

**The Corporation of the  
Township of Georgian Bluffs  
Financial Information  
For the year ended December 31, 2018**

**The Corporation of the Township of Georgian Bluffs  
Financial Information  
For the year ended December 31, 2018**

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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

#### Opinion

We have audited the consolidated financial statements of the Township of Georgian Bluffs (the Township), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of operations and accumulated surplus, the consolidated statement of changes in net financial assets and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2018, and its consolidated results of operations, its consolidated changes in net financial assets, and its consolidated cash flows 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 Consolidated Financial Statements* section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Township'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 Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township'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 Township'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 Township'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 Township 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 Township to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Township 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.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario  
May 22, 2019

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

<b>December 31</b>	<b>2018</b>	<b>2017</b>
<b>Financial assets</b>		
Cash (Note 1)	\$ 13,031,794	\$ 9,316,218
Taxes receivable	844,226	1,015,774
Trade and other receivables	1,033,403	2,505,030
Long-term receivables (Note 2)	35,588	43,602
Inventories held for resale	3,937	3,407
	<u>14,948,948</u>	<u>12,884,031</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,893,655	2,004,606
Solid waste landfill post-closure liabilities (Note 3)	248,601	256,099
Deferred revenue (Page 28)	236,179	195,580
Long-term liabilities (Note 5)	1,720,385	1,958,722
	<u>4,098,820</u>	<u>4,415,007</u>
<b>Net financial assets</b>	<u>10,850,128</u>	<u>8,469,024</u>
<b>Non-financial assets</b>		
Inventory of supplies	119,901	120,431
Prepaid expenses	24,814	16,221
Tangible capital assets (Note 6)	52,520,319	56,453,163
	<u>52,665,034</u>	<u>56,589,815</u>
<b>Accumulated surplus (Note 8)</b>	<u>\$ 63,515,162</u>	<u>\$ 65,058,839</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>2018</b>	<b>2018</b>	<b>2017</b>
	Budget (Note 10)	Actual	Actual
<b>Revenue</b>			
Taxation	\$ 9,137,877	\$ 9,366,388	\$ 9,016,565
Fees and user charges	1,657,500	2,312,492	2,209,708
Government transfers (Note 11)	1,450,873	1,601,810	1,433,903
Other income (Note 12)	573,200	870,401	1,056,258
Contributed capital assets	-	2,274,158	-
Loss on disposal of capital assets	-	(62,915)	(1,257,702)
	<u>12,819,450</u>	<u>16,362,334</u>	<u>12,458,732</u>
<b>Expenses</b>			
General government	1,762,250	1,644,201	1,659,101
Protection services	2,733,000	2,761,206	2,750,797
Transportation services	2,654,950	3,789,320	3,477,189
Transportation - amortization adjustment (Note 7)	-	6,151,000	-
Environmental services	1,409,000	2,293,236	2,454,645
Health services	44,500	40,403	42,139
Recreation and cultural services	1,007,500	1,131,474	1,126,960
Planning and development	106,250	95,171	605,361
	<u>9,717,450</u>	<u>17,906,011</u>	<u>12,116,192</u>
<b>Annual surplus (deficit) (Note 10)</b>	3,102,000	(1,543,677)	342,540
<b>Accumulated surplus, beginning of the year</b>	65,058,839	65,058,839	64,716,299
<b>Accumulated surplus, end of the year</b>	<u>\$ 68,160,839</u>	<u>\$ 63,515,162</u>	<u>\$ 65,058,839</u>

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

<b>For the year ended December 31</b>	2018 Budget (Note 10)	2018 Actual	2017 Actual
<b>Annual surplus (Page 5)</b>	\$ 3,102,000	\$ (1,543,677)	\$ 342,540
Acquisition of tangible capital assets	(1,727,000)	(3,927,156)	(2,002,717)
Amortization of tangible capital assets	-	7,775,866	1,491,773
Loss on disposal of capital assets	-	62,915	1,257,702
Proceeds on disposal of capital assets	-	21,219	170,903
	(1,727,000)	3,932,844	917,661
Change in prepaid expenses	-	(8,593)	4,760
Change in inventories of supplies	-	530	32,685
	-	(8,063)	37,445
<b>Increase in net financial assets</b>	1,375,000	2,381,104	1,297,646
<b>Net financial assets, beginning of the year</b>	8,469,024	8,469,024	7,171,378
<b>Net financial assets, end of the year</b>	\$ 9,844,024	\$ 10,850,128	\$ 8,469,024

