

**MUNICIPALITY OF BLUEWATER  
FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**SEEBACH & COMPANY**  
*Chartered Professional Accountants*

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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The accompanying financial statements of Municipality of Bluewater (the "Municipality") are the responsibility of the Municipality's management and have been prepared in accordance with Canadian public sector accounting standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada, as described in Note 1 to the financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded from loss, transactions are properly authorized and recorded, and reliable information is available on a timely basis for preparation of the financial statements. These statements are monitored and evaluated by the Municipality's management. The Municipality's Council meets with management and the external auditor to review the financial statements and discuss and significant financial reporting or internal control matters prior to their approval.

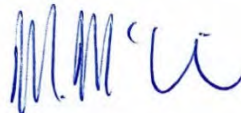
The financial statements have been audited by Seebach & Company, independent external auditors appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's financial statements.

MUNICIPALITY OF BLUEWATER



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Laurie Spence Bannerman  
Chief Administrative Officer



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Maggie McBride  
Manager of Finance / Treasurer

October 7, 2024

## **INDEPENDENT AUDITOR'S REPORT**

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To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Municipality of Bluewater

### *Opinion*

We have audited the accompanying financial statements of the Corporation of the Municipality of Bluewater ("the Municipality"), which are comprised of the consolidated statement of financial position as at December 31, 2023 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

### *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 Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the 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 Financial Statements*

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

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

**INDEPENDENT AUDITOR'S REPORT (continued)**

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 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 Municipality'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 Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial 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 Municipality 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.

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.

*Seebach & Company*

Chartered Professional Accountants  
Licensed Public Accountants

Clinton, Ontario  
October 7, 2024

**MUNICIPALITY OF BLUEWATER**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at December 31	2023	2022 restated (see Note 2)
<b>FINANCIAL ASSETS</b>		
Cash and short-term investments	21,313,788	22,551,451
Taxes receivable	1,000,509	1,047,285
Accounts receivable	5,084,625	5,064,367
Long-term receivables (note 5)	84,838	109,068
	<u>27,483,760</u>	<u>28,772,171</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	4,398,259	5,658,739
Deferred revenue - general (note 7)	885,775	907,183
Deferred revenue - obligatory and non-obligatory reserve funds (note 7)	2,807,114	2,364,780
Municipal debt (note 8)	12,366,184	12,826,102
Asset retirement obligations (note 9)	4,923,978	4,794,937
	<u>25,381,310</u>	<u>26,551,741</u>
<b>NET FINANCIAL ASSETS</b>	<b>\$ 2,102,450</b>	<b>\$ 2,220,430</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets, net (note 10)	77,585,447	71,410,239
Inventory and prepaid expenses	268,249	254,927
	<u>77,853,696</u>	<u>71,665,166</u>
<b>ACCUMULATED SURPLUS (note 12)</b>	<b>\$ 79,956,146</b>	<b>\$ 73,885,596</b>

The accompanying notes are an integral part of this financial statement

**MUNICIPALITY OF BLUEWATER  
CONSOLIDATED STATEMENT OF OPERATIONS**

For the year ended December 31	2023 Budget	2023 Actual	2022 Actual restated (see Note 2)
<b>Revenue</b>			
Taxation for municipal purposes	9,548,238	<b>9,637,949</b>	8,835,160
Taxation for water and sewer charges	950,372	<b>951,015</b>	969,660
User fees, licences, permits, and donations	6,619,192	<b>6,901,689</b>	6,565,864
Government transfers - Canada and Ontario	1,697,456	<b>5,014,956</b>	5,610,843
Government transfers - other municipalities	145,200	<b>173,944</b>	170,027
Investment income	104,219	<b>1,091,116</b>	463,536
Penalties and interest on taxes	130,000	<b>136,917</b>	118,509
Gain (loss) on disposal of tangible capital assets	-	<b>(160,648)</b>	5,097
	<u>19,194,677</u>	<u><b>23,746,938</b></u>	<u>22,738,696</u>
<b>Expenditure</b>			
General government	2,215,649	<b>1,986,595</b>	1,891,908
Protection to persons and property	3,790,952	<b>3,589,539</b>	3,304,494
Transportation services	4,325,713	<b>4,216,506</b>	4,442,215
Environmental services	4,693,153	<b>4,944,426</b>	4,460,432
Health services	36,043	<b>19,633</b>	23,253
Recreation and cultural services	2,744,923	<b>2,567,919</b>	2,457,201
Planning and development	461,951	<b>351,770</b>	259,976
	<u>18,268,384</u>	<u><b>17,676,388</b></u>	<u>16,839,479</u>
<b>Annual surplus (deficit)</b>	<u>926,293</u>	<u><b>6,070,550</b></u>	<u>5,899,217</u>
<b>Accumulated surplus, beginning of year as previously stated</b>	73,885,596	<b>73,885,596</b>	68,759,510
<b>Change in accounting policy (note 2)</b>	-	-	(773,131)
<b>Accumulated surplus, beginning of year restated</b>	<u>73,885,596</u>	<u><b>73,885,596</b></u>	<u>67,986,379</u>
<b>Accumulated surplus, end of year</b>	<u><u>\$ 74,811,889</u></u>	<u><u><b>\$ 79,956,146</b></u></u>	<u><u>\$ 73,885,596</u></u>

