The Corporation of the Town of Saugeen Shores

Financial Information

For the year ended December 31, 2022

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Financial Statements
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The Corporation of the Town of Saugeen Shores

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Independent Auditor's Report

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

Qualified Opinion

We have audited the accompanying consolidated financial statements of The Corporation of the Town of Saugeen Shores (the Town), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the potential effects of the matters described in the Basis for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2022, and the consolidated results of its operations, consolidated changes in net financial assets and 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 the amortization and annual surplus for the years ended December 31, 2022 and 2021, tangible capital assets as at December 31, 2022 and 2021 and accumulated surplus as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the consolidated financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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.

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

Management is responsible for the preparation and fair presentation of these 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
April 8, 2024

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

December 31	2022	2021
Financial assets		
Cash (Note 1)	$ 43,934,351	$ 37,641,314
Temporary investments (Note 2)	7,262,930	7,229,006
Trade and other receivables	4,082,018	2,912,869
Taxes receivable	1,953,863	1,696,368
Inventory held for resale	84,221	71,827
Loans receivable (Note 3)	1,113,192	1,244,786
Long-term investments (Note 4)	7,626,491	7,626,491
	66,057,066	58,422,661
Liabilities		
Accounts payable and accrued liabilities	6,939,320	8,155,114
Landfill site closure and post-closure care liability (Note 5)	288,005	270,453
Post-employment benefits liability (Note 17)	1,115,300	1,042,700
Deferred revenue (Page 33)	15,967,297	11,790,768
Long-term debt (Note 6)	16,189,741	17,810,132
	40,499,663	39,069,167
Net financial assets	25,557,403	19,353,494
Non-financial assets		
Tangible capital assets (Note 8)	182,509,325	177,361,272
Inventory of supplies	94,967	46,833
Prepaid expenses	135,567	70,494
	182,739,859	177,478,599
Accumulated surplus (Note 9)	$208,297,262	$196,832,093

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

For the year ended December 31	2022 Budget (Note 11)	2022 Actual	2021 Actual
Revenue			
Taxation	$ 20,542,882	$20,831,147	$ 19,460,823
Fees and user charges	12,476,143	14,457,629	12,849,352
Government transfers (Note 15)	4,138,161	7,261,625	5,249,936
Other income (Note 12)	5,121,900	4,846,700	5,845,965
	42,279,086	47,397,101	43,406,076
Expenses			
General government	3,872,522	4,022,842	3,539,248
Protection services	6,925,706	7,215,331	6,914,193
Transportation services	5,099,374	7,571,718	6,968,282
Environmental services	5,097,641	8,869,784	8,368,720
Health services	702,546	697,803	668,132
Recreation and cultural services	4,713,954	5,561,999	4,790,749
Planning and development	1,184,299	1,992,455	1,275,257
	27,596,042	35,931,932	32,524,581
Annual surplus (Note 11)	14,683,044	11,465,169	10,881,495
Accumulated surplus, beginning of the year	196,832,093	196,832,093	185,950,598
Accumulated surplus, end of the year	$211,515,137	$208,297,262	$196,832,093

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

For the year ended December 31	2022 Budget (Note 11)	2022 Actual	2021 Actual
Annual surplus (Page 6)	$ 14,683,044	$11,465,169	$ 10,881,495
Acquisition of tangible capital assets	(19,454,114)	(12,319,501)	(17,538,126)
Amortization of tangible capital assets	-	6,900,510	6,896,404
Proceeds on disposal of assets	-	95,592	59,267
(Gain) loss on disposal of assets	-	175,346	(17,120)
	(19,454,114)	(5,148,053)	(10,599,575)
Change in inventory of supplies	-	(48,134)	(955)
Change in prepaid expenses	-	(65,073)	(25,520)
	-	(113,207)	(26,475)
Change in net financial assets	(4,771,070)	6,203,909	255,445
Net financial assets, beginning of the year	19,353,494	19,353,494	19,098,049
Net financial assets, end of the year	$ 14,582,424	$ 25,557,403	$ 19,353,494