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

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus	\$ (1,543,677)	\$ 342,540
Items not involving cash		
Solid waste landfill closure and post-closure liabilities	(7,498)	(45,682)
Amortization	7,775,866	1,491,773
Contributed capital assets	(2,274,158)	-
Deferred revenue recognized	(342,648)	(309,925)
Change in prepaid expenses	(8,593)	4,760
Inventory of supplies	530	32,685
Loss on disposal of capital assets	62,915	1,257,702
	<u>3,662,737</u>	<u>2,773,853</u>
<b>Changes in non-cash working capital balances</b>		
Taxes receivable	171,548	31,156
Trade and other receivables	1,471,627	(1,304,004)
Inventory held for resale	(530)	2,226
Accounts payable and accrued liabilities	(110,951)	352,823
Deferred revenue received	383,247	342,327
	<u>1,914,941</u>	<u>(575,472)</u>
	<u>5,577,678</u>	<u>2,198,381</u>
<b>Capital transactions</b>		
Acquisition of capital assets	(1,652,998)	(2,002,717)
Proceeds on disposition of capital assets	21,219	170,903
	<u>(1,631,779)</u>	<u>(1,831,814)</u>
<b>Investing activities</b>		
Long-term receivables	8,014	25,456
<b>Financing activities</b>		
Repayment of long-term liabilities	(238,337)	(238,338)
<b>Net change in cash</b>	<b>3,715,576</b>	<b>153,685</b>
<b>Cash, beginning of the year</b>	<b>9,316,218</b>	<b>9,162,533</b>
<b>Cash, end of the year</b>	<b>\$ 13,031,794</b>	<b>\$ 9,316,218</b>

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

December 31, 2018

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### **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 the financial information presented in these consolidated financial statements. The 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.

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.

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%
Georgian Bluffs Chatsworth Biodigester	50%

### **Inventory Held for Resale**

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.

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

**December 31, 2018**

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**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 80 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.

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

December 31, 2018

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<b>Trust Funds</b>	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.
<b>Liability for Contaminated Sites</b>	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.
<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>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 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.

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

December 31, 2018

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### 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, 2018**

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**1. Cash**

	2018	2017
General funds	\$ 12,906,042	\$ 9,219,849
Obligatory reserve funds	125,752	96,369
	\$ 13,031,794	\$ 9,316,218

On December 31, 2018, the municipality had deposits of \$3,983,614 in a Canadian Chartered bank, earning interest at a rate of prime less 1.9% and \$8,529,004 in a separate Canadian Chartered bank, earning interest at a rate of prime less 0.5%. 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%.

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**2. Long-Term Receivables**

	2018	2017
Due from ratepayers - East Linton Water Capital Connections, 7%, due 2020	\$ 6,063	\$ 8,588
Due from ratepayers - Other Water Capital Connections, no set terms of repayment	11,135	11,135
Due from ratepayers - Gateway Water Capital Connections, 7%, due 2023	18,390	21,379
Due from Keady Community Centre, non-interest bearing, no set terms of repayment	-	2,500
	\$ 35,588	\$ 43,602

Long-term receivables are recorded at cost.

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

December 31, 2018

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### 3. Solid Waste Landfill Post-Closure Liabilities

The landfill was closed June 2017. The liability for the landfill site is recorded at \$248,601 (2017 - \$256,099) 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 \$248,601 leaving an amount to be recognized of \$Nil. Post-closure care is estimated to continue for a period of 24 years.