The accompanying notes are an integral part of this financial statement

**MUNICIPALITY OF BLUEWATER**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

For the year ended December 31	2023 Budget	2023 Actual	2022 Actual restated (see Note 2)
Annual surplus (deficit)	926,293	<b>6,070,550</b>	5,899,217
Amortization of tangible capital assets	2,306,855	<b>2,282,001</b>	2,331,709
Net acquisition of tangible capital assets	(15,438,457)	<b>(8,617,857)</b>	(11,646,960)
Loss (gain) on sale of tangible capital assets	-	<b>160,648</b>	(5,097)
Decrease (increase) in inventory and prepaid expenses	-	<b>(13,322)</b>	(16,012)
	<u>(12,205,309)</u>	<u><b>(117,980)</b></u>	<u>(3,437,143)</u>
<b>Net financial assets, beginning of year as previously stated</b>		<b>2,220,430</b>	7,537,169
<b>Change in accounting policy (note 2)</b>		<u>                    </u>	<u>(1,879,596)</u>
<b>Net financial assets, beginning of year restated</b>		<u><b>2,220,430</b></u>	<u>5,657,573</u>
<b>Net financial assets, end of year</b>		<u><b>\$ 2,102,450</b></u>	<u><b>\$ 2,220,430</b></u>

The accompanying notes are an integral part of this financial statement

**MUNICIPALITY OF BLUEWATER  
CONSOLIDATED STATEMENT OF CASH FLOW**

For the year ended December 31	2023	2022 restated (see Note 2)
<b>Operating activities</b>		
Annual surplus (deficit)	6,070,550	5,899,217
Amortization expense not requiring cash outlay	2,282,001	2,331,709
Loss (gain) on disposal of tangible capital assets	160,648	(5,097)
Decrease (increase) in taxes receivable	46,776	(35,924)
Decrease (increase) in accounts receivable	(20,258)	(1,953,207)
Increase (decrease) in accounts payable and accrued liabilities	(1,260,480)	2,506,227
Increase (decrease) in deferred revenue - general	(21,408)	17,001
Increase (decrease) in deferred revenue - obligatory and non-obligatory	442,334	(465,825)
Increase (decrease) in asset retirement obligations	129,041	125,587
Decrease (increase) in inventory and prepaid expenses	(13,322)	(16,012)
Cash provided by (used for) operating activities	<u>7,815,882</u>	<u>8,403,676</u>
<b>Capital activities</b>		
Net disposals (purchases) of tangible capital assets	<u>(8,617,857)</u>	<u>(11,646,960)</u>
Cash provided by (used for) capital activities	<u>(8,617,857)</u>	<u>(11,646,960)</u>
<b>Investing activities</b>		
Decrease (increase) in long-term receivables	<u>24,230</u>	<u>22,858</u>
Cash provided by (used for) investing activities	<u>24,230</u>	<u>22,858</u>
<b>Financing activities</b>		
Proceeds from long-term debt issued	-	3,719,998
Principal repayments on long-term debt	(459,918)	(439,625)
Cash provided by (used for) financing activities	<u>(459,918)</u>	<u>3,280,373</u>
<b>Increase (decrease) in cash position</b>	<b>(1,237,663)</b>	<b>59,947</b>
<b>Cash (overdraft) beginning of year</b>	<b><u>22,551,451</u></b>	<b><u>22,491,504</u></b>
<b>Cash (overdraft) end of year</b>	<b><u>\$ 21,313,788</u></b>	<b><u>\$ 22,551,451</u></b>

The accompanying notes are an integral part of this financial statement



**MUNICIPALITY OF BLUEWATER**  
**NOTES TO FINANCIAL STATEMENTS**

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

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**1. Accounting policies**

The consolidated financial statements of the Corporation of the Municipality of Bluewater are the representation of management prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing for municipalities and their related entities.

