

**The Corporation of the  
Township of Georgian Bluffs  
Financial Information  
For the year ended December 31, 2011**

**The Corporation of the Township of Georgian Bluffs**  
**Financial Information**  
**For the year ended December 31, 2011**

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## Independent Auditor's Report

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### To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Georgian Bluffs

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Georgian Bluffs, which comprise the consolidated statement of financial position as at December 31, 2011, 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.

#### Management's Responsibility 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Georgian Bluffs as at December 31, 2011 and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario  
October 11, 2012

**The Corporation of the Township of Georgian Bluffs**  
**Consolidated Statement of Financial Position**

<b>December 31</b>	<b>2011</b>	<b>2010</b>
<b>Financial assets</b>		
Cash (Note 1)	\$ 2,322,645	\$ 2,524,007
Taxes receivable	1,418,127	1,013,687
Trade and other receivable	1,415,605	1,348,767
Long-term receivables (Note 2)	175,488	174,819
Inventories held for resale	25,973	24,665
	<u>5,357,838</u>	<u>5,085,945</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,588,977	1,790,187
Solid waste landfill closure and post-closure liabilities (Note 3)	213,185	201,968
Deferred revenue (Page 30)	615,741	491,065
Long-term liabilities (Note 4)	1,222,329	1,322,800
	<u>3,640,232</u>	<u>3,806,020</u>
<b>Net financial assets</b>	<u>1,717,606</u>	<u>1,279,925</u>
<b>Contingencies (Note 16)</b>		
<b>Non financial assets</b>		
Inventory of supplies	78,429	66,459
Prepaid expenses	7,458	11,569
Tangible capital assets (Note 6)	56,204,975	58,455,819
	<u>56,290,862</u>	<u>58,533,847</u>
<b>Accumulated surplus (Note 7)</b>	<u>\$ 58,008,468</u>	<u>\$ 59,813,772</u>

**The Corporation of the Township of Georgian Bluffs  
Consolidated Statement of Operations and Accumulated Surplus**

<b>For the year ended December 31</b>	<b>2011</b>	<b>2011</b>	<b>2010</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenue</b>			
Taxation	\$ 5,258,997	\$ 5,336,071	\$ 4,838,291
Fees and user charges	2,047,521	2,430,979	2,191,382
Government contributions (Note 11)	927,775	1,440,035	4,333,721
Other income (Note 10)	500,550	579,056	1,581,919
Gain (loss) on disposal of tangible capital assets	-	(2,044,436)	71,967
Obligatory reserve fund revenue recognized	-	208,896	55,570
	<u>8,734,843</u>	<u>7,950,601</u>	<u>13,072,850</u>
<b>Expenses</b>			
General government	1,527,640	1,263,107	1,365,634
Protection services	2,076,380	1,988,718	1,929,035
Transportation services	1,965,323	3,030,153	2,410,273
Environmental services	1,533,856	2,302,740	1,879,428
Health services	44,894	50,485	58,792
Recreation and cultural services	799,200	941,094	873,200
Planning and development	113,300	179,608	168,198
	<u>8,060,593</u>	<u>9,755,905</u>	<u>8,684,560</u>
<b>Annual surplus (deficit) (Note 9)</b>	674,250	(1,805,304)	4,388,290
<b>Accumulated surplus, beginning of year</b>	<u>59,813,772</u>	<u>59,813,772</u>	<u>55,425,482</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 60,488,022</u>	<u>\$ 58,008,468</u>	<u>\$ 59,813,772</u>

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



**The Corporation of the Township of Georgian Bluffs  
Consolidated Statement of Changes in Net Financial Assets**

<b>For the year ended December 31</b>	<b>2011</b>	<b>2011</b>	<b>2010</b>
	Budget	Actual	Actual
<b>Annual surplus (Page 6)</b>	\$ 674,250	\$ (1,805,304)	\$ 4,388,290
Acquisition of tangible capital assets	-	(1,156,288)	(5,851,861)
Amortization of tangible capital assets	-	1,347,953	1,195,844
(Gain) Loss on disposal of tangible capital assets	-	2,044,436	(71,967)
Proceeds on disposal of capital assets	-	14,743	99,583
	-	<u>2,250,844</u>	<u>(4,628,401)</u>
Change in prepaid expenses	-	4,111	9,155
Change in inventories of supplies	-	(11,970)	(49,914)
	-	<u>(7,859)</u>	<u>(40,759)</u>
<b>Increase (decrease) in net financial assets</b>	674,250	437,681	(280,870)
<b>Net financial assets, beginning of the year</b>	<u>1,279,925</u>	<u>1,279,925</u>	<u>1,560,795</u>
<b>Net financial assets, end of the year</b>	<u>\$ 1,954,175</u>	<u>\$ 1,717,606</u>	<u>\$ 1,279,925</u>

