

**The Corporation of the
Township of Georgian Bluffs
Financial Information
For the year ended December 31, 2017**

The Corporation of the Township of Georgian Bluffs
Financial Information
For the year ended December 31, 2017

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Independent Auditor's Report

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, 2017, 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, 2017 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.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
June 25, 2018

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

December 31	2017	2016
Financial assets		
Cash (Note 1)	\$ 9,316,218	\$ 9,162,533
Taxes receivable	1,015,774	1,046,930
Trade and other receivables	2,505,030	1,201,026
Long-term receivables (Note 2)	43,602	69,058
Inventories held for resale	3,407	5,633
	<u>12,884,031</u>	<u>11,485,180</u>
Liabilities		
Accounts payable and accrued liabilities	2,004,606	1,651,783
Solid waste landfill post-closure liabilities (Note 3)	256,099	301,781
Deferred revenue (Page 29)	195,580	163,178
Long-term liabilities (Note 4)	1,958,722	2,197,060
	<u>4,415,007</u>	<u>4,313,802</u>
Net financial assets	<u>8,469,024</u>	<u>7,171,378</u>
Non-financial assets		
Inventory of supplies	120,431	153,116
Prepaid expenses	16,221	20,981
Tangible capital assets (Note 5)	56,453,163	57,370,824
	<u>56,589,815</u>	<u>57,544,921</u>
Accumulated surplus (Note 6)	<u>\$ 65,058,839</u>	<u>\$ 64,716,299</u>

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

For the year ended December 31	2017	2017	2016
	Budget (Note 8)	Actual	Actual
Revenue			
Taxation	\$ 8,857,145	\$ 9,016,565	\$ 8,765,005
Fees and user charges	1,762,900	2,209,708	2,032,473
Government transfers (Note 9)	1,376,305	1,433,903	1,373,296
Other income (Note 10)	538,350	1,056,258	664,916
Loss on disposal of capital assets	-	(1,257,702)	(901,237)
	<u>12,534,700</u>	<u>12,458,732</u>	<u>11,934,453</u>
Expenses			
General government	1,554,900	1,659,101	1,571,598
Protection services	2,767,500	2,750,797	2,600,945
Transportation services	2,441,400	3,477,189	3,214,252
Environmental services	1,553,700	2,454,645	2,185,336
Health services	41,600	42,139	60,709
Recreation and cultural services	927,850	1,126,960	1,003,524
Planning and development	79,550	605,361	109,542
	<u>9,366,500</u>	<u>12,116,192</u>	<u>10,745,906</u>
Annual surplus (Note 8)	3,168,200	342,540	1,188,547
Accumulated surplus, beginning of the year	<u>64,716,299</u>	<u>64,716,299</u>	<u>63,527,752</u>
Accumulated surplus, end of the year	<u>\$ 67,884,499</u>	<u>\$ 65,058,839</u>	<u>\$ 64,716,299</u>

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

For the year ended December 31	2017	2017	2016
	Budget (Note 8)	Actual	Actual
Annual surplus (Page 5)	\$ 3,168,200	\$ 342,540	\$ 1,188,547
Acquisition of tangible capital assets	(1,775,000)	(2,002,717)	(2,330,033)
Amortization of tangible capital assets	-	1,491,773	1,421,476
Loss on disposal of capital assets	-	1,257,702	901,237
Proceeds on disposal of capital assets	-	170,903	86,553
	<u>(1,775,000)</u>	<u>917,661</u>	<u>79,233</u>
Change in prepaid expenses	-	4,760	(7,830)
Change in inventories of supplies	-	32,685	(3,368)
	-	<u>37,445</u>	<u>(11,198)</u>
Increase in net financial assets	1,393,200	1,297,646	1,256,582
Net financial assets, beginning of the year	7,171,378	7,171,378	5,914,796
Net financial assets, end of the year	\$ 8,564,578	\$ 8,469,024	\$ 7,171,378