Significant aspects of accounting policies adopted by the municipality are as follows:

a) Reporting entity

The consolidated financial statements reflect the financial assets, liabilities, operating revenues and expenditures, Reserves, Reserve Funds, and changes in investment in tangible capital assets of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the Municipality and which are owned or controlled by the Municipality. In addition to general government tax-supported operations, they include any water and sewer systems operated by the municipality and the municipality's proportionate share of joint local boards.

These consolidated financial statements include the proportional share of the financial position and operating activities of the following joint boards:

Mid-Huron Landfill Site Board

Inter-departmental and inter-organizational transactions and balances are eliminated.

The statements exclude trust funds that are administered for the benefit of external parties.

b) Accrual basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable, and recognizes expenditures as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

c) Long-term investments

Investments are recorded at cost less amounts written off to reflect a permanent decline in value.

**1. Accounting policies (continued)**

d) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

- Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

<b>Category</b>	<b>Amortization Period</b>	<b>Capitalization Threshold</b>
Land	not applicable	\$ 2,000
Land improvements	50 years	2,000
Buildings	25 - 50 years	15,000
Vehicles	5 - 25 years	5,000
Machinery and equipment	5 - 30 years	5,000
Furniture and fixtures	5 years	3,000
Information technology	5 years	3,000
Transportation infrastructure	30 - 80 years	15,000
Watermains infrastructure	40 - 75 years	25,000
Sewer mains infrastructure	75 years	25,000

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The municipality has a capitalized threshold of \$2,000 - \$25,000 dependent on the category, so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons. Examples of pooled assets are small machinery and equipment, technology and communications, furniture and fixtures.

- Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

- Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

- Inventories

Inventories held for consumption are recorded at the lower of cost or net realizable value.

e) Reserves for future expenditures

Certain amounts, as approved by Council, are set aside in reserves for future operating and capital expenditure. Transfers to or from reserves are reflected as adjustments to the respective appropriated equity.

**1. Accounting policies** (continued)

f) Government transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates can be made.

g) Deferred revenue

Amounts received and required by legislation, regulation or agreement to be set aside for specific, restricted purposes are reported in the statement of financial position as deferred revenue until the obligation is discharged.

h) Asset retirement obligations

Asset retirement obligations represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use.

The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate.

Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

i) Amounts to be recovered in future years

Future years recoveries represent the requirement of the municipality to raise funds in subsequent periods to finance unfunded liabilities. A portion of the amounts to be recovered in future years will be recovered from deferred revenues earned.

j) Pensions

The municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The municipality has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for past employee service.

k) Revenue recognition

Tax levies, based on assessment rolls issued by the Municipal Property Assessment Corporation and tax rates established by council, are recognized as revenue when the tax billings are issued. Adjustments to taxation revenue due to changes in assessments are initially recognized based on management's best estimates of the taxes that will be received.

Other revenue is recognized when related services are provided or goods delivered, collectibility is reasonably assured and there are no significant future obligations.

Government transfers are recognized in the in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria are met, and reasonable estimates can be made.

l) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenditures during the period, and the accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

**2. Change in Accounting Policy**

- (a) Effective January 1, 2023 the municipality adopted new Public Sector Accounting Handbook Standard PS 3280 - Asset Retirement Obligations. The standard requires recognition of Asset Retirement Obligations when there is a legal obligation to incur retirement costs. The new standard resulted in the withdrawal of the existing accounting standard PS 3270 Solid Waste Landfill Closure and Post-Closure Liability. As a result of the adoption, the presentation of the financial statements changed from the prior year. This change in accounting policy has been applied using the modified retroactive application with restatement of prior periods.

The municipality removed the landfill liability that had been recognized to date and recognized an asset retirement obligation, and associated tangible capital asset, upon adoption of PS 3280 on January 1, 2022. The liability represents the required closure and post-closure care for the landfill site owned by the municipality.

The impact of adoption of this standard was as follows:

	<b>2022</b>
Increase in tangible capital assets	\$ 1,050,292
Decrease in landfill liability	2,420,680
Increase in asset retirement obligations	(4,380,396)
Increase to Environmental services expenses	<u>136,293</u>
Decrease in opening accumulated surplus	<u>\$ (773,131)</u>

The change in accounting policy resulted in a \$136,293 increase in the previously reported Protection to persons and property expenses for the 2022 year and a corresponding decrease of \$136,293 in the previously reported annual surplus for the 2022 year.