**The Corporation of the Township of Georgian Bluffs**  
**Consolidated Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2011</b>	<b>2010</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus (deficit)	\$ (1,805,304)	\$ 4,388,290
Items not involving cash		
Solid waste landfill closure and post-closure liabilities	11,217	81,030
Amortization	1,347,953	1,195,844
Deferred revenue recognized	(208,896)	(242,104)
Change in prepaid expenses	4,111	9,155
Inventory of supplies	(11,970)	(49,914)
(Gain) loss on disposal of capital assets	2,044,436	(71,967)
	<u>1,381,547</u>	<u>5,310,334</u>
<b>Changes in non-cash working capital balances</b>		
Taxes receivable	(404,440)	131,672
Trade and other receivables	(66,838)	285,828
Inventory held for resale	(1,308)	(2,280)
Accounts payable and accrued liabilities	(201,210)	(12,901)
Deferred revenue received	333,572	329,788
	<u>(340,224)</u>	<u>732,107</u>
	<u>1,041,323</u>	<u>6,042,441</u>
<b>Capital transactions</b>		
Acquisition of capital assets	(1,156,288)	(5,851,861)
Proceeds on disposition of capital assets	14,743	99,583
	<u>(1,141,545)</u>	<u>(5,752,278)</u>
<b>Investing activities</b>		
Long-term receivables	(669)	26,635
<b>Financing activities</b>		
Additions to long-term liabilities	-	1,200,000
Repayment of long-term liabilities	(100,471)	(20,466)
	<u>(100,471)</u>	<u>1,179,534</u>
<b>Net change in cash and cash equivalents</b>	<b>(201,362)</b>	<b>1,496,332</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>2,524,007</b>	<b>1,027,675</b>
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 2,322,645</b>	<b>\$ 2,524,007</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 Township of Georgian Bluffs Summary of Significant Accounting Policies

**December 31, 2011**

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### **Basis of Accounting**

The consolidated financial statements of the Corporation of the Township of Georgian Bluffs are the representations of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

### **Basis of Consolidation**

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

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

Kemble Recreation Committee	100%
Derby Community Centre Committee	100%
Oxenden Cemetery Board	100%
Boyd Cemetery Board	100%

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

Inter-Township Fire Department	75%
Warton Keppel International Airport Joint Municipal Service Board	50%
Biodigester	50%

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**The Corporation of the Township of Georgian Bluffs**  
**Summary of Significant Accounting Policies**

**December 31, 2011**

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<b>Use of Estimates</b>	The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items such as accrued grant receivables, useful life of capital assets, accrued liabilities and solid waste landfill closure and post-closure costs. 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.
<b>Cash and Cash Equivalents</b>	Cash and cash equivalents include cash balances and short term highly liquid investments that are readily converted into cash.
<b>County and School Board</b>	The Township collects taxation revenue on behalf of the school boards and the County of Grey. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the County of Grey are not reflected in these financial statements.
<b>Long-term Receivables</b>	Long-term receivables are recorded at cost.
<b>Inventory</b>	<p>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.</p> <p>Inventory held for consumption is recorded at the lower of cost and replacement cost.</p>

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## The Corporation of the Township of Georgian Bluffs

### Summary of Significant Accounting Policies

December 31, 2011

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#### **Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by Council. The following rates are used:

Land improvements	10 to 50 years
Buildings	15 to 80 years
Equipment	5 to 8 years
Vehicles and machinery	5 to 20 years
Transportation infrastructure	15 to 100 years
Water and sewer infrastructure	20 to 80 years

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

#### **Post-Employment Benefits**

The contributions to the Ontario Municipal Employee's Retirement System ("OMERS"), a multi-employer defined benefit plan, are expensed when contributions are due.

