

**The Corporation of the  
County of Grey  
Financial Statements  
For the year ended December 31, 2021**

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**Financial Statements**  
**For the year ended December 31, 2021**

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**The Corporation of the County of Grey**

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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 County of Grey**

### **Opinion**

We have audited the accompanying consolidated financial statements of the Corporation of the County of Grey (the County), which comprise the consolidated statement of financial position as at December 31, 2021 and the consolidated statements of operations and accumulated surplus, changes in net financial assets, and 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 County as at December 31, 2021 and the consolidated results of operations, changes in net financial assets and 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 Financial Statements* section of our report. We are independent of the County 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.

### **Other Matters**

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 28 and 29 of the County's financial statements.

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

Management is responsible for the preparation and fair presentation of these 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 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 County'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 County or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the County'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.

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 County'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 County'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 County to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 County or business activities within the County to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario  
September 16, 2022

**The Corporation of the County of Grey**  
**Consolidated Statement of Financial Position**

<b>December 31</b>	<b>2021</b>	<b>2020</b>
<b>Financial assets</b>		
Cash and investments (Note 1)	\$ 103,603,952	\$ 89,270,825
Trade and other receivables (Note 2)	7,587,987	5,309,791
Inventory held for resale	8,915	10,691
	<u>111,200,854</u>	<u>94,591,307</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	15,331,828	16,614,675
Vacation pay, post-employment benefits and WSIB Schedule II liabilities (Note 11)	10,395,548	9,726,742
Deferred revenue (Page 28)	33,374,040	21,832,251
Net long-term liabilities (Note 3)	600,000	3,224,611
	<u>59,701,416</u>	<u>51,398,279</u>
<b>Net financial assets</b>	<u>51,499,438</u>	<u>43,193,028</u>
<b>Non-financial assets</b>		
Prepaid expenses	135,163	87,843
Tangible capital assets (Note 4)	212,600,982	212,485,464
Inventory of supplies	1,121,340	939,693
	<u>213,857,485</u>	<u>213,513,000</u>
<b>Accumulated surplus (Note 5)</b>	<u>\$ 265,356,923</u>	<u>\$ 256,706,028</u>

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

**The Corporation of the County of Grey**  
**Consolidated Statement of Operations and Accumulated Surplus**

<b>For the year ended December 31</b>	2021	2021	2020
	Budget (Note 7)	Actual	Actual
<b>Revenue</b>			
Taxation	\$ 62,703,600	\$ 63,605,620	\$ 60,392,506
Fees and user charges	10,252,200	9,576,403	10,145,749
Government transfers (Note 8)	70,225,700	71,724,296	68,773,483
Other income (Note 9)	10,002,900	8,417,255	8,924,295
	<u>153,184,400</u>	<u>153,323,574</u>	<u>148,236,033</u>
<b>Expenses</b>			
General government	10,884,100	12,847,881	10,256,057
Provincial offences	2,116,000	1,986,134	1,591,427
Transportation services	11,074,200	20,569,377	19,544,984
Health Unit	1,676,800	1,725,477	1,712,152
Paramedic services	15,741,300	17,454,734	16,129,245
Social services	30,041,600	26,695,095	25,981,337
Social housing	18,043,000	20,521,715	18,182,674
Long-term care	32,054,600	36,719,155	34,076,769
Grey Roots - museum	1,787,100	1,845,058	1,626,873
Planning and development	3,977,500	4,308,053	3,067,642
	<u>127,396,200</u>	<u>144,672,679</u>	<u>132,169,160</u>
<b>Annual surplus (Note 7)</b>	25,788,200	8,650,895	16,066,873
<b>Accumulated surplus, beginning of the year</b>	256,706,028	256,706,028	240,639,155
<b>Accumulated surplus, end of the year</b>	<u>\$282,494,228</u>	<u>\$ 265,356,923</u>	<u>\$256,706,028</u>

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

**The Corporation of the County of Grey**  
**Consolidated Statement of Changes in Net Financial Assets**

<b>For the year ended December 31</b>	2021	2021	2020
	Budget (Note 7)	Actual	Actual
<b>Annual surplus (Page 6)</b>	\$ 25,788,200	\$ 8,650,895	\$ 16,066,873
Acquisition of tangible capital assets	(35,316,500)	(13,139,619)	(16,829,343)
Amortization of tangible capital assets	-	12,407,768	10,919,698
(Gain) loss on disposal of capital assets	-	79,892	(1,173,214)
Proceeds on disposal of capital assets	-	536,441	1,747,072
	<u>(35,316,500)</u>	<u>(115,518)</u>	<u>(5,335,787)</u>
Change in prepaid expenses	-	(47,320)	(365)
Change in inventory of supplies	-	(181,647)	337,027
	<u>-</u>	<u>(228,967)</u>	<u>336,662</u>
<b>Increase (decrease) in net financial assets</b>	<b>(9,528,300)</b>	<b>8,306,410</b>	<b>11,067,748</b>
<b>Net financial assets, beginning of the year</b>	<b>43,193,028</b>	<b>43,193,028</b>	<b>32,125,280</b>
<b>Net financial assets, end of the year</b>	<b>\$ 33,664,728</b>	<b>\$ 51,499,438</b>	<b>\$ 43,193,028</b>