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

For the year ended December 31	2022	2021
Cash provided by (used in)		
Operating activities		
Annual surplus	$11,465,169	$ 10,881,495
Items not involving cash		
Amortization	6,900,510	6,896,404
Change in inventory of supplies	(48,134)	(955)
Change in prepaid expenses	(65,073)	(25,520)
(Gain) loss on disposal of assets	175,346	(17,120)
Deferred revenue recognized	(898,644)	(3,346,442)
Post-employment benefits	72,600	65,100
Solid waste closure and post-closure liabilities	17,552	22,223
	17,619,326	14,475,185
Changes in non-cash working capital balances		
Trade and other receivables	(1,169,149)	(863,787)
Taxes receivable	(257,495)	65,331
Inventory held for resale	(12,394)	(5,400)
Accounts payable and accrued liabilities	(1,215,794)	1,734,159
Deferred revenue received	5,075,173	4,897,385
	2,420,341	5,827,688
	20,039,667	20,302,873
Capital transactions		
Cash used to acquire capital assets	(12,319,501)	(17,538,126)
Proceeds on sale of capital assets	95,592	59,267
	(12,223,909)	(17,478,859)
Investing activities		
Change in temporary investments	(33,924)	(29,102)
New loans issued	(37,920)	(600,000)
Repayment of loans receivable	169,514	250,508
	97,670	(378,594)
Financing activities		
Additions to long-term liabilities	-	5,517,078
Repayment of long-term debt	(1,620,391)	(1,361,023)
	(1,620,391)	4,156,055
Net change in cash and cash equivalents	6,293,037	6,601,475
Cash and cash equivalents, beginning of the year	37,641,314	31,039,839
Cash and cash equivalents, end of the year	$43,934,351	$ 37,641,314

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

December 31, 2022

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	24.50%
Saugeen Mobility and Regional Transit	17.20%

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, government transfers and subsidies receivable, accounts payable and accrued liabilities, post-employment benefits liability, landfill site closure and post-closure care liabilities and the estimated amortization periods for tangible capital assets.
Cash and Cash Equivalents	Cash and cash equivalents include all cash balances and short term highly liquid investments that are readily converted into cash.
Temporary Investments	Temporary investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.
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.
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.

December 31, 2022

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.

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.
Revenue Recognition	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 the 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.
	Assessments and the related property taxes are subject to appeal. Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of allowance for anticipated uncollectable amounts. 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.
	User fees and other revenues are recognized when related goods or services are provided 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 Recognition (continued)	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. 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.
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. The liability is recorded net of any expected recoveries. Management is not aware of any contaminated sites for which a liability needs to be recognized.

December 31, 2022

1. Cash

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

Funds in the amount of $43,605,264 are held at one financial institution. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of $100,000 per depositor per financial institution.

2. Temporary Investments

	2022	2021
Bond funds	$ 1,757,808	$ 1,723,884
Guaranteed investment certificate (3.25%)	131,175	128,370
Principal Protected Notes due 2023 to 2028	5,373,947	5,376,752
	$ 7,262,930	$ 7,229,006

Temporary investments have a market value of $6,608,836 (2021 - $7,254,061) at the end of the year.

3. Loans Receivable

	2022	2021
Notes receivable, benefiting landowners, 0% to 8%, due 2030 to 2031	$ 262,814	$ 254,913
Doctor recruitment loans receivable, non-interest bearing, due 2023 to 2027	850,378	989,873
	$ 1,113,192	$ 1,244,786

Interest earned on loans receivable during the year was $10,614 (2021 - $13,192).

4. Long-Term Investments

	2022	2021
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
	$ 7,626,491	$ 7,626,491

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 (2021 - $104,165).

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 $199,838 (2021 - $199,838) were received on these shares during the year.

5. 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, 2022 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, 2022 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, 2022 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.