#### **Trust Funds**

Funds held in trust by the Township, 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 Township of Georgian Bluffs**  
**Summary of Significant Accounting Policies**

**December 31, 2011**

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**Revenue Recognition**

Revenues are reported on the accrual basis of accounting. Revenues are recognized as follows:

- a) Tax levies are recognized as revenue when amounts are levied on the municipality's ratepayers.
  - b) Fines and donations are recognized when collected.
  - c) Other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.
  - d) Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, and eligibility criteria have been met and reasonable estimates of the amounts can be made.
  - e) 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 and accumulated surplus in the year in which it is used for the specified purpose.
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**The Corporation of the Township of Georgian Bluffs**  
**Notes to Financial Statements**

**December 31, 2011**

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**1. Cash**

	2011	2010
Unrestricted	\$ 2,237,266	\$ 2,439,562
Restricted - obligatory reserve funds	85,379	84,445
	<b>\$ 2,322,645</b>	<b>\$ 2,524,007</b>

On December 31, 2011, the municipality had deposits of \$2,148,000 in a Canadian Chartered bank. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor.

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**2. Long-Term Receivables**

	2011	2010
Due from ratepayers - Shallow Lake Water Capital Connections, 8.5%, due 2017	\$ 61,795	\$ 73,177
Due from ratepayers - East Linton Water Capital Connections, 7%, due 2020	31,038	-
Due from ratepayers - Water Capital Connections, non-interest bearing, no set terms of repayment	57,655	69,142
Due from Keady Community Centre Board of Management, non-interest bearing, no set terms of repayment	25,000	32,500
	<b>\$ 175,488</b>	<b>\$ 174,819</b>

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**The Corporation of the Township of Georgian Bluffs**  
**Notes to Financial Statements**

**December 31, 2011**

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**3. Solid Waste Landfill Closure and Post-Closure Liabilities**

Solid waste landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance.

The liability for the landfill site is recorded at \$213,185 and represents the present value of closure and post-closure costs for 88% of the current site's opened cells, using the Government of Canada's average long-term borrowing rate of 3.21%. The liability is recorded based on the capacity of the landfill used to date. The total estimated future expenses for closure and post-closure care are \$241,389 leaving an amount to be recognized of \$28,204. The estimated remaining capacity of the site's opened cells is approximately 19,068 cubic metres, which will be filled in 3 years. Post-closure care is estimated to continue for a period of 25 years.

The liability will be funded through a reserve for landfill which has a current balance of \$230,181.

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**The Corporation of the Township of Georgian Bluffs**  
**Notes to Financial Statements**

**December 31, 2011**

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**4. Long-Term Liabilities**

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

	<u>2011</u>	<u>2010</u>
Demand loan, Bank of Montreal, interest at prime, payable in monthly instalments of \$1,706 principal plus interest, due 2016	\$ 102,333	\$ 122,800
Demand loan, Bank of Montreal, interest at prime, annual interest payments only	<u>1,119,996</u>	<u>1,200,000</u>
	<u>\$ 1,222,329</u>	<u>\$ 1,322,800</u>

The interest, relating to the above long-term debt, expensed and paid during the year was \$38,237.

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

2012	\$ 20,467
2013	20,467
2014	20,467
2015	20,467
2016	20,465
Thereafter	<u>1,119,996</u>
	<u>\$ 1,222,329</u>

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**The Corporation of the Township of Georgian Bluffs**  
**Notes to Financial Statements**

**December 31, 2011**

**5. Government Partnership**

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

**Inter-Township Fire Department**

The Inter-Township Fire Department is a government partnership of which the Corporation of the Township of Georgian Bluffs has a 75% interest. The condensed supplementary financial information is as follows:

	<u>2011</u>	<u>2010</u>
Financial assets	\$ 446,939	\$ 320,646
Liabilities	<u>138,205</u>	<u>128,884</u>
Net financial assets	308,734	191,762
Non financial assets	<u>1,101,995</u>	<u>1,040,949</u>
Accumulated surplus	<u>\$ 1,410,729</u>	<u>\$ 1,232,711</u>
Revenues	\$ 865,498	\$ 802,331
Expenses	<u>688,275</u>	<u>669,945</u>
Annual surplus	<u>\$ 177,223</u>	<u>\$ 132,386</u>

**Warton Keppel International Airport Joint Municipal Service Board**

The Warton Keppel International Airport Joint Municipal Service Board is a government partnership of which the Corporation of the Township of Georgian Bluffs has a 50% interest. The condensed supplementary financial information is as follows:

	<u>2011</u>	<u>2010</u>
Financial assets	\$ 65,533	\$ 57,248
Liabilities	<u>30,345</u>	<u>26,947</u>
Net financial assets	35,188	30,301
Non financial assets	<u>166,620</u>	<u>161,759</u>
Accumulated surplus	<u>\$ 201,808</u>	<u>\$ 192,060</u>
Revenues	\$ 439,615	\$ 353,753
Expenses	<u>429,867</u>	<u>356,571</u>
Annual surplus (deficit)	<u>\$ 9,748</u>	<u>\$ (2,818)</u>

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**The Corporation of the Township of Georgian Bluffs**  
**Notes to Financial Statements**

**December 31, 2011**

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**5. Government Partnership - (continued)**

**Georgian Bluffs Chatsworth Biodigester Joint Board of Management**

The Georgian Bluffs Chatsworth Biodigester Joint Board of Management is a government partnership of which the Corporation of the Township of Georgian Bluffs has a 50% interest. The Board was established on May 1, 2011 and this is the first year of operations. The condensed supplementary financial information is as follows:

	<u>2011</u>
Non financial assets	<u>\$ 3,957,383</u>
Accumulated surplus	<u>\$ 3,957,383</u>
Revenues	<u>\$ 676,422</u>
Expenses	<u>505,148</u>
Annual surplus	<u>\$ 171,274</u>

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**The Corporation of the Township of Georgian Bluffs**  
**Notes to Financial Statements**

**December 31**

**6. Tangible Capital Assets**

								2011
	Land	Land Improvements	Buildings	Equipment	Vehicles and Machinery	Transportation Infrastructure	Water and Sewer Infrastructure	Total
Cost, beginning of year	\$ 3,683,662	\$ 566,069	\$15,024,369	\$1,178,120	\$ 2,992,679	\$41,337,025	\$ 13,826,198	\$ 78,608,122
Additions	-	-	266,627	34,415	444,401	28,677	382,168	1,156,288
Disposals	(1,000)	(8,762)	1,953,933	-	(228,055)	-	(3,996,791)	(2,280,675)
Cost, end of year	3,682,662	557,307	17,244,929	1,212,535	3,209,025	41,365,702	10,211,575	77,483,735
Accumulated amortization, beginning of year	-	165,789	5,151,207	205,170	1,691,174	10,264,595	2,674,368	20,152,303
Amortization	-	15,034	422,128	10,198	205,506	433,326	261,761	1,347,953
Disposals	-	(8,762)	(16,711)	-	(190,663)	-	(5,360)	(221,496)
Accumulated amortization, end of year	-	172,061	5,556,624	215,368	1,706,017	10,697,921	2,930,769	21,278,760
Net carrying amount, end of year	\$ 3,682,662	\$ 385,246	\$11,688,305	\$ 997,167	\$ 1,503,008	\$30,667,781	\$ 7,280,806	\$ 56,204,975

**The Corporation of the Township of Georgian Bluffs**  
**Notes to Financial Statements**

**December 31**

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

								2010
	Land	Land Improvements	Buildings	Equipment	Vehicles and Machinery	Transportation Infrastructure	Water and Sewer Infrastructure	Total
Cost, beginning of year	\$ 3,564,841	\$ 523,517	\$13,990,500	\$ 1,171,575	\$ 2,627,338	\$41,088,642	\$ 9,869,104	\$ 72,835,517
Additions	146,437	50,921	1,056,821	6,545	365,341	268,702	3,957,094	5,851,861
Disposals	(27,616)	(8,369)	(22,952)	-	-	(20,319)	-	(79,256)
Cost, end of year	3,683,662	566,069	15,024,369	1,178,120	2,992,679	41,337,025	13,826,198	78,608,122
Accumulated amortization, beginning of year	-	156,100	4,779,709	195,005	1,597,279	9,768,147	2,511,859	19,008,099
Amortization	-	18,058	394,450	10,165	93,895	516,767	162,509	1,195,844
Disposals	-	(8,369)	(22,952)	-	-	(20,319)	-	(51,640)
Accumulated amortization, end of year	-	165,789	5,151,207	205,170	1,691,174	10,264,595	2,674,368	20,152,303
Net carrying amount, end of year	\$ 3,683,662	\$ 400,280	\$ 9,873,162	\$ 972,950	\$ 1,301,505	\$31,072,430	\$11,151,830	\$ 58,455,819

**The Corporation of the Township of Georgian Bluffs**  
**Notes to Financial Statements**

**December 31, 2011**

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

The net book value of tangible capital assets not being amortized because they are under construction is \$Nil (2010 - \$3,719,780).