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

For the year ended December 31	2017	2016
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 342,540	\$ 1,188,547
Items not involving cash		
Solid waste landfill closure and post-closure liabilities	(45,682)	18,249
Amortization	1,491,773	1,421,476
Deferred revenue recognized	(309,925)	(319,832)
Change in prepaid expenses	4,760	(7,830)
Inventory of supplies	32,685	(3,368)
Loss on disposal of capital assets	1,257,702	901,237
	<u>2,773,853</u>	<u>3,198,479</u>
Changes in non-cash working capital balances		
Taxes receivable	31,156	(26,170)
Trade and other receivables	(1,304,004)	(211,030)
Inventory held for resale	2,226	10,450
Accounts payable and accrued liabilities	352,823	54,383
Deferred revenue received	342,327	317,087
	<u>(575,472)</u>	<u>144,720</u>
	<u>2,198,381</u>	<u>3,343,199</u>
Capital transactions		
Acquisition of capital assets	(2,002,717)	(2,330,033)
Proceeds on disposition of capital assets	170,903	86,553
	<u>(1,831,814)</u>	<u>(2,243,480)</u>
Investing activities		
Long-term receivables	25,456	20,618
Financing activities		
Repayment of long-term liabilities	(238,338)	(258,803)
Net change in cash	153,685	861,534
Cash, beginning of the year	<u>9,162,533</u>	<u>8,300,999</u>
Cash, end of the year	\$ 9,316,218	\$ 9,162,533

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

December 31, 2017

Management Responsibility	<p>The management of the Corporation of the Township of Georgian Bluffs has prepared and is responsible for the integrity, objectivity and accuracy of the financial information presented in these consolidated financial statements. The Council reviews and approves the consolidated financial statements.</p>				
Basis of Accounting	<p>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.</p> <p>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.</p>				
Basis of Consolidation	<p>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.</p> <p>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:</p> <table><tr><td>Inter-Township Fire Department</td><td>75%</td></tr><tr><td>Georgian Bluffs Chatsworth Biodigester</td><td>50%</td></tr></table>	Inter-Township Fire Department	75%	Georgian Bluffs Chatsworth Biodigester	50%
Inter-Township Fire Department	75%				
Georgian Bluffs Chatsworth Biodigester	50%				
Inventory Held for Resale	<p>Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the first-in first-out basis.</p>				

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

December 31, 2017

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

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 management. 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.

Solid Waste Landfill Post-Closure Costs Site closure and post-closure care costs were 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 township. The landfill is now in the post-closure phase.

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

December 31, 2017

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.
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.
County and School Board	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.
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. Estimates are used when accounting for items such as accrued grant receivables, useful lives of capital assets, accrued liabilities, solid waste landfill closure and post-closure costs and taxation revenue. 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.

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

December 31, 2017

Revenue Recognition

Revenues are recognized as follows:

- a) 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. 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. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.
 - b) Fines and donations are recognized when collected.
 - c) Fees, user charges and other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.
 - d) 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.
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**The Corporation of the Township of Georgian Bluffs
Notes to Financial Statements**

December 31, 2017

1. Cash

	2017	2016
General funds	\$ 9,219,849	\$ 8,984,145
Obligatory reserve funds	96,369	97,976
Restricted developer deposits	-	80,412
	\$ 9,316,218	\$ 9,162,533

On December 31, 2017, the municipality had deposits of \$3,159,418 in a Canadian Chartered bank, earning interest at a rate of prime less 1.9% and \$5,840,279 in a separate Canadian Chartered bank, earning interest at a rate of prime less 1.7%. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor.

The Township has undrawn operating credit of \$500,000 for operating purposes and \$2,000,000 for capital expenditure purposes. Interest is calculated at prime rate less 0.5%.