- (b) On January 1, 2022, the municipality adopted the following standards on a prospective basis: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments. The adoption of these standards had no impact on the opening balances.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. The standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the statement of remeasurement gains and losses separate from the statement of operations.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported at fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new statement of remeasurement gains and losses.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the statement of remeasurement gains and losses.

**3. Operations of school boards and county**

Taxation levied for school board and county purposes are not reflected in the financial statements. The amounts transferred were:

	<b>2023</b>	<b>2022</b>
County of Huron	\$ 9,543,187	\$ 8,800,996
School Boards	3,798,781	3,731,199

**4. Trust funds**

Trust funds administered by the municipality amounting to \$238,574 (2022 : \$231,933) have not been included in the statement of financial position nor have their operations been included in the consolidated statement of operations.

**5. Long-term receivables**

	<b>2023</b>	<b>2022</b>
Tile loans, 6% - 8%, principal and interest receivable annually, due 2024 through 2033	<u>\$ 84,838</u>	<u>\$ 109,068</u>

Amounts due in the next five years are as follows:

2024: \$18,900	2025: \$17,000	2026: \$15,300	2027: \$10,900	2028: \$11,500
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**6. Pension agreements**

The municipality makes contributions to a multi-employer pension plan on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed for 2023 was \$299,679 (2022 : \$252,733) for current services and is included as an expenditure on the consolidated statement of operations.

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

**7. Deferred revenue**

Deferred revenue funds include obligatory and non-obligatory funds. The use of obligatory funds, together with earnings thereon, is restricted by legislation. The use of non-obligatory funds is at the discretion of council. These funds are recognized as revenue in the period they are used for the purpose specified.

**8. Municipal debt**

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

	<b>2023</b>	<b>2022</b>
Ontario Infrastructure and Lands Corporation, loan payable (Bayfield water), 2.96% interest, \$67,129 semi-annual blended payment, due December 2031	950,155	1,053,979
Ontario Infrastructure Projects Corporation (OIPC), loan payable (Hensall water), 5.17% interest, \$108,003 semi-annual blended payment, due March 2029	1,022,678	1,179,697
Ontario Infrastructure Projects Corporation (OIPC), loan payable (Hensall water), 5.52% interest, \$207,921 semi-annual blended payment, due March 2049	5,654,215	5,753,802
Ontario Infrastructure Projects Corporation (OIPC), loan payable (Zurich sewer), 3.86% interest, \$56,753 semi-annual blended payment, due August 2033	934,300	1,009,558
Ontario Infrastructure and Lands Corporation, construction financing loan payable (Zurich water), prime plus 2% interest only payments, due on demand	3,719,998	3,719,998
Tile drain loans and shoreline debt payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% - 8%, due 2024 through 2033	84,838	109,068
	<u>\$12,366,184</u>	<u>\$12,826,102</u>

Principal payments recoverable from property owners in the next

five years to finance the bank demand and term loans and municipal debentures are:

2024: \$4,175,500    2025: \$476,300    2026: \$498,100    2027: \$520,900    2028: \$544,800

**9. Asset retirement obligations**

The municipality's financial statements include an asset retirement obligation for the landfill and other environmentally hazardous materials. The related asset retirement costs are being amortized on a straight line basis.

The liability for the landfill has been estimated using a net present value technique with a discount rate of 3% (2022 : 3%). The estimated total undiscounted future expenditures are \$10,617,342 (2022 : \$8,386,217), which are to be incurred over 30 years. The liability is expected to be fully settled in 30 years.

The carrying amount of the liabilities are as follows:

	<b>2023</b>	<b>2022</b>
Asset retirement obligation, beginning	4,794,937	-
Opening balance adjustment	-	4,669,350
Accretion expense	143,850	140,080
Settlements and adjustments	<u>(14,809)</u>	<u>(14,493)</u>
Asset retirement obligations, ending	<u>\$ 4,923,978</u>	<u>\$ 4,794,937</u>

The liability is expected to be funded through budget allocations to a landfill reserve fund over the remaining life of the related tangible capital asset.

The municipality operates two landfill sites, Hensall and Stanley, and has closed the Hay landfill effective August 2011, for which the total reported liability is \$4,511,810 (2022 : \$4,380,396). A reserve has been established to partially provide for this landfill site closure and post-closure liability. The reserve balance at December 31, 2023 is \$380,355 (2022 : \$254,044) for the landfill sites operated by the municipality. The balance of the future liability is expected to be funded through budget allocations to the landfill reserve.

The municipality's proportionate liability for the Mid-Huron landfill site is \$412,168 (2022 : \$414,541). The Mid-Huron Landfill Site Board has set aside reserves and reserve funds of which the municipality's proportionate share is \$183,439 (2022 : \$186,221). The site was closed in 2018.