December 31, 2022

6. Long-Term Debt

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

	2022	2021
Loan payable, Canadian Imperial Bank of Commerce, 3.02%, payable $2,176 monthly, principal and interest, due November 2024	$ 162,800	$ 183,652
Loan payable, Canadian Imperial Bank of Commerce, 3.02%, payable $8,453 monthly, principal and interest, due November 2024	632,475	713,486
Loan payable, Canadian Mortgage and Housing Corporation, 3.97%, payable $390,725 annually, principal and interest, due December 2024	737,261	1,084,915
Loan payable, Canadian Mortgage and Housing Corporation, 4.15%, payable $85,252 annually, principal and interest, due May 2025	235,910	308,365
Loan payable, Ontario Infrastructure Project Corporation, 4.72% payable, $132,718 semi-annually, principal and interest, due February 2026	847,185	1,064,897
Loan payable, Ontario Infrastructure Project Corporation, 4.74% payable, $175,723 semi-annually, principal and interest, due April 2027	1,409,294	1,684,131
Loan payable, Ontario Infrastructure Project Corporation, 4.82% payable, $93,565 semi-annually, principal and interest, due December 2029	1,100,713	1,230,093
Loan payable, Ontario Infrastructure Project Corporation, 2.59% payable, $210,404 semi-annually, principal and interest, due December 2039	5,757,003	6,023,515
Loan payable, Ontario Infrastructure Project Corporation, 2.76% payable, $180,405 semi-annually, principal and interest, due December 2041	5,307,100	5,517,078
	$16,189,741	$ 17,810,132

6. Long-Term Debt - (continued)

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

2023	$ 1,682,989
2024	2,330,242
2025	1,313,711
2026	1,147,389
2027	879,755
Thereafter	8,835,655
	$ 16,189,741

Interest paid during the year on long-term debt was $568,761 (2021 - $472,593).

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

7. Temporary Borrowings

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.

December 31, 2022

8. Tangible Capital Assets

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	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
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
WIP 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	-	6,936,517	1,033,458	-	-	186,029	26,397	-	201,671	5,542,279	-	2,740,120	16,666,471
All assets, end of year	10,424,644	18,137,874	56,236,671	6,997,943	595,321	1,818,685	1,525,977	901,009	14,960,585	70,582,937	7,631,834	132,083,999	321,897,479
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	-	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
Net carrying amount, end of the year	$ 10,424,644	$ 13,787,490	$ 29,179,273	$ 3,066,398	$ 44,030	$ 825,026	$ 743,951	$ 256,448	$ 7,094,840	$ 24,401,735	$ 4,482,493	$ 88,202,997	$ 182,509,325

8. Tangible Capital Assets - (continued)

2021

	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	$ 8,413,382	$ 54,062,816	$ 5,957,144	$ 587,723	$ 1,068,029	$ 1,234,321	$ 831,453	$13,371,615	$57,878,815	$ 4,498,262	$126,115,438	$ 284,443,642
Additions	-	182,889	653,632	119,336	6,375	183,179	-	72,408	726,701	1,021,654	(10,034)	(323,979)	2,632,161
Disposals		-	-	(8,167)	-	-	-	-	(287,068)	(368,081)	-	-	(663,316)
Transfer in complete WIP	-	-	122,887	-	-	65,745	-	-	-	89,002	10,034	706,970	994,638
Completed Assets	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
Opening WIP	-	422,121	599,674	-	-	65,745	-	-	-	5,568,092	127,672	2,049,434	8,832,738
WIP Additions	-	278,389	6,023,539	-	-	77,244	-	-	-	3,809,262	3,655,007	1,062,524	14,905,965
Transfer out complete WIP	-	-	(122,887)	-	-	(65,745)	-	-	-	(89,002)	(10,034)	(706,970)	(994,638)
Cost of WIP, end of year	-	700,510	6,500,326	-	-	77,244	-	-	-	9,288,352	3,772,645	2,404,988	22,744,065
All assets, end of year	10,424,644	9,296,781	61,339,661	6,068,313	594,098	1,394,197	1,234,321	903,861	13,811,248	67,909,742	8,270,907	128,903,417	310,151,190
Accumulated amortization, beginning of the year	-	3,759,245	24,224,705	3,181,949	508,470	753,719	651,567	560,195	6,629,977	43,086,465	3,104,674	40,053,717	126,514,683
Amortization	-	293,146	1,405,940	411,743	22,349	102,570	68,165	39,568	774,010	1,734,519	64,333	1,980,061	6,896,404
Disposals	-	-	-	(8,167)	-	-	-	-	(267,832)	(345,170)	-	-	(621,169)
Accumulated amortization, end 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
Net carrying amount, end of the year	$10,424,644	$ 5,244,390	$ 35,709,016	$ 2,482,788	$ 63,279	$ 537,908	$ 514,589	$ 304,098	$ 6,675,093	$23,433,928	$ 5,101,900	$ 86,869,639	$ 177,361,272