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### 4. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 41 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 2018 by the Township of Georgian Bluffs was \$201,811 (2017 - \$176,866). The contribution rate for 2018 was 9% to 15.8% depending on age and income level (2017 - 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, 2018. At that time the plan reported a \$4.19 billion actuarial deficit (2017 - \$5.4 billion actuarial deficit), based on actuarial liabilities of \$99.06 billion (2017 - \$93.61 billion), and actuarial assets of \$94.87 billion (2017 - \$88.21 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.

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

**December 31, 2018**

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**5. Long-Term Liabilities**

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

	2018	2017
Demand loan, Canadian Imperial Bank of Commerce, interest at prime minus 0.50%, annual interest payments only	\$ 559,968	\$ 639,972
Demand loan, Canadian Imperial Bank of Commerce, interest at prime minus 0.50%, annual interest payments only	390,000	433,333
Demand loan, Canadian Imperial Bank of Commerce, interest at prime minus 0.50%, payable in monthly principal payments of \$5,000 plus interest	390,000	450,000
Demand loan, Canadian Imperial Bank of Commerce, interest at prime minus 0.50%, payable in monthly principal payments of \$4,583 plus interest	380,417	435,417
	<b>\$ 1,720,385</b>	<b>\$ 1,958,722</b>

The interest, relating to the above long-term debt, expensed and paid during the year was \$57,241.

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

2019	\$	238,337
2020		238,337
2021		238,337
2022		238,337
2023		238,337
Thereafter		528,700
	<b>\$</b>	<b>1,720,385</b>

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

**December 31**

**6. Tangible Capital Assets**

								<b>2018</b>
	Land	Land Improvements	Buildings	Equipment	Vehicles and Machinery	Transportation Infrastructure	Water and Sewer Infrastructure	Total
Cost, beginning 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
Additions	-	17,969	204,408	-	164,224	3,258,287	282,268	3,927,156
Disposals	(4,656)	-	-	-	(112,904)	(488,931)	-	(606,491)
Cost, end of the year	3,984,375	1,004,717	8,964,141	585,554	6,184,865	47,118,346	19,614,828	87,456,826
Accumulated amortization, beginning of the year	-	337,084	3,691,221	297,661	2,582,753	12,603,273	8,171,006	27,682,998
Amortization	-	35,541	181,404	36,492	324,247	6,833,714	364,468	7,775,866
Disposals	-	-	-	-	(106,429)	(415,928)	-	(522,357)
Accumulated amortization, end of the year	-	372,625	3,872,625	334,153	2,800,571	19,021,059	8,535,474	34,936,507
Net carrying amount, end of the year	\$ 3,984,375	\$ 632,092	\$ 5,091,516	\$ 251,401	\$ 3,384,294	\$ 28,097,287	\$ 11,079,354	\$ 52,520,319

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

**December 31**

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

								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

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

**December 31, 2018**

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

The net book value of tangible capital assets not being amortized because they are under construction is \$324,316 (2017 - \$178,008).

During the year, \$2,274,158 (2017 - \$Nil) in contributed land, equipment and transportation infrastructure was recognized in the financial statements.

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**7. Change in Accounting Estimate**

During the year, the Corporation of the Township of Georgian Bluffs reviewed the estimated useful life of its roads compared to the age of roads recently reconstructed and found that roads will need to be replaced sooner than was previously anticipated. As a result, the Township of Georgian Bluffs has reduced the remaining useful life of the roads from 100 years for all types of roads to the following:

Road base	50 years
Paved or asphalt road surface	20 years
Surface treated road surface	10 years
Gravel road	50 years
Concrete road surface	20 years

This change in policy has been applied prospectively as a change in accounting estimate and has resulted in an increase in amortization in the current year of approximately \$6,151,000.

