costs	<u>(288,005)</u>	<u>(288,005)</u>
	<b>178,887,939</b>	165,651,780
Reserves and reserve funds (Note 10)	<u>42,710,011</u>	<u>42,645,482</u>
Accumulated surplus	<b><u>\$ 221,597,950</u></b>	<b><u>\$ 208,297,262</u></b>

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**The Corporation of the Town of Saugeen Shores**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

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

	2023	2022
<b>Reserves</b>		
Capital purposes	\$ 27,043,631	\$ 29,561,751
Current purposes	2,862,795	2,995,783
Insurance	-	95,262
Working funds	-	764,312
Tax rate stabilization	4,205,354	1,461,053
	<b>34,111,780</b>	<b>34,878,161</b>
<b>Reserve funds</b>		
Capital purposes	459,250	501,377
Legacy reserve	7,955,527	7,073,017
Parking revenues	44,195	41,938
Police building	139,259	150,989
	<b>8,598,231</b>	<b>7,767,321</b>
<b>Total reserves and reserve funds</b>	<b>\$ 42,710,011</b>	<b>\$ 42,645,482</b>

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**The Corporation of the Town of Saugeen Shores**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

**11. Budget Amounts**

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

	2023	2023	2022
	Budget	Actual	Actual
Annual surplus (Page 6)	\$ 17,025,657	\$ 13,300,688	\$ 11,465,169
Amortization	-	7,515,887	6,900,510
Capital acquisitions, disposals and write-down	(21,427,474)	(19,790,790)	(12,048,563)
Change in consolidated boards	-	35,472	12,187
Change in unfunded capital	-	-	(1,508,783)
Change in unfunded liabilities	-	127,700	90,152
Debt principal repayments	(1,682,989)	(1,682,991)	(1,620,390)
Net transfers from (to) reserves	6,084,806	(64,529)	(3,290,282)
Prior year general surplus carry forward	-	558,563	558,563
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 558,563</u>

**12. Other Income**

	2023	2023	2022
	Budget	Actual	Actual
Trailer revenue and permits	\$ 1,397,754	\$ 1,409,516	\$ 1,336,315
Penalties and interest on taxation	250,524	267,593	245,474
Rents, concessions and franchises	507,523	447,520	441,961
Investment income	797,837	2,178,169	1,202,906
Licenses and permits	886,650	1,005,021	861,979
Donations	1,848,507	1,923,672	377,035
Development charges	2,381,550	2,573,044	245,376
Other	4,524	27,068	181,076
Prepaid special charges	-	-	129,924
Loss on disposal of capital assets	-	(14,325)	(175,346)
	<u>\$ 8,074,869</u>	<u>\$ 9,817,278</u>	<u>\$ 4,846,700</u>

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**The Corporation of the Town of Saugeen Shores**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

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**13. Government Partnerships**

The following summarizes the financial position and results of operations of the government partnerships. The Town's pro-rata share of these amounts has been reported in these financial statements using the proportionate consolidation method:

	<b>S.M.A.R.T.</b>	<b>BASWRA</b>
Financial assets	\$ 301,842	\$ 1,261,989
Liabilities	390,065	208,967
Net financial assets (debt)	(88,223)	1,053,022
Non-financial assets	706,096	1,662,338
Accumulated surplus	\$ 617,873	\$ 2,715,360
Revenues	\$ 2,158,413	\$ 3,829,826
Expenses	1,914,145	4,389,478
Annual deficit	\$ 244,268	\$ (559,652)

Bruce Area Solid Waste Recycling Association (BASWRA) is a partnership between the Town of South Bruce Peninsula, the Municipality of Arran-Elderslie, the Corporation of the Town of Saugeen Shores, the Municipality of Kincardine, and others to provide garbage, recycling and cardboard collection services. During the year, the Town made payments to BASWRA of \$687,030 (2022 - \$656,830) for garbage, recycling, and cardboard collection services.