December 31, 2022

8. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction is $16,666,471 (2021 - $22,744,065).

Contributed capital assets valued at $Nil were recognized in the financial statements during the year (2021 - $Nil).

9. Accumulated Surplus

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

	2022	2021
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	$182,509,325	$177,361,272
Unfinanced capital assets	-	(1,508,783)
Capital assets financed by long-term liabilities and to be funded in future years (Note 6)	(16,189,741)	(17,810,131)
Total invested in capital assets	166,319,584	158,042,358
General surplus (Note 11)	558,563	558,563
BASWRA surplus	52,096	59,326
Port Elgin Airport Management Board Surplus	35,359	33,075
Port Elgin Business Improvement Area Surplus	65,268	53,335
Southampton Business Improvement Area Surplus	24,215	43,389
Unfunded post-employment benefits	(1,115,300)	(1,042,700)
Unfunded solid waste closure and post-closure costs	(288,005)	(270,453)
	165,651,780	157,476,893
Reserves and reserve funds (Note 10)	42,645,482	39,355,200
Accumulated surplus	$208,297,262	$196,832,093

December 31, 2022

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

	2022	2021
Reserves		
Capital purposes	$29,561,751	$ 28,006,224
Current purposes	2,995,783	2,711,541
Insurance	95,262	95,262
Working funds	764,312	764,312
Tax rate stabilization	1,461,053	779,974
	34,878,161	32,357,313
Reserve funds		
Capital purposes	501,377	435,326
Legacy reserve	7,073,017	6,351,778
Parking revenues	41,938	40,886
Police building	150,989	169,897
	7,767,321	6,997,887
Total reserves and reserve funds	$42,645,482	$ 39,355,200

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 debt for comparative purposes. The 2022 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 debt. The following is a reconciliation of the budget approved by Council.

	2022 Budget	2022 Actual	2021 Actual
Annual surplus (Page 6)	$ 14,683,044	$11,465,169	$ 10,881,495
Amortization	-	6,900,510	6,896,404
Capital acquisitions, disposals and write-down	(19,454,114)	(12,048,563)	(17,495,979)
Change in consolidated boards	-	12,187	(22,347)
Change in unfunded capital	-	(1,508,783)	1,334,601
Change in unfunded liabilities	-	90,152	87,323
Debt principal repayments	(1,410,411)	(1,620,390)	(1,361,024)
Net transfers to reserves	2,181,481	(3,290,282)	(5,837,551)
Proceeds from issuance of long-term debt	4,000,000	-	5,517,078
	-	-	-
Prior year general surplus	-	558,563	558,563
General surplus	$ -	$ 558,563	$ 558,563

12. Other Income

	2022 Budget	2022 Actual	2021 Actual
Trailer revenue and permits	$ 1,334,371	$ 1,336,315	$ 1,270,820
Penalties and interest on taxation	215,000	245,474	248,088
Rents, concessions and franchises	428,343	441,961	436,112
Investment income	585,937	1,202,906	627,074
Licenses and permits	858,700	861,979	1,179,445
Donations	74,304	377,035	57,983
Development charges	1,616,745	277,356	1,932,802
Other	8,500	7,197	9,021
Parkland contributions	-	271,823	67,500
Gain (loss) on disposal of capital assets	-	(175,346)	17,120
	$ 5,121,900	$ 4,846,700	$ 5,845,965