**10. Tangible capital assets**

The municipality's policy on accounting for tangible capital assets is as follows:

- i) Contributed tangible capital assets  
 The municipality records all tangible capital assets contributed by external parties at fair value.
- ii) Tangible capital assets recognized at nominal value  
 Certain assets have been assigned a nominal value because of the difficulty of determining a tenable valuation.

For additional information, see the Consolidated Schedule of Tangible Capital Assets information on the tangible capital assets of the municipality by major class and by business segment, as well as for accumulated amortization of the assets controlled.

**11. Segmented information**

The Municipality of Bluewater is a diversified municipal government institution that provides a wide range of services to its citizens such as recreational and cultural services, planning and development, fire, and transportation services. 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**

This segment relates to the general operations of the municipality itself and cannot be directly attributed to a specific segment.

**Protection to Persons and Property**

Protection is comprised of fire protection, policing, court services, conservation authorities, protective inspection and control, building permit and inspection services, emergency measures and other protection services.

**Transportation Services**

Transportation services include road maintenance, winter control services, street light maintenance, parking lots, equipment maintenance and other transportation services.

**Environmental Services**

Environmental services include the sanitary sewer system, storm sewer system, waterworks, waste collection, waste disposal and recycling.

**Health Services**

This service area includes cemeteries and other health services.

**Recreational and Cultural Services**

This service area provides public services that contribute to the provision of recreation and leisure facilities and programs, the maintenance of parks and open spaces, library services, museums and other cultural services.

**Planning and Development**

This segment includes matters relating to zoning and site plan controls, land acquisition, development initiatives, agriculture and reforestation, municipal drainage and tile drainage.

For additional information, see the schedule of segmented information.

**12. Accumulated surplus**

The accumulated surplus consists of individual fund surplus/(deficit) amounts and reserve and reserve funds as follows:

	<b>2023</b>	<b>2022</b>
Invested in tangible capital assets	\$ 77,585,447	\$ 71,410,239
General revenue accumulated surplus (deficit)	(1,722,305)	(2,054,422)
Share of Mid-Huron Landfill Site Board general surplus	8,548	5,135
Unfinanced long-term debt	(12,281,346)	(12,717,034)
Unfinanced asset retirement obligations	(4,923,978)	(4,794,937)
Reserves and reserve funds	<u>21,289,780</u>	<u>22,036,615</u>
	<u>\$ 79,956,146</u>	<u>\$ 73,885,596</u>

For additional information, see the Consolidated Schedule of Continuity of Reserves, Reserve Funds, and Deferred Revenue.



**13. Financial instrument risk management**

**Credit risk**

The Municipality is exposed to credit risk through its cash, trade and other receivables, loans receivable, and long-term investments. There is the possibility of non-collection of its trade and other receivables. The majority of the Municipality's receivables are from ratepayers and government entities. For trade and other receivables, the Municipality measures impairment based on how long the amounts have been outstanding. For amounts outstanding considered doubtful or uncollectible, an impairment allowance is setup.

**Liquidity risk**

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they fall due. The Municipality has a planning and a budgeting process in place to help determine the funds required to support the Municipality's normal operating requirements on an ongoing basis. The Municipality ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain an available line of credit balance as approved by the appropriate borrowing bylaw to meet, at a minimum, expected requirements.

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Municipality's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investments.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Municipality is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of temporary borrowings and long-term liabilities and the value of fixed rate long-term liabilities.

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

**14. Contingent liability**

The municipality has been notified of liability claims. Because the claims are within the municipality's insurance coverage, no provision has been made for the contingency in the financial statements.

**15. Budget amounts**

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations for comparative purposes. The 2023 budget amounts for the Corporation of the Municipality of Bluewater approved by Council are unaudited and have been restated to conform to the basis of presentation of the revenues and expenditures on the consolidated statement of operations. Budget amounts were not available for certain boards consolidated by the municipality.