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

**December 31, 2018**

**8. Accumulated Surplus**

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

	2018	2017
Invested in tangible capital assets		
Tangible capital assets	\$ 52,520,319	\$ 56,453,163
Capital assets financed by long-term liabilities and to be funded in future years	(1,330,385)	(1,525,389)
Total invested in capital assets	51,189,934	54,927,774
Unfunded contribution	(390,000)	(433,333)
Unfunded solid waste closure and post-closure costs	(248,601)	(256,099)
Street lights	(17,979)	(32,993)
Biodigester	8,481	(24,044)
Water	(472,395)	(205,497)
	50,069,440	53,975,808
Reserves and reserve funds (Note 9)	13,445,722	11,083,031
Accumulated surplus	\$ 63,515,162	\$ 65,058,839

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

	2018	2017
<b>Reserves</b>		
Working funds	\$ 2,725,216	\$ 2,048,767
Current purposes	232,339	282,538
Capital purposes	7,152,157	6,005,914
	10,109,712	8,337,219
<b>Reserve funds</b>		
Other	1,084	1,064
Current purposes	998,591	718,711
Capital purposes	2,336,335	2,026,037
	3,336,010	2,745,812
Reserves and reserve funds set aside for specific purpose by Council	\$ 13,445,722	\$ 11,083,031

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

December 31, 2018

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### 10. 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 2018 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.

	2018 Budget	2018 Actual	2017 Actual
Annual surplus (deficit) (Page 5)	\$ 3,102,000	\$ (1,543,677)	\$ 342,540
Amortization	-	7,775,866	1,491,773
Change in unfunded liabilities	-	(7,498)	(45,682)
Change in other surpluses	-	219,359	76,789
	3,102,000	6,444,050	1,865,420
Net transfers to reserves	(1,136,500)	(2,362,691)	(1,052,970)
Capital acquisitions, disposals and write-down	(1,727,000)	(3,843,022)	(574,112)
Debt principal repayments	(238,500)	(238,337)	(238,338)
	\$ -	\$ -	\$ -

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

**December 31, 2018**

**11. Government Transfers**

	2018 Budget	2018 Actual	2017 Actual
<b>Operating</b>			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 834,500	\$ 834,500	\$ 831,660
Conditional - Roads	25,000	29,526	25,815
- Sewer and water	-	-	8,509
- Other	121,873	191,258	138,025
	981,373	1,055,284	1,004,009
Government of Canada - Other	-	-	7,602
Other Municipal - Other	-	7,553	2,328
<b>Total operating transfers</b>	<b>981,373</b>	<b>1,062,837</b>	<b>1,013,939</b>
<b>Capital</b>			
Province of Ontario			
Conditional - Roads	138,500	138,511	97,132
- Sewer and water	-	34,585	21,793
	138,500	173,096	118,925
Government of Canada			
Conditional - Roads	331,000	331,377	301,039
- Other	-	34,500	-
	331,000	365,877	301,039
<b>Total capital transfers</b>	<b>469,500</b>	<b>538,973</b>	<b>419,964</b>
<b>Total government transfers</b>	<b>\$ 1,450,873</b>	<b>\$ 1,601,810</b>	<b>\$ 1,433,903</b>

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

**December 31, 2018**

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**12. Other Income**

	2018 Budget	2018 Actual	2017 Actual
Penalties and interest on taxation	\$ 210,000	\$ 196,994	\$ 208,834
Other fines and penalties	21,000	80,332	52,637
Investment income	51,200	210,968	109,255
Licenses, permits and rents	281,000	357,302	349,507
Donations	10,000	17,377	23,685
Prepaid special charges	-	259	81,719
Other	-	7,169	230,621
	\$ 573,200	\$ 870,401	\$ 1,056,258

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**13. 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:

2019	\$ 1,253,714
2020	\$ 1,156,370

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**14. 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, 2018**

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**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:

	2018	2017
School boards	4,000,817	3,987,312
County of Grey	6,075,961	6,068,726
	<b>\$ 10,076,778</b>	<b>\$ 10,056,038</b>

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**16. 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:

	2018	2017
Financial assets	\$ 1,359,194	\$ 1,060,078
Liabilities	140,451	105,844
Net financial assets	1,218,743	954,234
Non-financial assets	1,439,714	1,496,354
Accumulated surplus	<b>\$ 2,658,457</b>	<b>\$ 2,450,588</b>
Revenues	\$ 1,035,275	\$ 948,437
Expenses	827,406	835,209
Annual surplus	<b>\$ 207,869</b>	<b>\$ 113,228</b>

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

**December 31, 2018**

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**16. 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:

	2018	2017
Financial assets	\$ 901,628	\$ 718,028
Liabilities	406,691	288,140
Net financial assets	494,937	429,888
Non-financial assets	3,034,788	3,178,337
Accumulated surplus	\$ 3,529,725	\$ 3,608,225
Revenues	\$ 397,866	\$ 391,503
Expenses	476,366	551,462
Annual deficit	\$ (78,500)	\$ (159,959)

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**17. Trust Funds**

The trust funds administered by the Township amounting to \$457,571 (2017 - \$445,275) 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, 2018, the trusts fund balances are as follows:

	2018	2017
Cemetery Care and Maintenance Funds	\$ 446,229	\$ 432,886
Shallow Lake Village Improvement Fund	4,413	5,405
Hillis Beautification Project	6,929	6,984
	\$ 457,571	\$ 445,275

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

December 31, 2018

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### 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.

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

December 31, 2018

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### 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:

<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**

<b>For the year ended December 31</b>	<b>General Government</b>	<b>Protection Services</b>	<b>Transportation Services</b>	<b>Environmental Services</b>	<b>Health Services</b>	<b>Recreation and Cultural Services</b>	<b>Planning and Development</b>	<b>2018 Total</b>
<b>Revenue</b>								
Taxation	\$ 1,404,957	\$ 2,622,589	\$ 4,027,547	\$ 374,656	\$ -	\$ 936,639	\$ -	\$ 9,366,388
Fees and user charges	15,422	28,044	217,536	1,695,435	50,053	208,067	97,935	2,312,492
Specific grants	-	23,937	538,914	127,630	34,585	18,873	23,371	767,310
OMPF grant	125,175	233,660	358,835	33,380	-	83,450	-	834,500
Other revenue	468,906	66,771	2,262,749	42,934	-	9,520	230,764	3,081,644
	<u>2,014,460</u>	<u>2,975,001</u>	<u>7,405,581</u>	<u>2,274,035</u>	<u>84,638</u>	<u>1,256,549</u>	<u>352,070</u>	<u>16,362,334</u>
<b>Expenses</b>								
Salaries and benefits	906,121	617,840	1,291,037	17,410	236	284,053	93,492	3,210,189
Interest on debt	-	-	29,886	18,671	-	12,803	-	61,360
Materials and supplies	678,611	208,475	1,532,085	393,955	31,295	337,351	1,679	3,183,451
Contracted services	11,107	1,596,420	31,500	1,053,665	14,767	339,713	-	3,047,172
Other transfers	-	248,020	-	368,297	(6,315)	17,971	-	627,973
Amortization	48,362	90,451	7,055,812	441,238	420	139,583	-	7,775,866
	<u>1,644,201</u>	<u>2,761,206</u>	<u>9,940,320</u>	<u>2,293,236</u>	<u>40,403</u>	<u>1,131,474</u>	<u>95,171</u>	<u>17,906,011</u>
<b>Annual surplus (deficit)</b>	<b>\$ 370,259</b>	<b>\$ 213,795</b>	<b>\$ (2,534,739)</b>	<b>\$ (19,201)</b>	<b>\$ 44,235</b>	<b>\$ 125,075</b>	<b>\$ 256,899</b>	<b>\$ (1,543,677)</b>