Saugeen Mobility and Regional Transit (S.M.A.R.T.) operates a specialty transit service; the Town became a partner in this service in 2013. During the year, the Town made payments to S.M.A.R.T. of \$131,003 (2022 - \$120,127) for transit services.

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**14. Municipal Innovation Council**

The Municipal Innovation Council (MIC) is a board between the Town of Saugeen Shores and seven other municipalities. The board is under the control of the Town of Saugeen Shores. The consolidated financial statements include the the following revenues and expenses relating to the MIC:

	<b>2023</b>	<b>2022</b>
Revenues	\$ 239,543	\$ 406,615
Expenditures	104,796	480,182
Net revenue for the year	\$ 134,747	\$ (73,567)
Transfer to (from) reserve	\$ 134,747	\$ (73,567)

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**The Corporation of the Town of Saugeen Shores**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

**15. Government Transfers**

	2023 Budget	2023 Actual	2022 Actual
<b>Operating</b>			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF) \$	1,374,700	\$ 1,374,700	\$ 1,342,400
Protection	117,708	225,623	139,912
Roads and transportation	20,400	193,093	107,969
Environmental	-	253,524	237,390
Other	-	87,133	407,350
	<u>1,512,808</u>	<u>2,134,073</u>	<u>2,235,021</u>
Government of Canada			
Other	-	-	52,834
	<u>-</u>	<u>-</u>	<u>52,834</u>
Other municipalities			
Fire	14,000	14,000	5,000
Roads	4,000	5,835	8,028
Other	-	214,543	214,543
	<u>18,000</u>	<u>234,378</u>	<u>227,571</u>
Total operating transfers	<u>1,530,808</u>	<u>2,368,451</u>	<u>2,515,426</u>
<b>Tangible Capital Asset</b>			
Province of Ontario			
Roads	663,492	701,976	3,503,279
Other	-	46,606	51,202
	<u>663,492</u>	<u>748,582</u>	<u>3,554,481</u>
Government of Canada			
Roads	453,885	750,937	1,191,718
	<u>453,885</u>	<u>750,937</u>	<u>1,191,718</u>
Total capital contributions	<u>1,117,377</u>	<u>1,499,519</u>	<u>4,746,199</u>
Total contributions	<u>\$ 2,648,185</u>	<u>\$ 3,867,970</u>	<u>\$ 7,261,625</u>

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## The Corporation of the Town of Saugeen Shores Notes to Consolidated Financial Statements

**December 31, 2023**

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### 16. Pension Plan

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 161 members of its staff of the Town. This plan is a defined benefit plan which specifies the amount of the retirement entitlement to be received by the employees based on length of service and rates of pay. Employees and employers contribute jointly to the plan.

The employer amount contributed to OMERS for 2023 was \$1,204,044 (2022 - \$1,004,209) for current service. The contribution rate for 2023 was 9.0% to 15.8% depending on age and income level (2022 - 9.0% to 15.8%).

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 Town does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was on December 31, 2023. At that time the plan reported a \$4.20 billion actuarial deficit (2022 - \$6.68 billion), based on actuarial liabilities of \$134.57 billion (2022 - \$128.79 billion) and actuarial assets of \$130.37 billion (2022 - \$122.11 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

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### 17. Post-Employment Benefits

The Town provides post-employment health, dental and life insurance benefits to eligible retired employees. Payment for these benefits totaled \$59,543 (2022 - \$63,460) during the year. The post-employment benefit at December 31 includes the following components:

	<u>2023</u>	<u>2022</u>
Accrued benefit obligation	\$ 1,205,900	\$ 1,284,100
Unamortized actuarial gain (loss)	<u>37,100</u>	<u>(168,800)</u>
Accrued benefit liability	<u>\$ 1,243,000</u>	<u>\$ 1,115,300</u>

Actuarial valuations for accounting purposes are performed using the projected benefit method. The most recent actuarial report was prepared August 1, 2024.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage increases, employee turnover, and mortality rates. The assumptions used reflect management's best estimates. A discount rate of 4.3% (2022 - 2.2%) was assumed to determine the accrued benefit obligation. Health, dental, and travel premium rates are predicted to escalate by 4% annually.