2. Long-Term Receivables

	2017	2016
Due from ratepayers - Shallow Lake Water Capital Connections, 8.36%, due 2017	\$ -	\$ 12,169
Due from ratepayers - East Linton Water Capital Connections, 7%, due 2020	8,588	13,802
Due from ratepayers - Other Water Capital Connections, no set terms of repayment	11,135	16,415
Due from ratepayers - Gateway Water Capital Connections, 7%, due 2023	21,379	24,172
Due from Keady Community Centre, non-interest bearing, no set terms of repayment	2,500	2,500
	\$ 43,602	\$ 69,058

Long-term receivables are recorded at cost.

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

December 31, 2017

3. Solid Waste Landfill Post-Closure Liabilities

The landfill was closed June 2017. The liability for the landfill site is recorded at \$256,099 (2016 - \$301,781) and represents the present value of post-closure costs for the closed site, using the Government of Canada's average long-term borrowing rate of 2.5%. Post closure costs include removal of ground water and leachates and ongoing environmental monitoring, site inspection and maintenance. The total estimated future expenditures for post-closure care are \$256,099 leaving an amount to be recognized of \$Nil. Post-closure care is estimated to continue for a period of 25 years.

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

December 31, 2017

4. Long-Term Liabilities

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

	2017	2016
Demand loan, Canadian Imperial Bank of Commerce, interest at prime minus 0.50%, annual interest payments only	\$ 639,972	\$ 719,976
Demand loan, Canadian Imperial Bank of Commerce, interest at prime minus 0.50%, annual interest payments only	433,333	476,667
Demand loan, Canadian Imperial Bank of Commerce, interest at prime minus 0.50%, payable in monthly principal payments of \$5,000 plus interest	450,000	510,000
Demand loan, Canadian Imperial Bank of Commerce, interest at prime minus 0.50%, payable in monthly principal payments of \$4,583 plus interest	435,417	490,417
	\$ 1,958,722	\$ 2,197,060

The interest, relating to the above long-term debt, expensed and paid during the year was \$56,175.

In the absence of demand for repayment, required principal payments for the next 5 fiscal years and thereafter are as follows:

2018	\$	238,337
2019		238,337
2020		238,337
2021		238,337
2022		238,337
Thereafter		767,037
	\$	1,958,722

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

December 31

5. Tangible Capital Assets

								2017
	Land	Land Improvements	Buildings	Equipment	Vehicles and Machinery	Transportation Infrastructure	Water and Sewer Infrastructure	Total
Cost, beginning of the year	\$ 3,989,031	\$ 983,798	\$ 8,617,524	\$ 535,331	\$ 6,062,866	\$ 44,714,164	\$ 19,282,391	\$ 84,185,105
Additions	-	2,950	156,183	50,223	635,144	1,108,048	50,169	2,002,717
Disposals	-	-	(13,974)	-	(564,465)	(1,473,222)	-	(2,051,661)
Cost, end of the year	3,989,031	986,748	8,759,733	585,554	6,133,545	44,348,990	19,332,560	84,136,161
Accumulated amortization, beginning of the year	-	270,035	3,531,857	242,637	2,465,425	12,503,490	7,800,837	26,814,281
Amortization	-	67,049	164,653	55,024	343,159	491,719	370,169	1,491,773
Disposals	-	-	(5,289)	-	(225,831)	(391,936)	-	(623,056)
Accumulated amortization, end of the year	-	337,084	3,691,221	297,661	2,582,753	12,603,273	8,171,006	27,682,998
Net carrying amount, end of the year	\$ 3,989,031	\$ 649,664	\$ 5,068,512	\$ 287,893	\$ 3,550,792	\$ 31,745,717	\$ 11,161,554	\$ 56,453,163