\$Nil (2010 - \$275,190) in contributed equipment and land were recognized in the financial statements during the year.

**7. Accumulated Surplus**

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

	2011	2010
Tangible capital assets	\$ 56,204,975	\$ 58,455,819
Unfinanced capital assets	(320,606)	(139,858)
Capital assets financed by long-term liabilities and to be funded in future years	(1,222,329)	(1,322,800)
Total invested in capital assets	54,662,040	56,993,161
Unfunded solid waste closure and post-closure costs	(213,185)	(201,968)
General surplus	456,352	380,546
Cemeteries	27,791	35,667
Recreation, community centres and arenas	(126,829)	(178,703)
Airport	15,409	7,651
Fire	231,704	144,270
Water	(52,653)	(67,502)
	55,000,629	57,113,122
Reserves and reserve funds (Note 8)	3,007,839	2,700,650
Accumulated surplus	\$ 58,008,468	\$ 59,813,772

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**The Corporation of the Township of Georgian Bluffs**  
**Notes to Financial Statements**

**December 31, 2011**

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

	<u>2011</u>	<u>2010</u>
<b>Reserves</b>		
Working funds	\$ 539,267	\$ 530,035
Current purposes	160,416	91,416
Capital purposes	<u>851,506</u>	<u>876,174</u>
	<u>1,551,189</u>	<u>1,497,625</u>
 <b>Reserve funds</b>		
Other	4,852	3,810
Current purposes	352,640	325,360
Capital purposes	<u>1,099,158</u>	<u>873,855</u>
	<u>1,456,650</u>	<u>1,203,025</u>
 <b>Reserves and reserve funds set aside for specific purpose by Council</b>	 <u><u>\$ 3,007,839</u></u>	 <u><u>\$ 2,700,650</u></u>

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**The Corporation of the Township of Georgian Bluffs**  
Notes to Financial Statements

December 31, 2011

**9. Budgets**

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the consolidated statement of operations and changes in net debt for comparative purposes. The 2011 budget amounts for the Corporation of the Township of Georgian Bluffs approved by Council have been restated to conform to the presentation of the consolidated statements of operations and changes in net debt. The following is a reconciliation of the budget approved by Council.

	2011 Budget	2011 Actual	2010 Actual
Annual surplus (deficit) (Page 6)	\$ 674,250	\$ (1,805,304)	\$ 4,388,290
Prior year general surplus	-	380,546	80,205
Net transfers to reserves	(554,080)	(307,189)	(313,264)
Capital acquisitions, disposals and write-down	-	902,891	(5,824,245)
Amortization	-	1,347,953	1,195,844
Proceeds from long-term debt	-	-	1,200,000
Debt principal repayments	(84,400)	(100,471)	(20,466)
Change in unfunded liabilities	-	11,218	81,030
Change in other surpluses	(35,770)	(154,040)	(208,794)
	-	275,604	578,600
Capital projects not funded	-	180,748	(198,054)
	\$ -	\$ 456,352	\$ 380,546

**10. Other Income**

	2011 Budget	2011 Actual	2010 Actual
Penalties and interest on taxation	\$ 180,000	\$ 193,140	\$ 186,059
Other fines and penalties	2,000	37,284	118,341
Investment income	22,375	42,580	28,564
Licenses, permits and rents	260,900	232,780	255,105
Donations	4,775	48,982	671,399
Other	30,500	24,290	322,451
	\$ 500,550	\$ 579,056	\$ 1,581,919



**The Corporation of the Township of Georgian Bluffs**  
**Notes to Financial Statements**

**December 31, 2011**

**11. Government Contributions**

	Budget	2011	2010
<b>Operating</b>			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 820,000	\$ 891,200	\$ 969,700
Conditional - Roads	35,000	28,463	207,662
- Other	72,775	154,084	129,207
	<u>927,775</u>	<u>1,073,747</u>	<u>1,306,569</u>
Government of Canada			
Conditional - Other	-	35,000	52,324
Other Municipalities			
Conditional - Other	-	74,157	2,198
Total operating contributions	<u>927,775</u>	<u>1,182,904</u>	<u>1,361,091</u>
<b>Capital</b>			
Province of Ontario			
Conditional - Roads	-	-	75,267
- Sewer and water	-	40,207	40,207
- Other	-	46,605	891,225
	<u>-</u>	<u>86,812</u>	<u>1,006,699</u>
Government of Canada			
Conditional - Roads	-	-	75,111
- Other	-	-	891,224
	<u>-</u>	<u>-</u>	<u>966,335</u>
Other Municipalities			
Conditional - Other	-	170,319	999,596
Total capital contributions	<u>-</u>	<u>257,131</u>	<u>2,972,630</u>
Total Government Contributions	<u>\$ 927,775</u>	<u>\$ 1,440,035</u>	<u>\$ 4,333,721</u>