**The Corporation of the Town of Saugeen Shores**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

**17. Post-Employment Benefits - (continued)**

	2023	2022
Current period benefit cost	\$ 129,500	\$ 90,100
Contributions paid	(70,700)	-
Amortization of actuarial loss	34,500	28,900
Retirement benefit expense	93,300	119,000
Interest costs	34,400	28,400
Total expense for the year	\$ 127,700	\$ 147,400

**18. Operations of School Boards and the County of Bruce**

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

	2023	2022
County of Bruce	\$ 14,688,051	\$ 13,245,834
School Boards	5,992,246	5,821,345
	\$ 20,680,297	\$ 19,067,179

**19. Trust Funds**

The trust fund administered by the Town has not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities. At December 31, 2023, the trust fund balance is as follows:

	2023	2022
Cemetery Care and Maintenance Funds	\$ 638,883	\$ 590,255

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**The Corporation of the Town of Saugeen Shores**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

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**20. Contractual Commitments**

- a) The Town has committed to constructing an aquatics and wellness centre with an estimated budget of \$48,947,790 to be funded from reserves and debt. Construction contracts began in 2023 and expenses were incurred of \$1,433,540 with \$47,514,250 remaining to be spent.
- b) The Town has committed to Phase 2 of the Lamont Sports Park with a construction contract of \$4,146,260. Expenses were incurred of \$3,064,010 with \$1,082,250 remaining to be spent.
- c) The Town has also awarded 12 other contracts for capital projects that were not completed at year-end. The balance of the projects to be completed in 2024 is approximately \$3,346,170.

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**21. Contingencies**

The Town has been served with various claims that are in proceedings through their insurance company. The Town's liability with respect to these claims is not determinable at this time. Management is of the opinion that the Town maintains adequate and appropriate liability and errors and omissions insurance to protect the municipality against such claims.

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**22. Financial Instruments Risk Management**

The Town is exposed to credit risk, liquidity risk, interest rate risk and other price risk from its financial instruments. This note describes the Town's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

***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 changes in interest rates affecting the value of fixed rate investments and long-term debt.

**The Corporation of the Town of Saugeen Shores**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

**22. Financial Instruments Risk Management - (continued)**

***Credit Risk***

The Town is exposed to credit risk through its cash, temporary investments, trade and other receivables, taxes receivable, loans and long-term receivables, and long-term investments. On December 31, 2024, the Town had a cash balance of \$43,481,464 held at one financial institution. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor per financial institution. There is the possibility of non-collection of taxes receivable, trade and other receivables, loans and long-term receivables. The majority of the Town's receivables are from ratepayers and government entities. The Town measures impairment based on how long the amounts have been outstanding. The amounts outstanding at year end, which is the Town's maximum exposure to credit risk was as follows:

	<u>0 - 30 days</u>	<u>31 - 90 days</u>	<u>91 - 365 days</u>	<u>1 to 2 years</u>	<u>3 to 10 years</u>
Cash	\$ 43,870,692	\$ -	\$ -	\$ -	-
Temporary investments	7,428,567	-	-	-	-
Trade and other receivables	383,013	1,794,397	1,256,078	179,440	-
Taxes receivable	1,338,463	-	1,338,463	669,357	252,226
Loans and long-term receivables	-	-	-	1,006,729	774,741
Long-term investments	-	-	-	-	7,626,491
Net amount receivable	<u>\$ 53,020,735</u>	<u>\$ 1,794,397</u>	<u>\$ 2,594,541</u>	<u>\$ 1,186,169</u>	<u>\$ 8,653,458</u>