Approved budget annual surplus (deficit)	\$ -
Amortization of tangible capital assets	(2,282,001)
Net reserve, reserve fund, and surplus transfers	2,888,612
Debt principal repayments	331,866
Mid-Huron Landfill Site Board net budget deficit	<u>(12,184)</u>
Budgeted surplus (deficit) reported on consolidated statement of operations	<u>\$ 926,102</u>

**MUNICIPALITY OF BLUEWATER**  
**Consolidated Schedule of Tangible Capital Assets**  
For the Year Ended December 31, 2023

	Land	Buildings	Machinery & Equipment	Vehicles	Information Technology	Roads, Bridges and Land Improvements	Underground and other Networks	Assets Under Construction	<b>TOTAL Net Book Value 2023</b>	TOTAL Net Book Value 2022
<b>Cost</b>										
Balance, beginning of year	2,873,080	15,972,990	6,899,898	6,352,147	1,527,005	34,507,800	32,534,537	11,651,273	<b>112,318,730</b>	100,707,057
Add: Additions during the year		143,781	544,814	315,213	16,666	1,353,231	570,219	5,694,581	<b>8,638,505</b>	11,652,057
Less: Disposals during the year				(174,640)		(571,366)			<b>(746,006)</b>	(40,384)
Other: WIP transfers		1,016,798				2,811,488		(3,828,286)	-	-
Balance, end of year	<u>2,873,080</u>	<u>17,133,569</u>	<u>7,444,712</u>	<u>6,492,720</u>	<u>1,543,671</u>	<u>38,101,153</u>	<u>33,104,756</u>	<u>13,517,568</u>	<b><u>120,211,229</u></b>	<u>112,318,730</u>
<b>Accumulated Amortization</b>										
Balance, beginning of year		7,429,304	2,639,227	3,810,458	1,113,677	16,168,636	9,747,189		<b>40,908,491</b>	38,617,166
Add: Amortization during the year		397,316	219,570	254,487	47,525	796,963	566,140		<b>2,282,001</b>	2,331,709
Less: Accumulated amortization on disposals				(132,400)		(432,310)			<b>(564,710)</b>	(40,384)
Balance, end of year	<u>-</u>	<u>7,826,620</u>	<u>2,858,797</u>	<u>3,932,545</u>	<u>1,161,202</u>	<u>16,533,289</u>	<u>10,313,329</u>	<u>-</u>	<b><u>42,625,782</u></b>	<u>40,908,491</u>
<b>Net Book Value of Tangible Capital Assets</b>	<u>2,873,080</u>	<u>9,306,949</u>	<u>4,585,915</u>	<u>2,560,175</u>	<u>382,469</u>	<u>21,567,864</u>	<u>22,791,427</u>	<u>13,517,568</u>	<b><u>\$ 77,585,447</u></b>	<u>\$ 71,410,239</u>

**MUNICIPALITY OF BLUEWATER**  
**Consolidated Schedule of Tangible Capital Assets**  
For the Year Ended December 31, 2023

	General Government	Protection	Transportation	Environmental	Recreation and Cultural	Work in Process	<b>TOTAL Net Book Value 2023</b>	TOTAL Net Book Value 2022
<b>Cost</b>								
Balance, beginning of year	1,729,067	5,744,275	34,709,256	42,715,155	15,769,704	11,651,273	<b>112,318,730</b>	100,707,057
Add: Additions during the year	16,248	150,585	1,514,613	570,219	692,259	5,694,581	<b>8,638,505</b>	11,652,057
Less: Disposals during the year		(174,640)	(571,366)				<b>(746,006)</b>	(40,384)
Other: WIP transfers		997,887	2,811,488		18,911	(3,828,286)	<b>-</b>	-
Balance, end of year	<u>1,745,315</u>	<u>6,718,107</u>	<u>38,463,991</u>	<u>43,285,374</u>	<u>16,480,874</u>	<u>13,517,568</u>	<b><u>120,211,229</u></b>	<u>112,318,730</u>
<b>Accumulated Amortization</b>								
Balance, beginning of year	1,420,254	3,184,971	17,503,093	12,492,881	6,307,292		<b>40,908,491</b>	38,617,166
Add: Amortization during the year	88,021	202,133	835,020	785,342	371,485		<b>2,282,001</b>	2,331,709
Less: Accumulated amortization on disposals		(132,400)	(432,310)				<b>(564,710)</b>	(40,384)
Balance, end of year	<u>1,508,275</u>	<u>3,254,704</u>	<u>17,905,803</u>	<u>13,278,223</u>	<u>6,678,777</u>	<u>-</u>	<b><u>42,625,782</u></b>	<u>40,908,491</u>
<b>Net Book Value of</b>								
<b>Tangible Capital Assets</b>	<u>237,040</u>	<u>3,463,403</u>	<u>20,558,188</u>	<u>30,007,151</u>	<u>9,802,097</u>	<u>13,517,568</u>	<b><u>\$ 77,585,447</u></b>	<u>\$ 71,410,239</u>

**MUNICIPALITY OF BLUEWATER**  
**Consolidated Schedule of Continuity of Reserves and Reserve Funds**  
For the Year Ended December 31, 2023