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

December 31

5. Tangible Capital Assets - (continued)

								2016
	Land	Land Improvements	Buildings	Equipment	Vehicles and Machinery	Transportation Infrastructure	Water and Sewer Infrastructure	Total
Cost, beginning of the year	\$ 3,989,031	\$ 952,502	\$ 7,753,818	\$ 535,331	\$ 6,493,026	\$45,144,552	\$19,188,695	\$ 84,056,955
Additions	-	31,296	865,407	-	392,993	946,641	93,696	2,330,033
Disposals	-	-	(1,701)	-	(823,153)	(1,377,029)	-	(2,201,883)
Cost, end of the year	3,989,031	983,798	8,617,524	535,331	6,062,866	44,714,164	19,282,391	84,185,105
Accumulated amortization, beginning of the year	-	231,965	3,196,066	238,357	2,945,742	12,458,540	7,536,228	26,606,898
Amortization	-	38,070	336,196	4,280	317,730	460,591	264,609	1,421,476
Disposals	-	-	(405)	-	(798,047)	(415,641)	-	(1,214,093)
Accumulated amortization, end of the year	-	270,035	3,531,857	242,637	2,465,425	12,503,490	7,800,837	26,814,281
Net carrying amount, end of the year	\$ 3,989,031	\$ 713,763	\$ 5,085,667	\$ 292,694	\$ 3,597,441	\$32,210,674	\$11,481,554	\$ 57,370,824

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

December 31, 2017

5. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction is \$178,008 (2016 - \$49,722).

During the year, \$Nil (2016 - \$Nil) in contributed land, equipment and transportation infrastructure was recognized in the financial statements.

6. Accumulated Surplus

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

	2017	2016
Invested in tangible capital assets		
Tangible capital assets	\$ 56,453,163	\$ 57,370,824
Capital assets financed by long-term liabilities and to be funded in future years	(1,525,389)	(1,720,393)
Total invested in capital assets	54,927,774	55,650,431
Unfunded contribution	(433,333)	(476,667)
Unfunded solid waste closure and post-closure costs	(256,099)	(301,781)
Street lights	(32,993)	(31,373)
Cemeteries	-	16,756
Recreation, community centres and arenas	-	18,043
Biodigester	(24,044)	(15,839)
Water	(205,497)	(173,332)
	53,975,808	54,686,238
Reserves and reserve funds (Note 7)	11,083,031	10,030,061
Accumulated surplus	\$ 65,058,839	\$ 64,716,299

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

December 31, 2017

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

	<u>2017</u>	<u>2016</u>
Reserves		
Working funds	\$ 2,048,767	\$ 1,834,295
Current purposes	282,538	257,132
Capital purposes	<u>6,005,914</u>	<u>5,686,209</u>
	<u>8,337,219</u>	<u>7,777,636</u>
Reserve funds		
Other	1,064	1,054
Current purposes	718,711	506,861
Capital purposes	<u>2,026,037</u>	<u>1,744,510</u>
	<u>2,745,812</u>	<u>2,252,425</u>
Reserves and reserve funds set aside for specific purpose by Council	<u>\$11,083,031</u>	<u>\$ 10,030,061</u>

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

December 31, 2017

8. Budgets

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations and accumulated surplus and changes in net financial assets for comparative purposes. The 2017 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 accumulated surplus and changes in net financial assets. The following is a reconciliation of the budget approved by Council.

	<u>2017</u>	<u>2017</u>	<u>2016</u>
	Budget	Actual	Actual
Annual surplus (Page 5)	\$ 3,168,200	\$ 342,540	\$ 1,188,547
Amortization	-	1,491,773	1,421,476
Change in unfunded liabilities	-	(45,682)	18,249
Change in other surpluses	-	76,789	(936)
	<u>3,168,200</u>	<u>1,865,420</u>	<u>2,627,336</u>
Net transfers to reserves	(1,154,700)	(1,052,970)	(1,026,290)
Capital acquisitions, disposals and write-down	(1,775,000)	(574,112)	(1,342,243)
Debt principal repayments	(238,500)	(238,338)	(258,803)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