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**The Corporation of the Township of Georgian Bluffs**  
**Notes to Financial Statements**

**December 31, 2011**

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**12. Pension Agreements**

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 32 members of its staff and councillors. This plan is a defined benefit plan which specifies the amount of the retirement entitlement to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The amount contributed to OMERS for 2011 by the Township of Georgian Bluffs was \$102,232 (2010 - \$94,500). The contribution rate for 2011 was 7.4% to 14.1% depending on age and income level (2010 - 6.4% to 13.1%).

OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2011. At that time the plan reported a \$7.3 billion actuarial deficit (2010 - \$4.4 billion actuarial deficit), based on actuarial liabilities of \$64.5 billion (2010 - \$60.0 billion), and actuarial assets of \$57.2 billion (2010 - \$56.5 billion). Ongoing adequacy of the current contribution rates will need to be monitored and the recent severe decline in the financial markets may lead to increased future funding requirements.

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**13. Operations of School Boards and the County of Grey**

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

	<u>2011</u>	<u>2010</u>
School boards	\$ 4,070,007	\$ 4,081,770
County of Grey	<u>5,350,986</u>	<u>5,076,906</u>
	<u>\$ 9,420,993</u>	<u>\$ 9,158,676</u>

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**The Corporation of the Township of Georgian Bluffs**  
**Notes to Financial Statements**

**December 31, 2011**

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**14. Trust Funds**

The trust funds administered by the Township amounting to \$342,751 (2010 - \$333,087) have 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, 2011, the trusts fund balances are as follows:

	2011	2010
Cemetery Care and Maintenance Funds	\$ 337,004	\$ 327,456
Hillis Beautification Project	5,747	5,631
	<u>\$ 342,751</u>	<u>\$ 333,087</u>

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**15. Contractual Commitments**

The Corporation of the Township of Georgian Bluffs has entered into agreements with various contractors for fire, garbage, water operations and recycling collection services and operation and maintenance of its water systems for the following amounts excluding GST/HST:

2012	\$	594,489
2013	\$	292,351
2014	\$	296,233
2015	\$	306,251

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**16. Contingencies**

- a) Several lower tier municipalities on the Bruce Peninsula, including the Township of Georgian Bluffs, have been named as defendants in a land claim action filed by the Chippewas of Saugeen and Nawash, for damages alleged to total \$92,000,000,000. Also joined as defendants in the action are the Counties of Bruce and Grey, the Province of Ontario and the Dominion of Canada. No breakdown as to each municipality's relative share of the \$92,000,000,000 has been provided. The likelihood of the success of this action is undeterminable at the present time.
  
  - b) The Township of Georgian Bluffs has been named in a number of claims that are in proceedings through their insurance company. The Township's liability with respect to these claims is not determinable at this time. Management is of the opinion that the Township maintains adequate and appropriate liability and errors and omissions insurance to protect the municipality against such claims.
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## The Corporation of the Township of Georgian Bluffs Notes to Financial Statements

December 31, 2011

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### 17. Segmented Information

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

#### General Government

General Government consists of the revenues and expenses that relate to the governance and operations of the Township itself and cannot be directly attributed to a specific segment.

#### Protection Services

Protection services is comprised of police services, fire protection, conservation authority, emergency measures, 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 consist of volunteers. The building department provides a number of services including maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

#### Transportation Services

Transportation services is responsible for construction and maintenance of the Township's roadways, bridges, parking areas and streetlighting. Transportation also includes the provision of air transportation through the Warton Keppel International Airport Joint Municipal Service Board.

#### Environmental Services

Environmental services consists of providing waste collection, disposal and recycling to its citizens. It also consists of sewer and water service that provides the Township's drinking water. They process and clean sewage and ensure the Township's water system meets all Provincial standards.

#### Health Services

Health services includes the operations of three local cemeteries, Boyd, Oxenden and Mount Pleasant.

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**The Corporation of the Township of Georgian Bluffs**  
**Notes to Financial Statements**

**December 31, 2011**

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**Recreational and Cultural Services**

Recreational and cultural services provide services meant to improve the health and development of the Township's citizens. The Township operates and maintains parks, arenas, and community centres. The Township also provides library services and a variety of recreational programs.