**The Corporation of the Town of Saugeen Shores**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

**22. Financial Instruments Risk Management - (continued)**

***Liquidity Risk***

Liquidity risk is the risk that the Town encounters difficulty in meeting its obligations as they fall due. The Town has a planning and budgeting process in place to help determine the funds required to support the Town's normal operating requirements on an ongoing basis. The Town 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:

	<b>0 - 30 days</b>	<b>31 - 90 days</b>	<b>91 - 365 days</b>	<b>1 to 2 years</b>	<b>3 to 10 years</b>
Accounts payable and accrued liabilities	\$ 888,189	\$ 3,873,572	\$ 211,500	\$ 387,357	\$ -
Long-term debt	-	-	2,330,242	2,461,100	9,715,408
<b>Total financial liabilities</b>	<b>\$ 888,189</b>	<b>\$ 3,873,572</b>	<b>\$ 2,541,742</b>	<b>\$ 2,848,457</b>	<b>\$ 9,715,408</b>

***Other Price Risk***

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Town is exposed to other price risk through its investments in bonds and principal protected notes that are indexed to equity instruments, which causes fluctuation in the reported fair value of the town's investments from one period to the next.

The Town manages its other price risk by diversifying its portfolio holdings to a variety of products and primarily invests in assets that offer a principal protection guarantee in order to reduce the potential for financial losses. The Town measures its exposure to other price risk based on investments valued less than the guaranteed amount. The Town monitors the market values regularly to ensure that notes with a value below the principal are not cashed out before maturity.

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## The Corporation of the Town of Saugeen Shores Notes to Consolidated Financial Statements

December 31, 2023

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### 23. Segmented Information

The Town is a diversified municipal government institution that provides a wide range of services to its citizens such as policing, fire protection, animal control, sewer, water, waste collection, disposal and recycling, recreation services, library and planning. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segment and activities they encompass are as follows:

#### **General Government**

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

#### **Protective Services**

Protection is comprised of police services, fire protection, conservation authority, emergency planning, by-law enforcement, animal control and building and structural inspection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consists of one part-time and two full-time employees as well as volunteers. The building department provides a number of services including enforcement of building and construction codes and review of all property development plans through its application process.

#### **Transportation services**

Transportation is responsible for construction and maintenance of all the Town's roadways, bridges, parking areas and street lighting. Transportation also includes the provision of air transportation through the Port Elgin Airport Management Board.

#### **Water and Sewer**

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

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**The Corporation of the Town of Saugeen Shores**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

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**23. Segmented Information - (continued)**

**Environmental**

Included in waste management services is the provision of waste collection, disposal and recycling to its citizens.

**Recreation and Cultural Services**

This service area provides services meant to improve the health and development of the Town's citizens. The Town provides recreational programs and operates and maintains parks, arenas, a swimming pool, community centres, campgrounds and marinas. The Town also provides maintenance for the libraries.

**Other Services**

Included in the other services category is health as well as planning and development services. Health services provide the maintenance of the two medical clinics and the operations of local cemeteries. Planning and development provides services in conjunction with the County of Bruce regarding planning and development issues. Also included are the Business Improvement Area, promotion of the Town and tile drainage.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation, OMPF government transfers and interest are allocated to those segments that are funded by these amounts based on a percentage of the net surplus for the year.