	Balance, beginning of year	Revenues and contributions			Transfers out Utilized During Year	Balance, end of year
		Interest	From Operations	Other		
<b>Reserves and reserve funds</b>						
<b>Reserves</b>						
for general government	874,391		425,349		(47,431)	1,252,309
for protection services	1,310,662		416,065		(866,597)	860,130
for transportation services	2,873,032		997,160		(1,664,718)	2,205,474
for environmental services	4,983,806		420,808		(171,301)	5,233,313
for health services	22,546		-		-	22,546
for recreation and cultural services	1,454,169		343,209		(463,462)	1,333,916
for planning and development	25,075		5,000		-	30,075
	<u>11,543,681</u>	<u>-</u>	<u>2,607,591</u>	<u>-</u>	<u>(3,213,509)</u>	<u>10,937,763</u>
<b>Reserve funds</b>						
Hay from sale of Dashwood utility	27,778	954				28,732
Bayfield sewer extensions	1,025,646	52,951	2,135			1,080,732
Hensall sewer capital	644	33				677
Zurich sewer capital	15,197	784				15,981
Bluewater sewer	2,070,902	128,476	686,893		(411,400)	2,474,871
Hay water capital	156,760	8,090				164,850
Bayfield water capital	21,007	1,085				22,092
Hensall water capital	213,686	11,027				224,713
Stanley water capital	56,526	2,917				59,443
Bluewater water	5,734,204	307,352	927,431		(2,207,658)	4,761,329
Northland community fund	712,747	56,274	350,000		(184,219)	934,802
Goshen Wind community fund	66,494	5,438	52,650		(47,404)	77,178
Varna Wind community fund	207,972	20,494	164,400		(66,838)	326,028
Bluewater - Mid-Huron Landfill 3.8% share	183,371				(2,782)	180,589
	<u>10,492,934</u>	<u>595,875</u>	<u>2,183,509</u>	<u>-</u>	<u>(2,920,301)</u>	<u>10,352,017</u>
Total reserves and reserve funds	<u>22,036,615</u>	<u>595,875</u>	<u>4,791,100</u>	<u>-</u>	<u>(6,133,810)</u>	<u>21,289,780</u>

**MUNICIPALITY OF BLUEWATER**  
**Consolidated Schedule of Continuity of Deferred Revenue**  
For the Year Ended December 31, 2023

	Balance, beginning of year	Revenues and contributions			Transfers out Utilized During Year	Balance, end of year
		Interest	From Operations	Other		
<b>Deferred revenue funds</b>						
<b>Obligatory deferred revenue funds</b>						
Bluewater Development Charges	1,181,598	65,683		302,213	(22,107)	1,527,387
Federal Gas Tax Funds	532,578	53,468		236,159	(236,159)	586,046
OCIF and other grant funding	502,201	44,200		751,661	(770,268)	527,794
Bluewater Greenlands - subdivider contributions	64,755	3,667		9,500		77,922
Recreational land / Parklands (the Planning Act)	52,185	2,693				54,878
	<u>2,333,317</u>	<u>169,711</u>	<u>-</u>	<u>1,299,533</u>	<u>(1,028,534)</u>	<u>2,774,027</u>
<b>Non-obligatory deferred revenue funds</b>						
Stanley gravel pit restoration	3,105	161				3,266
Bayfield Community Group and Splash Pad	22,319	1,152				23,471
Hensall Splash Pad	6,039	311				6,350
	<u>31,463</u>	<u>1,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,087</u>
Total deferred revenue funds	<u>2,364,780</u>	<u>171,335</u>	<u>-</u>	<u>1,299,533</u>	<u>(1,028,534)</u>	<u>2,807,114</u>