December 31, 2022

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:

	S.M.A.R.T.	BASWRA
Financial assets	$ 231,199	$ 1,989,111
Liabilities	320,310	230,105
Net financial assets (debt)	(89,111)	1,759,006
Non-financial assets	462,716	1,516,006
Accumulated surplus	$ 373,605	$ 3,275,012
Revenues	$ 1,554,678	$ 4,000,874
Expenses	1,745,053	4,255,089
Annual deficit	$ (190,375)	$ (254,215)

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 $659,705 (2021 - $637,397) 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 $120,127 (2021 - $110,843) for transit services.

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:

	2022	2021
Revenues	$ 406,615	$ 214,578
Expenditures	480,182	275,279
Net revenue for the year	$ (73,567)	$ (60,701)
Transfer from reserve	$ (73,567)	$ (60,701)

December 31, 2022

15. Government Transfers

	2022 Budget	2022 Actual	2021 Actual
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	$ 1,342,400	$ 1,342,400	$ 1,323,000
Protection	77,678	139,912	57,783
Roads and transportation	20,000	107,969	142,619
Environmental	-	237,390	183,201
Other	150,000	407,350	281,110
	1,590,078	2,235,021	1,987,713
Government of Canada			
Other	-	52,834	-
Other municipalities			
Fire	5,000	5,000	12,900
Roads	-	8,028	6,518
Other	-	214,543	214,543
	5,000	227,571	233,961
Total operating transfers	1,595,078	2,515,426	2,221,674
Tangible Capital Asset			
Province of Ontario			
Roads	1,508,110	3,503,279	1,869,022
Other	-	51,202	-
	1,508,110	3,554,481	1,869,022
Government of Canada			
Roads	1,034,973	1,191,718	1,159,240
Total capital contributions	2,543,083	4,746,199	3,028,262
Total contributions	$ 4,138,161	$ 7,261,625	$ 5,249,936

16. Pension Plan

The town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 124 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 2022 was $1,004,209 (2021 - $939,134) for current service. The contribution rate for 2022 was 9.0% to 15.8% depending on age and income level (2021 - 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, 2022. At that time the plan reported a $6.7 billion actuarial deficit (2021 - $3.1 billion), based on actuarial liabilities of $128.8 billion (2021 - $119.3 billion) and actuarial assets of $122.1 billion (2021 - $116.2 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

17. Post-Employment Benefits

The town provides post-employment health, dental and life insurance benefits to eligible retired employees. Payment for these benefits totaled $63,460 (2021 - $72,641) during the year. The post-employment benefit at December 31 includes the following components:

	2022	2021
Accrued benefit obligation	$ 1,284,100	$ 1,240,400
Unamortized actuarial loss	(168,800)	(197,700)
Accrued benefit liability	$ 1,115,300	$ 1,042,700

Actuarial valuations for accounting purposes are performed using the projected benefit method. The most recent actuarial report was prepared May 25, 2021.

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 2.20% (2019 - 4.90%) was assumed to determine the accrued benefit obligation. Health, dental, and travel premium rates are predicted to escalate by 4% annually.

December 31, 2022

17. Post-Employment Benefits - (continued)

	2022	2021
Current period benefit cost	$ 90,100	$ 88,200
Amortization of actuarial loss	28,900	28,900
Retirement benefit expense	119,000	117,100
Interest costs	28,400	27,600
Total expense for the year	$ 147,400	$ 144,700

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:

	2022	2021
County of Bruce	$13,245,834	$ 12,156,282
School Boards	5,821,345	5,653,056
	$19,067,179	$ 17,809,338

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, 2022, the trust fund balance is as follows:

	2022	2021
Cemetery Care and Maintenance Funds	$ 590,255	$ 565,369

December 31, 2022

20. Contractual Commitments

a) The town has committed to constructing an aquatics and wellness centre with an estimated budget of $49,948,500 to be funded from reserves and debt. Approval of construction contracts began in 2023.

b) The Town has awarded 10 contracts for capital projects that were not completed at year-end. The balance of the projects to be completed in 2023 is approximately $5,110,637.