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

<b>For the year ended December 31</b>	<b>General Government</b>	<b>Protection Services</b>	<b>Transportation Services</b>	<b>Environmental Services</b>	<b>Health Services</b>	<b>Recreation and Cultural Services</b>	<b>Planning and Development</b>	<b>2017 Total</b>
<b>Revenue</b>								
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	1,467,065	68,304	205,543	69,207	2,209,708
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)	21,378	830	29,476	211,358	(201,444)
	<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>
<b>Expenses</b>								
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>
<b>Annual surplus (deficit)</b>	<b>\$ 13,563</b>	<b>\$ 10,455</b>	<b>\$ 740,096</b>	<b>\$ (270,847)</b>	<b>\$ 57,297</b>	<b>\$ 111,754</b>	<b>\$ (319,778)</b>	<b>\$ 342,540</b>

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

**For the year ended December 31, 2018**

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
<b>Obligatory Reserve Funds</b>					
Recreational land	\$ 55,105	\$ 1,000	\$ 942	\$ -	\$ 57,047
Federal gas tax funding	68,638	331,377	1,066	(331,377)	69,704
Main street revitalization	-	46,916	-	-	46,916
	123,743	379,293	2,008	(331,377)	173,667
<b>Other</b>					
Government transfers	60,837	118	-	(271)	60,684
Other	11,000	1,828	-	(11,000)	1,828
	\$ 195,580	\$ 381,239	\$ 2,008	\$ (342,648)	\$ 236,179

**The Corporation of the  
Township of Georgian Bluffs  
Trust Funds  
Financial Information  
For the year ended December 31, 2018**

**The Corporation of the Township of Georgian Bluffs**  
**Financial Information**  
**For the year ended December 31, 2018**

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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

#### Opinion

We have audited the accompanying financial information for the Corporation of the Township of Georgian Bluffs Trust Funds (Trust Funds), which comprise the balance sheet as at December 31, 2018, the statement of continuity for the year then ended, and notes to the financial statements 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, 2018 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.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario  
May 22, 2019

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

December 31, 2018

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	\$ 65,754	\$ 4,413	\$ 83	\$ 4,760	\$ 24,290	\$ 32,208
Investments, at cost	386,107	-	6,846	62,462	79,267	237,532
Due from general account	22,024	-	-	2,764	-	19,260
	<b>\$ 473,885</b>	<b>\$ 4,413</b>	<b>\$ 6,929</b>	<b>\$ 69,986</b>	<b>\$ 103,557</b>	<b>\$ 289,000</b>
<b>Liabilities</b>						
Due to general account	\$ 16,314	\$ -	\$ -	\$ -	\$ 16,314	\$ -
<b>Fund balance</b>	<b>457,571</b>	<b>4,413</b>	<b>6,929</b>	<b>69,986</b>	<b>87,243</b>	<b>289,000</b>
	<b>\$ 473,885</b>	<b>4,413</b>	<b>\$ 6,929</b>	<b>\$ 69,986</b>	<b>\$ 103,557</b>	<b>\$ 289,000</b>

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

**For the year ended December 31, 2018**

	Total	Shallow Lake Village Improvement Fund	Hillis Bequest Beautification Project	Oxenden Cemetery Perpetual Care	Boyd Cemetery Perpetual Care	Mount Pleasant Cemetery Perpetual Care
<b>Balance, beginning of the year</b>	<b>\$ 445,275</b>	\$ 5,405	\$ 6,984	\$ 67,581	\$ 86,820	\$ 278,485
<b>Receipts</b>						
Interest	9,088	-	162	1,103	2,148	5,675
Transfers from local board	217	-	-	-	217	-
Plot sales	13,535	-	-	2,405	615	10,515
	<b>22,840</b>	-	162	3,508	2,980	16,190
<b>Expenditures</b>						
Bank service charge and supplies	992	992	-	-	-	-
Transfer to local board	2,774	-	217	-	2,557	-
Transfer to municipality	6,778	-	-	1,103	-	5,675
	<b>10,544</b>	992	217	1,103	2,557	5,675
<b>Balance, end of the year</b>	<b>\$ 457,571</b>	\$ 4,413	\$ 6,929	\$ 69,986	\$ 87,243	\$ 289,000

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

**December 31, 2018**

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**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.

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.

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**2. Investments**

The investments of \$386,107 reported on the balance sheet at cost have a market value of \$386,107 at the end of the year.

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