**The Corporation of the Town of Saugeen Shores**  
**Notes to Consolidated Financial Statements**

**23. Segmented Information - (continued)**

<b>For the year ended December 31</b>	<b>General Government</b>	<b>Protection to Persons and Property</b>	<b>Transportation</b>	<b>Water and Sewer</b>	<b>Environmental</b>	<b>Recreation and Cultural Services</b>	<b>Other Services</b>	<b>2023 Total</b>
<b>Revenue</b>								
Taxation	\$ 5,664,484	\$ 7,703,699	\$ 5,437,905	\$ 226,579	\$ 453,159	\$ 1,812,635	\$ 1,359,476	\$ 22,657,937
Fees and user charges	456	126,596	160,445	10,708,692	1,738,723	2,076,156	435,592	15,246,660
Specific government transfers	70,692	146,226	1,745,238	-	253,524	63,047	214,543	2,493,270
OMPF government transfers	343,675	467,398	329,928	13,747	27,494	109,976	82,482	1,374,700
Other income	3,787,896	28,615	2,436,753	147,432	-	3,416,582	-	9,817,278
	<u>9,867,203</u>	<u>8,472,534</u>	<u>10,110,269</u>	<u>11,096,450</u>	<u>2,472,900</u>	<u>7,478,396</u>	<u>2,092,093</u>	<u>51,589,845</u>
<b>Expenses</b>								
Salaries and benefits	2,859,172	5,715,855	3,199,389	302,648	818,976	2,742,172	1,182,089	16,820,301
Interest on debt	-	147,347	-	191,253	-	149,616	17,945	506,161
Materials and supplies	1,910,248	872,534	1,736,511	456,069	712,633	2,029,843	623,437	8,341,275
Contracted services	-	343,993	500,318	2,753,417	351,033	111,242	40,000	4,100,003
Rents and financial expenses	24,381	17,385	11	84,995	28,401	311,909	54,866	521,948
Other transfers	-	435,734	-	-	-	20,000	27,848	483,582
Amortization	206,270	574,784	2,602,061	2,991,050	241,162	788,421	112,139	7,515,887
	<u>5,000,071</u>	<u>8,107,632</u>	<u>8,038,290</u>	<u>6,779,432</u>	<u>2,152,205</u>	<u>6,153,203</u>	<u>2,058,324</u>	<u>38,289,157</u>
<b>Net surplus (deficit)</b>	<b>\$ 4,867,132</b>	<b>\$ 364,902</b>	<b>\$ 2,071,979</b>	<b>\$ 4,317,018</b>	<b>\$ 320,695</b>	<b>\$ 1,325,193</b>	<b>33,769</b>	<b>\$ 13,300,688</b>

**The Corporation of the Town of Saugeen Shores**  
**Notes to Consolidated Financial Statements**

**23. Segmented Information - (continued)**

<b>For the year ended December 31</b>	<b>General Government</b>	<b>Protection to Persons and Property</b>	<b>Transportation</b>	<b>Water and Sewer</b>	<b>Environmental</b>	<b>Recreation and Cultural Services</b>	<b>Other Services</b>	<b>2022 Total</b>
<b>Revenue</b>								
Taxation	\$ 3,749,607	\$ 7,915,836	\$ 5,207,787	\$ -	\$ 624,934	\$ 1,874,803	\$ 1,458,180	\$ 20,831,147
Fees and user charges	44,724	188,239	143,693	9,978,108	1,933,242	1,743,052	426,571	14,457,629
Specific government transfers	255,279	144,912	4,810,995	-	237,390	64,034	406,615	5,919,225
OMPF government transfers	241,632	510,112	335,600	-	40,272	120,816	93,968	1,342,400
Other income	2,850,069	2,354	235,915	141,425	(180,256)	1,797,193	-	4,846,700
<b>Total Revenues</b>	<b>7,141,311</b>	<b>8,761,453</b>	<b>10,733,990</b>	<b>10,119,533</b>	<b>2,655,582</b>	<b>5,599,898</b>	<b>2,385,334</b>	<b>47,397,101</b>
<b>Expenses</b>								
Salaries and benefits	2,505,960	5,030,932	3,133,906	297,729	789,847	2,558,491	1,053,863	15,370,728
Interest on debt	-	154,294	-	237,952	-	156,090	20,425	568,761
Materials and supplies	1,323,395	682,290	1,870,474	524,615	770,939	1,731,048	1,116,696	8,019,457
Contracted services	-	399,389	373,761	2,600,723	342,922	111,332	321,149	4,149,276
Rents and financial expenses	25,191	12,160	11	92,769	26,768	283,542	52,755	493,196
Other transfers	-	395,464	443	-	-	20,000	14,097	430,004
Amortization	168,296	540,802	2,193,123	2,943,426	242,094	701,496	111,273	6,900,510
<b>Total Expenses</b>	<b>4,022,842</b>	<b>7,215,331</b>	<b>7,571,718</b>	<b>6,697,214</b>	<b>2,172,570</b>	<b>5,561,999</b>	<b>2,690,258</b>	<b>35,931,932</b>
<b>Net surplus (deficit)</b>	<b>\$ 3,118,469</b>	<b>\$ 1,546,122</b>	<b>\$ 3,162,272</b>	<b>\$ 3,422,319</b>	<b>\$ 483,012</b>	<b>\$ 37,899</b>	<b>\$ (304,924)</b>	<b>\$ 11,465,169</b>