**Planning and Development**

Planning and development is responsible for planning and zoning including the Official plan.

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:

<b>Taxation, payments-in-lieu</b>	Allocated to those segments that are funded by these amounts based on the budget for the year
<b>OMPF Grants</b>	Allocated to segments based on the budget for the year

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**The Corporation of the Township of Georgian Bluffs**  
**Notes to Financial Statements**

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2011 Total
<b>Revenue</b>								
Taxation	\$ 1,013,854	\$ 1,760,903	\$ 1,814,264	\$ 160,082	\$ -	\$ 533,607	\$ 53,361	\$ 5,336,071
Fees and user charges	29,742	122,192	417,543	1,538,565	40,826	205,983	76,128	2,430,979
Specific grants	-	7,006	28,463	415,298	40,207	53,873	3,988	548,835
OMPF grant	169,328	294,096	303,008	26,736	-	89,120	8,912	891,200
Other revenue	289,351	40,529	17,945	(2,020,612)	5,511	41,605	160,291	(1,465,380)
Transfers from obligatory reserve	11,629	-	34,440	3,834	-	126,124	32,869	208,896
	<u>1,513,904</u>	<u>2,224,726</u>	<u>2,615,663</u>	<u>123,903</u>	<u>86,544</u>	<u>1,050,312</u>	<u>335,549</u>	<u>7,950,601</u>
<b>Expenses</b>								
Salaries and benefits	775,146	539,671	712,256	97,845	134	158,532	110,517	2,394,101
Interest on debt	-	-	-	38,237	-	-	-	38,237
Materials and supplies	410,623	173,054	1,636,502	461,556	38,808	319,850	69,092	3,109,485
Contracted services	5,087	1,031,659	60,100	862,470	5,990	281,674	-	2,246,980
Other transfers	-	151,812	-	192,054	1,450	124,437	-	469,753
Rents and financial expenses	-	-	-	149,385	-	11	-	149,396
Amortization	13,730	64,522	586,295	586,713	4,103	92,590	-	1,347,953
	<u>1,204,586</u>	<u>1,960,718</u>	<u>2,995,153</u>	<u>2,388,260</u>	<u>50,485</u>	<u>977,094</u>	<u>179,609</u>	<u>9,755,905</u>
<b>Annual surplus (deficit)</b>	<b>\$ 309,318</b>	<b>\$ 264,008</b>	<b>\$ (379,490)</b>	<b>\$ (2,264,357)</b>	<b>\$ 36,059</b>	<b>\$ 73,218</b>	<b>\$ 155,940</b>	<b>\$ (1,805,304)</b>

**The Corporation of the Township of Georgian Bluffs**  
**Notes to Financial Statements**

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2010 Total
<b>Revenue</b>								
Taxation	\$ 677,360	\$ 1,693,402	\$ 1,693,402	\$ 145,149	\$ -	\$ 532,212	\$ 96,766	\$ 4,838,291
Fees and user charges	37,508	26,104	115,974	1,707,036	56,184	200,717	47,859	2,191,382
Specific grants	55,219	35,629	358,040	2,848,955	40,207	18,873	7,097	3,364,020
OMPF grant	135,759	339,395	339,395	29,091	-	106,667	19,394	969,701
Other revenue	433,514	46,737	27,677	901,500	4,850	51,857	187,751	1,653,886
Transfers from obligatory reserve	419	-	19,700	11,162	10,000	14,289	-	55,570
	<u>1,339,779</u>	<u>2,141,267</u>	<u>2,554,188</u>	<u>5,642,893</u>	<u>111,241</u>	<u>924,615</u>	<u>358,867</u>	<u>13,072,850</u>
<b>Expenses</b>								
Salaries and benefits	800,257	470,041	675,446	84,211	311	146,539	150,714	2,327,519
Interest on debt	-	-	-	3,400	-	-	-	3,400
Materials and supplies	482,939	223,721	1,097,127	440,436	47,382	312,175	(10,185)	2,593,595
Contracted services	7,198	970,048	49,756	859,209	5,194	275,863	-	2,167,268
Other transfers	-	200,698	-	102,230	1,800	92,206	-	396,934
Amortization	13,741	57,195	558,944	480,442	4,104	81,418	-	1,195,844
	<u>1,304,135</u>	<u>1,921,703</u>	<u>2,381,273</u>	<u>1,969,928</u>	<u>58,791</u>	<u>908,201</u>	<u>140,529</u>	<u>8,684,560</u>
<b>Annual surplus (deficit)</b>	<b>\$ 35,644</b>	<b>\$ 219,564</b>	<b>\$ 172,915</b>	<b>\$ 3,672,965</b>	<b>\$ 52,450</b>	<b>\$ 16,414</b>	<b>\$ 218,338</b>	<b>\$ 4,388,290</b>