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 in 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.

22. Financial Instruments Risk Management

Credit Risk

The town is exposed to credit risk through its cash, temporary investments, trade and other receivables, loans receivable, and long-term investments. There is the possibility of non-collection of trade and other receivables. The majority of the Town's receivables are from ratepayers and government entities. For trade and other receivables, 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 related to trade and other receivables, were as follows:

	0 - 30 days	31 - 90 days	91 - 365 days	1 to 2 years	3 to 10 years
Cash	$ 43,934,351	$ -	$ -	$ -	$ -
Temporary investments	7,262,930	-	-	-	-
Trade and other receivables	386,602	1,933,015	1,353,110	193,302	215,989
Loans receivable	25,678	55,789	188,376	271,565	571,784
Long-term investments	-	-	-	-	7,626,491
Net amount receivable	$ 51,609,561	$ 1,988,804	$ 1,541,486	$ 464,867	$ 8,414,264

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:

	0 - 30 days	31 - 90 days	91 - 365 days	1 to 2 years	3 to 10 years
Accounts payable and accrued liabilities	$ 693,932	$ 3,469,660	$ 2,428,762	$ 346,966	$ -
Long-term debt	-	-	1,682,989	2,330,242	12,176,510
Total financial liabilities	$ 693,932	$ 3,469,660	$ 4,111,751	$ 2,677,208	$ 12,176,510

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial statement 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 variable rate of temporary borrowings and long-term liabilities and the value of fixed rate long-term liabilities. At December 31, 2022, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of the investments of $66,000.

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

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.

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.

23. Segmented Information - (continued)

For the year ended December 31	General Government	Protection to Persons and Property	Transportation	Water and Sewer	Environmental	Recreation and Cultural Services	Other Services	2022 Total
Revenue								
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
	7,141,311	8,761,453	10,733,990	10,119,533	2,655,582	5,599,898	2,385,334	47,397,101
Expenses								
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
	4,022,842	7,215,331	7,571,718	6,697,214	2,172,570	5,561,999	2,690,258	35,931,932
Net surplus (deficit)	*$ 3,118,469*	*$ 1,546,122*	*$ 3,162,272*	*$ 3,422,319*	*$ 483,012*	*$ 37,899*	*(304,924)*	*$ 11,465,169*

23. Segmented Information - (continued)

For the year ended December 31	General Government	Protection to Persons and Property	Transportation	Water and Sewer	Environmental	Recreation and Cultural Services	Other Services	2021 Total
Revenue								
Taxation	$ 4,865,206	$ 6,616,680	$ 4,670,598	$ 194,608	$ 389,216	$ 1,556,866	$ 1,167,649	$ 19,460,823
Fees and user charges	31,418	128,570	193,271	9,112,052	1,829,611	1,233,426	321,004	12,849,352
Specific government transfers	250,558	72,542	3,182,092	-	183,201	-	238,543	3,926,936
OMPF government transfers	330,750	449,820	317,520	13,230	26,460	105,840	79,380	1,323,000
Other income	4,032,550	17,725	30,368	163,991	76,354	1,524,977	-	5,845,965
Total Revenues	9,510,482	7,285,337	8,393,849	9,483,881	2,504,842	4,421,109	1,806,576	43,406,076
Expenses								
Salaries and benefits	2,330,408	4,874,222	2,922,727	290,349	712,331	2,314,214	852,986	14,297,237
Interest on debt	-	161,065	-	282,633	-	5,877	23,018	472,593
Materials and supplies	1,064,710	740,168	1,479,192	384,411	534,132	1,440,160	842,177	6,484,950
Contracted services	-	246,355	310,060	2,444,102	428,954	70,042	41,547	3,541,060
Rents and financial expenses	21,234	17,943	11	80,360	26,916	226,993	51,209	424,666
Other transfers	-	366,400	1,232	-	-	20,000	20,039	407,671
Amortization	122,896	508,040	2,255,060	2,976,018	208,514	713,463	112,413	6,896,404
Total Expenses	3,539,248	6,914,193	6,968,282	6,457,873	1,910,847	4,790,749	1,943,389	32,524,581
Net surplus (deficit)	*$ 5,971,234*	*$ 371,144*	*$ 1,425,567*	*$ 3,026,008*	*$ 593,995*	*$ (369,640)*	*$ (136,813)*	*$ 10,881,495*