**The Corporation of the Town of Saugeen Shores**  
**Schedule of Deferred Revenue**

**For the year ended December 31, 2023**

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
<b>Obligatory Reserve Funds</b>					
Canada Community- Building Fund	\$ 297,052	\$ 453,885	\$ 6,754	\$ (750,937)	\$ 6,754
Development charges	14,010,539	1,718,917	726,644	(2,573,044)	13,883,056
Recreational land	97,926	40,228	6,728	-	144,882
Sanctuary park endowment	104,216	-	-	-	104,216
Police proceeds for public interest	20,391	2,851	1,160	(1,110)	23,292
	<u>\$14,530,124</u>	<u>\$ 2,215,881</u>	<u>\$ 741,286</u>	<u>\$(3,325,091)</u>	<u>\$ 14,162,200</u>
<b>Other</b>					
Connecting link grant	60,633	-	-	-	60,633
Miscellaneous	88,131	48,505	-	(46,752)	89,884
Recreation programs	-	111,850	-	-	111,850
Lamont Sports Park	634,299	-	-	(634,299)	-
OCIF funding	654,110	1,748,727	54,766	(663,492)	1,794,111
	<u>\$ 1,437,173</u>	<u>\$ 1,909,082</u>	<u>\$ 54,766</u>	<u>\$(1,344,543)</u>	<u>\$ 2,056,478</u>
	<u>\$15,967,297</u>	<u>\$ 4,124,963</u>	<u>\$ 796,052</u>	<u>\$(4,669,634)</u>	<u>\$ 16,218,678</u>

**The Corporation of the Town of Saugeen Shores  
Financial Information  
For the year ended December 31, 2023**

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**The Corporation of the Town of Saugeen Shores Trust Funds**

**The Corporation of the Town of Saugeen Shores  
Financial Information  
For the year ended December 31, 2023**

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**The Corporation of the Town of Saugeen Shores Trust Funds**

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To the Members of Council of the Corporation of the Town of Saugeen Shores

## Opinion

We have audited the accompanying financial information for the Corporation of the Town of Saugeen Shores Trust Funds (Trust Funds), which comprise the balance sheet as of December 31, 2023, the statement of continuity for the year then ended, and notes to the financial information including a summary of significant accounting policies.

In our opinion, the accompanying financial information presents fairly, in all material respects, the balance sheet for the Trust Funds as at December 31, 2023 and the statement of continuity for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

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

## Other Matter

The financial information for the year ended December 31, 2022 was audited by another auditor who expressed an unmodified opinion on the information on April 8, 2024.

## Responsibilities of Management and Those Charged with Governance

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

In preparing the financial information, management is responsible for assessing the Trust Funds ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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 Fund's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial information as a whole 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 this financial information.

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

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund'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 Trust Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial information 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 information, including the disclosures, and whether the financial information 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.