**The Corporation of the Township of Georgian Bluffs**  
**Schedule of Deferred Revenue**

**For the year ended December 31, 2011**

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
<b>Obligatory Reserve Funds</b>					
Recreational land	\$ 43,645	\$ 1,200	\$ 480	\$ (1,889)	\$ 43,436
Federal gas tax funding	447,420	322,272	4,922	(207,007)	567,607
	491,065	323,472	5,402	(208,896)	611,043
<b>Other</b>					
Other	-	4,698	-	-	4,698
	\$ 491,065	\$ 328,170	\$ 5,402	\$ (208,896)	\$ 615,741



**The Corporation of the  
Township of Georgian Bluffs  
Trust Funds  
Financial Information  
For the year ended December 31, 2011**



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1717 2<sup>nd</sup> Avenue E, Third Floor  
PO Box 397  
Owen Sound ON N4K 5P7 Canada

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## Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Township of Georgian Bluffs

We have audited the accompanying financial information for the trust funds of the Township of Georgian Bluffs, which comprise the statement of financial position as at December 31, 2011, the statement of continuity for the year then ended, and a summary of significant accounting policies.

### Management's Responsibility 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on this financial information based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Opinion**

In our opinion, the financial information presents fairly, in all material respects, the financial position of the trust funds of the Township of Georgian Bluffs as at December 31, 2011 and the statement of continuity for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario  
October 11, 2012

**The Corporation of the Township of Georgian Bluffs**  
**Trust Funds**

December 31, 2011

Assets	Total	Hillis Bequest Beautification Project	Oxenden Cemetery Perpetual Care	Boyd Cemetery Perpetual Care	Mount Pleasant Cemetery Perpetual Care
Cash	\$ 36,966	\$ 34	\$ 103	\$ 1,936	\$ 34,893
Investments, at cost	330,659	5,714	55,551	77,588	191,806
	<b>\$ 367,625</b>	<b>\$ 5,748</b>	<b>\$ 55,654</b>	<b>\$ 79,524</b>	<b>\$ 226,699</b>
<b>Liabilities</b>					
Due to general account	\$ 24,874	\$ 1	\$ 439	\$ 2,461	\$ 21,973
<b>Fund balance</b>	<b>342,751</b>	<b>5,747</b>	<b>55,215</b>	<b>77,063</b>	<b>204,726</b>
	<b>\$ 367,625</b>	<b>\$ 5,748</b>	<b>\$ 55,654</b>	<b>\$ 79,524</b>	<b>\$ 226,699</b>

The accompanying notes are an integral part of this financial information.

**The Corporation of the Township of Georgian Bluffs**  
Trust Funds

For the year ended December 31, 2011

	Total	Hillis Bequest Beautification Project	Oxenden Cemetery Perpetual Care	Boyd Cemetery Perpetual Care	Mount Pleasant Cemetery Perpetual Care
<b>Balance, beginning of the year</b>	\$ 333,087	\$ 5,631	\$ 54,095	\$ 76,165	\$ 197,196
<b>Receipts</b>					
Interest	9,279	116	1,963	1,748	5,452
Plot sales	9,548	-	1,120	898	7,530
	18,827	116	3,083	2,646	12,982
<b>Expenditures</b>					
Transfer to municipality	9,163	-	1,963	1,748	5,452
<b>Balance, end of the year</b>	\$ 342,751	\$ 5,747	\$ 55,215	\$ 77,063	\$ 204,726

The accompanying notes are an integral part of this financial information.

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**The Corporation of the Township of Georgian Bluffs**  
**Trust Funds**  
**Notes to Financial Information**

**December 31, 2011**

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**1. Summary of Significant Accounting Policies**

**Basis of Consolidation**                      These trust funds have not been consolidated with the financial statements of the Township of Georgian Bluffs.

**Accrual Basis of Accounting**            The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

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**2. Investments**

The investments of \$330,659 reported on the balance sheet at cost have a market value of \$330,659 at the end of the year.

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