December 31, 2017

9. Government Transfers

	2017	2017	2016
	Budget	Actual	Actual
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 822,800	\$ 831,660	\$ 822,800
Conditional - Roads	25,000	25,815	30,643
- Sewer and water	-	8,509	-
- Other	115,373	138,025	140,634
	963,173	1,004,009	994,077
Government of Canada - Other	-	7,602	11,389
Other Municipal - Other	-	2,328	2,049
Total operating transfers	963,173	1,013,939	1,007,515
Capital			
Province of Ontario			
Conditional - Roads	97,132	97,132	46,955
- Sewer and water	-	21,793	-
	97,132	118,925	46,955
Government of Canada			
Conditional - Roads	316,000	301,039	318,826
Total capital transfers	413,132	419,964	365,781
Total government transfers	\$ 1,376,305	\$ 1,433,903	\$ 1,373,296

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

December 31, 2017

10. Other Income

	2017 Budget	2017 Actual	2016 Actual
Penalties and interest on taxation	\$ 210,000	\$ 208,834	\$ 222,130
Other fines and penalties	20,500	52,637	42,753
Investment income	42,350	109,255	85,264
Licenses, permits and rents	244,000	349,507	264,243
Donations	10,000	23,685	44,946
Prepaid special charges	-	81,719	(62,795)
Other	11,500	230,621	68,375
	\$ 538,350	\$ 1,056,258	\$ 664,916

11. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 43 members of its staff and councilors. 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 2017 by the Township of Georgian Bluffs was \$176,866 (2016 - \$163,056). The contribution rate for 2017 was 9% to 15.8% depending on age and income level (2016 - 9% 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 municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2017. At that time the plan reported a \$5.4 billion actuarial deficit (2016 - \$5.72 billion actuarial deficit), based on actuarial liabilities of \$93.6 billion (2016 - \$86.96 billion), and actuarial assets of \$88.2 billion (2016 - \$81.2 billion). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in the financial markets may lead to increased future funding requirements.

12. Contractual Commitments

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

2018	\$ 1,241,923
2019	\$ 1,253,714
2020	\$ 1,156,370

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

December 31, 2017

13. 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.

14. 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>2017</u>	<u>2016</u>
Financial assets	\$ 1,060,078	\$ 1,157,901
Liabilities	<u>105,844</u>	<u>144,951</u>
Net financial assets	954,234	1,012,950
Non-financial assets	<u>1,496,354</u>	<u>1,324,410</u>
Accumulated surplus	<u>\$ 2,450,588</u>	<u>\$ 2,337,360</u>
Revenues	\$ 948,437	\$ 999,537
Expenses	<u>835,209</u>	<u>811,287</u>
Annual surplus	<u>\$ 113,228</u>	<u>\$ 188,250</u>

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

December 31, 2017

14. Government Partnership - (continued)

Georgian Bluffs Chatsworth Biodigester

The Georgian Bluffs Chatsworth Biodigester 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:

	2017	2016
Financial assets	\$ 718,028	\$ 946,498
Liabilities	288,140	500,200
Net financial assets	429,888	446,298
Non-financial assets	3,178,337	3,321,886
Accumulated surplus	\$ 3,608,225	\$ 3,768,184
Revenues	\$ 391,503	\$ 584,865
Expenses	551,462	636,376
Annual deficit	\$ (159,959)	\$ (51,511)

15. 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:

	2017	2016
School boards	\$ 3,987,312	\$ 4,298,324
County of Grey	6,068,726	5,947,595
	\$ 10,056,038	\$ 10,245,919

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

December 31, 2017

16. Trust Funds

The trust funds administered by the Township amounting to \$445,275 (2016 - \$427,659) 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, 2017, the trusts fund balances are as follows:

	<u>2017</u>		<u>2016</u>
Cemetery Care and Maintenance Funds	\$ 432,886	\$	410,841
Shallow Lake Village Improvement Fund	5,405		10,048
Hillis Beautification Project	6,984		6,770
	<u>\$ 445,275</u>	\$	<u>427,659</u>

17. Comparative Amounts

The comparative amounts have been reclassified to conform with current year presentation.