Owen Sound, Ontario

November 28, 2025

**MNP LLP**

**Chartered Professional Accountants**

**Licensed Public Accountants**

**The Corporation of the Town of Saugeen Shores**  
Trust Funds  
Balance Sheet

**December 31**

**Cemetery Care and Maintenance**

	2023	2022
<b>Assets</b>		
Cash	\$ 63,378	\$ 60,133
Due from the Corporation of the Town of Saugeen Shores	140,313	148,404
Investments (Note 2)	478,747	420,186
	<b>\$ 682,438</b>	<b>\$ 628,723</b>
<b>Liabilities</b>		
Due to the Corporation of the Town of Saugeen Shores	\$ 43,555	\$ 38,468
<b>Fund balance</b>	<b>638,883</b>	<b>590,255</b>
	<b>\$ 682,438</b>	<b>\$ 628,723</b>

**Statement of Continuity**

**For the year ended December 31, 2023**

**Cemetery Care and Maintenance**

	2023	2022
<b>Balance, beginning of the year</b>	<b>\$ 590,255</b>	<b>\$ 565,369</b>
<b>Receipts</b>		
Bank interest	5,088	4,156
Plot sale	41,256	20,886
Marker maintenance	7,372	4,000
	<b>53,716</b>	<b>29,042</b>
<b>Expenditures</b>		
Expenses	5,088	4,156
<b>Balance, end of the year</b>	<b>\$ 638,883</b>	<b>\$ 590,255</b>

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**The Corporation of the Town of Saugeen Shores**  
**Trust Funds**  
**Notes to Financial Information**

**December 31, 2023**

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**1. Summary of Significant Accounting Policies**

**Management Responsibility** Management of the Corporation of the Town of Saugeen Shores has prepared and is responsible for the integrity, objectivity and accuracy of the Trust Fund financial information. Council reviews and approves the financial information.

**Basis of Consolidation** This trust fund has not been consolidated with the financial statements of the Town.

**Basis of Accounting** The trust fund financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing.

**Financial Instruments** The Trust Fund elected to apply transitional relief provisions related to embedded derivatives and did not retroactively identify derivatives in contracts that existed prior to the effective date of the standard. Embedded derivatives are assessed only in contracts entered into or substantively modified on or after January 1, 2023. The Trust Fund records principal protected notes entered into prior to January 1, 2023 at cost and has elected to measure principal protected notes entered into on or after January 1, 2023 at fair value. Cash is measured at fair value. All other financial instruments are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the balance sheet.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations. Since the Trust fund did not enter into principal protected notes after January 1, 2023 no statement of remeasurement gains and losses has been included in these financial statements.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of continuity. Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost.

**The Corporation of the Town of Saugeen Shores**  
**Trust Funds**  
**Notes to Financial Information**

**December 31, 2023**

**2. Investments**

	2023	2022
Bank of Nova Scotia security, due June 2025 (FMV-\$231,707)	\$ 201,186	\$ 201,186
CIBC GIC, 3.25%, due Jan 2027 (FMV-\$58,561)	58,561	-
BMO Global principal protected note (FMV-\$205,685)	219,000	219,000
	\$ 478,747	\$ 420,186

**3. Financial Risk Management**

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The trust fund is exposed to credit risk arising from its cash and investments.

**Liquidity Risk**

Liquidity risk is the risk that the trust fund will encounter difficulty in meeting its obligations associated with financial liabilities. Amounts due to the Corporation of the Town of Saugeen Shores are due within 30 days and is a liquidity risk to the Trust.

**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 trust fund is exposed to interest rate risk arising from the possibility that interest rates will affect the value of fixed income denomination investments.

**Other Price Risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Trust is exposed to other price risk through its investments in principal protected notes that are indexed to equity instruments, which causes fluctuation in the reported fair value of the Trust's investments from one period to the next.

The Trust manages its other price risk by primarily investing in assets that offer a principal protection guarantee in order to reduce the potential for financial losses. The Trust measures its exposure to other price risk based on investments valued less than the guaranteed amount. The Trust monitors the market values regularly to ensure that notes with a value below the principal are not cashed out before maturity.