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

For the year ended December 31, 2022

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Canada Community Building Fund	$ 289,595	$ -	$ 7,457	$ -	$ 297,052
Development charges	10,408,740	3,370,898	328,845	(97,944)	14,010,539
Recreational land	69,833	25,750	2,343	-	97,926
Sanctuary park endowment	104,127	-	89	-	104,216
Police proceeds for public interest	15,511	4,392	488	-	20,391
	$10,887,806	$ 3,401,040	$ 339,222	$ (97,944)	$14,530,124
Other					
Connecting link grant	60,633	-	-	-	60,633
Miscellaneous	134,024	46,502	-	(92,395)	88,131
Lamont Sports Park	-	634,299	-	-	634,299
OCIF funding	708,305	636,458	17,652	(708,305)	654,110
	$ 902,962	$ 1,317,259	$ 17,652	$ (800,700)	$1,437,173
	$11,790,768	$ 4,718,299	$ 356,874	$ (898,644)	$15,967,297

The Corporation of the Town of Saugeen Shores
Financial Information
For the year ended December 31, 2022

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For the year ended December 31, 2022

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Town of Saugeen Shores

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 at December 31, 2022, 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 financial information presents fairly, in all material respects, the balance sheet for the Trust Funds as at December 31, 2022 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.

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

Management is responsible for the preparation and fair presentation of this financial information in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial information that 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 Funds' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Information

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

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

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
April 8, 2024

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

December 31

Cemetery Care and Maintenance

	2022	2021
Assets		
Cash	$ 60,133	$ 58,822
Due from the Corporation of the Town of Saugeen Shores	138,963	114,077
Investments (Note 2)	429,627	426,781
	$ 628,723	$ 599,680
Liabilities		
Due to the Corporation of the Town of Saugeen Shores	$ 38,468	$ 34,311
Fund balance	590,255	565,369
	$ 628,723	$ 599,680

Statement of Continuity

For the year ended December 31, 2022

Cemetery Care and Maintenance

	2022	2021
Balance, beginning of the year	$ 565,369	$ 538,620
Receipts		
Bank interest	4,156	21,488
Plot sale	20,886	24,599
Marker maintenance	4,000	2,150
	29,042	48,237
Expenditures		
Expenses	4,156	21,488
Balance, end of the year	$ 590,255	$ 565,369

The accompanying notes are an integral part of these financial statements.

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 classifies its financial instruments at amortized cost. The maximum exposure to credit risk is the carrying value of the financial instruments. These financial instruments include cash and investments. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.
	Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument. Writedowns of financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net realizable value with the writedown being recognized in the statement of operations.

2. Investments

	2022	2021
CIBC Wood Gundy, Canadian securities from chartered banks with effective interest rates of 2.23% to 5.0%	429,627	426,781

The total investments of $429,627 reported on the statement of continuity have a market value of $441,453 (2021 - $441,760) at the end of the year.

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. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the trust fund will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. The trust fund is exposed to this risk arising from it's amount due to the Corporation of the Town of Saugeen Shores.

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.

There have been no significant changes from the previous year in the exposure to risk other than those noted.