The Corporation of the Township of Georgian Bluffs

Notes to Financial Statements

December 31, 2017

18. 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 Wiarton Keppel International Airport.

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.

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

December 31, 2017

18. Segmented Information - (continued)

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:

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

**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	2017 Total
Revenue								
Taxation	\$ 1,172,155	\$ 2,434,472	\$ 3,967,288	\$ 540,994	\$ -	\$ 901,656	\$ -	\$ 9,016,565
Fees and user charges	28,741	9,465	361,383	1,656,136	68,304	205,543	69,207	2,398,779
Specific grants	-	19,603	423,986	104,461	30,302	18,873	5,018	602,243
OMPF grant	108,116	224,548	365,930	49,900	-	83,166	-	831,660
Other revenue	363,652	73,164	(901,302)	(167,693)	830	29,476	211,358	(390,515)
	<u>1,672,664</u>	<u>2,761,252</u>	<u>4,217,285</u>	<u>2,183,798</u>	<u>99,436</u>	<u>1,238,714</u>	<u>285,583</u>	<u>12,458,732</u>
Expenses								
Salaries and benefits	805,752	623,830	1,191,556	62,186	176	264,976	89,196	3,037,672
Interest on debt	-	-	28,805	18,385	-	12,292	-	59,482
Materials and supplies	780,486	231,013	1,511,287	815,257	37,539	392,659	516,165	4,284,406
Contracted services	11,662	1,583,060	84	961,989	8,591	321,070	-	2,886,456
Other transfers	-	223,745	-	131,279	(4,371)	5,750	-	356,403
Amortization	61,201	89,149	745,457	465,549	204	130,213	-	1,491,773
	<u>1,659,101</u>	<u>2,750,797</u>	<u>3,477,189</u>	<u>2,454,645</u>	<u>42,139</u>	<u>1,126,960</u>	<u>605,361</u>	<u>12,116,192</u>
Annual surplus (deficit)	\$ 13,563	\$ 10,455	\$ 740,096	\$ (270,847)	\$ 57,297	\$ 111,754	\$ (319,778)	\$ 342,540

**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	2016 Total
Revenue								
Taxation	\$ 1,753,002	\$ 2,191,251	\$ 3,243,052	\$ 613,550	\$ -	\$ 876,500	\$ 87,650	\$ 8,765,005
Fees and user charges	14,977	20,750	133,952	1,582,174	52,669	187,481	40,470	2,032,473
Specific grants	-	25,156	396,424	106,035	-	18,873	4,008	550,496
OMPF grant	164,560	205,700	304,436	57,596	-	82,280	8,228	822,800
Other revenue	354,121	44,114	(801,606)	(855)	5,295	11,468	151,142	(236,321)
	<u>2,286,660</u>	<u>2,486,971</u>	<u>3,276,258</u>	<u>2,358,500</u>	<u>57,964</u>	<u>1,176,602</u>	<u>291,498</u>	<u>11,934,453</u>
Expenses								
Salaries and benefits	875,697	563,758	978,333	122,745	2,317	246,015	76,954	2,865,819
Interest on debt	-	-	31,188	20,855	-	13,498	-	65,541
Materials and supplies	632,185	248,436	1,434,012	575,529	44,409	302,639	32,588	3,269,798
Contracted services	8,778	1,548,473	87,372	856,059	9,869	307,756	-	2,818,307
Other transfers	-	156,861	-	135,194	-	12,910	-	304,965
Amortization	54,938	83,417	683,347	474,954	4,114	120,706	-	1,421,476
	<u>1,571,598</u>	<u>2,600,945</u>	<u>3,214,252</u>	<u>2,185,336</u>	<u>60,709</u>	<u>1,003,524</u>	<u>109,542</u>	<u>10,745,906</u>
Annual surplus (deficit)	\$ 715,062	\$ (113,974)	\$ 62,006	\$ 173,164	\$ (2,745)	\$ 173,078	\$ 181,956	\$ 1,188,547