# MUNICIPALITY OF BLUEWATER

## Segmented Information

For the Year Ended December 31, 2023

	General Government	Protective Services	Transportation Services	Environmental Services	Health Services	Recreation and Culture	Planning and Development	Total 2023	Total 2022
<b>Revenue</b>									
Taxation	9,637,949			951,015				<b>10,588,964</b>	9,804,820
User charges	1,572,619	512,372	44,789	4,037,610	33,368	640,547	60,384	<b>6,901,689</b>	6,565,864
Government transfers	1,638,659	139,944	1,006,089	2,123,201		248,457	32,550	<b>5,188,900</b>	5,780,870
Interest and penalties	1,228,033							<b>1,228,033</b>	582,045
Other	(160,648)							<b>(160,648)</b>	5,097
	<u>13,916,612</u>	<u>652,316</u>	<u>1,050,878</u>	<u>7,111,826</u>	<u>33,368</u>	<u>889,004</u>	<u>92,934</u>	<b><u>23,746,938</u></b>	<u>22,738,696</u>
<b>Operating expenditure</b>									
Wages, salaries and benefits	1,365,339	840,940	1,049,659	391,418		1,029,637	102,104	<b>4,779,097</b>	4,341,911
Contract services	251,312	1,873,558	638,424	2,144,501	10,150	332,777	54,650	<b>5,305,372</b>	5,688,496
Supplies, materials and equipment	281,923	672,908	1,693,403	1,623,165	9,483	834,020	195,016	<b>5,309,918</b>	4,477,363
Amortization	88,021	202,133	835,020	785,342		371,485		<b>2,282,001</b>	2,331,709
	<u>1,986,595</u>	<u>3,589,539</u>	<u>4,216,506</u>	<u>4,944,426</u>	<u>19,633</u>	<u>2,567,919</u>	<u>351,770</u>	<b><u>17,676,388</u></b>	<u>16,839,479</u>
<b>Net revenue (expense)</b>	<u>11,930,017</u>	<u>(2,937,223)</u>	<u>(3,165,628)</u>	<u>2,167,400</u>	<u>13,735</u>	<u>(1,678,915)</u>	<u>(258,836)</u>	<b><u>6,070,550</u></b>	<u>5,899,217</u>

**MUNICIPALITY OF BLUEWATER  
TRUST FUNDS  
FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**SEEBACH & COMPANY**  
*Chartered Professional Accountants*

## **INDEPENDENT AUDITORS' REPORT**

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To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Municipality of Bluewater

### *Opinion*

We have audited the accompanying financial statements of the trust funds of the Corporation of the Municipality of Bluewater ("the Municipality"), which are comprised of the consolidated statement of financial position as at December 31, 2023 and the consolidated statements of continuity of trust funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

### *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 Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the 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 Financial Statements*

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

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

**INDEPENDENT AUDITOR'S REPORT** (continued)

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 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 Municipality'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 Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial 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 Municipality 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.

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.

*Seebach & Company*

Chartered Professional Accountants  
Licensed Public Accountants

Clinton, Ontario  
October 7, 2024



**MUNICIPALITY OF BLUEWATER  
TRUST FUNDS - Cemetery Care and Maintenance**

**BALANCE SHEET**

As at December 31, 2023

	"Day" Developer	Cemetery Care and Maintenance	2023	2022
<b>Assets</b>				
Cash	-	8,397	<b>8,397</b>	7,988
Investments	-	230,177	<b>230,177</b>	223,945
	<u>\$ 0</u>	<u>\$ 238,574</u>	<u><b>\$ 238,574</b></u>	<u>\$ 231,933</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	-	-	-	-
<b>Fund balance</b>	-	238,574	<b>238,574</b>	231,933
<b>Trust fund balances</b>	<u>\$ 0</u>	<u>\$ 238,574</u>	<u><b>\$ 238,574</b></u>	<u>\$ 231,933</u>

**STATEMENT OF CONTINUITY**

For the Year Ended December 31, 2023

	"Day" Developer	Cemetery Care and Maintenance	2023	2022
<b>Receipts</b>				
Care and maintenance		6,620	<b>6,620</b>	5,960
Investment income		6,948	<b>6,948</b>	5,102
	<u>-</u>	<u>13,568</u>	<u><b>13,568</b></u>	<u>11,062</u>
<b>Expenditure</b>				
Transfers to general fund		6,927	<b>6,927</b>	4,903
<b>Excess of receipts over expenditures for the year</b>	-	6,641	<b>6,641</b>	6,159
<b>Fund balance, beginning of year</b>	-	231,933	<b>231,933</b>	225,774
<b>Fund balance, end of year</b>	<u>\$ 0</u>	<u>\$ 238,574</u>	<u><b>\$ 238,574</b></u>	<u>\$ 231,933</u>

**MUNICIPALITY OF BLUEWATER**  
**TRUST FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**

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**For the Year Ended December 31, 2023**

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**1. Accounting Policies**

Significant aspects of accounting policies adopted by the municipality are as follows:

a) Management responsibility

The financial statements of the Trust Funds are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing for municipalities and their related entities.

b) Basis of consolidation

These trust funds have not been consolidated with the financial statements of the Municipality of Bluewater.

c) Basis of accounting

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

d) Investments

Investments are recorded at cost less amounts written off to reflect a permanent decline in value.

e) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

**2. Investments**

Trust fund investments have a market value equal to cost of \$230,177 (2022 : \$223,945).