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

For the year ended December 31, 2017

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Recreational land	\$ 48,161	\$ 6,500	\$ 444	\$ -	\$ 55,105
Federal gas tax funding	47,304	321,914	459	(301,039)	68,638
	95,465	328,414	903	(301,039)	123,743
Other					
Provincial grant	67,713	2,010	-	(8,886)	60,837
Other	-	11,000	-	-	11,000
	\$ 163,178	\$ 341,424	\$ 903	\$ (309,925)	\$ 195,580

**The Corporation of the
Township of Georgian Bluffs
Trust Funds
Financial Information
For the year ended December 31, 2017**

The Corporation of the Township of Georgian Bluffs
Financial Information
For the year ended December 31, 2017

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The Corporation of the Township of Georgian Bluffs Trust Funds

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Independent Auditor's Report

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, 2017, 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, 2017 and the statement of continuity for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
June 25, 2018

The Corporation of the Township of Georgian Bluffs
Statement of Financial Position
Trust Funds

December 31, 2017

Assets	Total	Shallow Lake Village Improvement Fund	Hillis Bequest Beautification Project	Oxenden Cemetery Perpetual Care	Boyd Cemetery Perpetual Care	Mount Pleasant Cemetery Perpetual Care
Cash	\$ 65,631	\$ 5,405	\$ 83	\$ 4,674	\$ 23,848	\$ 31,621
Investments, at cost	366,635	-	6,901	61,445	79,459	218,830
Due from general account	29,496	-	-	1,462	-	28,034
	\$ 461,762	\$ 5,405	\$ 6,984	\$ 67,581	\$ 103,307	\$ 278,485
Liabilities						
Due to general account	\$ 16,487	\$ -	\$ -	\$ -	\$ 16,487	\$ -
Fund balance	445,275	5,405	6,984	67,581	86,820	278,485
	\$ 461,762	5,405	\$ 6,984	\$ 67,581	\$ 103,307	\$ 278,485

The Corporation of the Township of Georgian Bluffs
Statement of Continuity
Trust Funds

For the year ended December 31, 2017

	Total	Shallow Lake Village Improvement Fund	Hillis Bequest Beautification Project	Oxenden Cemetery Perpetual Care	Boyd Cemetery Perpetual Care	Mount Pleasant Cemetery Perpetual Care
Balance, beginning of the year	\$ 427,659	\$ 10,048	\$ 6,770	\$ 66,351	\$ 84,590	\$ 259,900
Receipts						
Interest	8,259	-	214	923	2,382	4,740
Plot sales	22,045	-	-	1,230	2,230	18,585
	30,304	-	214	2,153	4,612	23,325
Expenditures						
Bank service charge and supplies	4,643	4,643	-	-	-	-
Transfer to local board	2,382	-	-	-	2,382	-
Transfer to municipality	5,663	-	-	923	-	4,740
	12,688	4,643	-	923	2,382	4,740
Balance, end of the year	\$ 445,275	\$ 5,405	\$ 6,984	\$ 67,581	\$ 86,820	\$ 278,485

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

December 31, 2017

1. Summary of Significant Accounting Policies

Management Responsibility The management of the Corporation of the Township of Georgian Bluffs has prepared and is responsible for the integrity, objectivity and accuracy of this financial information. The Council reviews and approves the financial information.

Basis of Accounting The financial information has been prepared by management 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.

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

Use of Estimates The preparation of financial information 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 information, 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.

2. Investments

The investments of \$366,635 reported on the balance sheet at cost have a market value of \$366,635 at the end of the year.