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

**The Corporation of the County of Grey**  
**Consolidated Statement of Cash Flows**

For the year ended December 31	2021	2020
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus	\$ 8,650,895	\$ 16,066,873
Items not involving cash		
Vacation pay, post-employment benefits and WSIB Schedule II liabilities	668,806	1,192,951
Amortization	12,407,768	10,919,698
Contributed capital assets	(322,000)	-
(Gain) loss on disposal of capital assets	79,892	(1,173,214)
Deferred revenue recognized	(6,612,927)	(4,567,998)
	14,872,434	22,438,310
Changes in non-cash working capital balances		
Trade and other receivables	(2,278,196)	(476,929)
Inventory held for resale	1,776	(4,155)
Prepaid expenses	(47,320)	(365)
Accounts payable and accrued liabilities	(1,282,847)	3,763,704
Inventory of supplies	(181,647)	337,027
Deferred revenue received	18,154,716	10,349,979
	29,238,916	36,407,571
<b>Capital transactions</b>		
Cash used to acquire capital assets	(12,817,619)	(16,829,343)
Proceeds on disposal of capital assets	536,441	1,747,072
	(12,281,178)	(15,082,271)
<b>Financing activities</b>		
Repayment of long-term liabilities	(2,624,611)	(636,267)
<b>Net change in cash and temporary investments</b>	<b>14,333,127</b>	<b>20,689,033</b>
<b>Cash and temporary investments, beginning of the year</b>	<b>89,270,825</b>	<b>68,581,792</b>
<b>Cash and temporary investments, end of the year</b>	<b>\$ 103,603,952</b>	<b>\$ 89,270,825</b>

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

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## The Corporation of the County of Grey Summary of Significant Accounting Policies

**December 31, 2021**

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**Management Responsibility**

The management of the Corporation of the County of Grey have prepared and are responsible for the integrity, objectivity and accuracy of the financial information presented in these consolidated financial statements. The Committee of the Whole reviews and approves the consolidated financial statements before they are submitted to Council.

**Basis of Accounting**

The consolidated financial statements of the Corporation of the County of Grey have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the 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.

**Use of Estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future. Estimates are used when accounting for items such as accrued liabilities, useful lives of capital assets, post-employment and WSIB future benefit liabilities and taxation revenue.

**Basis of Consolidation**

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

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

Grey County and Owen Sound Housing Corporation

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**The Corporation of the County of Grey**  
**Summary of Significant Accounting Policies**

**December 31, 2021**

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**Cash and Cash Equivalents**      Cash and cash equivalents include all cash balances and short-term highly liquid investments that are readily convertible into cash.

**Investments**      Investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

**Inventory**      Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.

Inventory of supplies is recorded at the lower of cost and replacement cost.

**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	20 to 25 years
Buildings	15 to 75 years
Machinery and equipment	5 to 50 years
Roads	7 to 75 years
Traffic signals	25 years
Bridges	15 to 75 years
Culverts	40 to 75 years
Vehicles	3 to 40 years

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

**Intangible Assets**      Intangible assets, art and historic treasures, are not recognized in these financial statements.

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## The Corporation of the County of Grey Summary of Significant Accounting Policies

**December 31, 2021**

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**Post-Employment Benefits**

The County provides post-employment health, dental, life insurance and other benefits to eligible retired employees. The benefits earned by employees are determined using management's best estimate of expected benefit costs and are expensed as services are rendered.

The County is an employer under Schedule 2 of the Workplace Safety and Insurance Act (WSIB). As such, it self-insures the entire risk of its own WSIB claims and is individually liable for reimbursing WSIB for all costs relating to workers' WSIB claims. The cost of the claims are determined using management's best estimates and are expensed as incidents occur. The County of Grey, in order to reduce this risk as a Schedule 2 employer, has purchased Excess Indemnity Insurance to assist with work related death or permanent impairments.

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

**Liability for Contaminated Sites**

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. Management has not identified any contaminated sites for which a liability needs to be recognized.

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## The Corporation of the County of Grey Summary of Significant Accounting Policies

**December 31, 2021**

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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) Other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.
- d) Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes, is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations and accumulated surplus in the year in which it is used for the specified purpose.
- e) Government transfers are recognized as revenue in the financial statement 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.

### **Provincial Subsidies**

Subsidies from the Province of Ontario are subject to review of year-end settlement forms and adjustments by the Province. Adjustments to funding, if any, are recorded in the year in which they occur.

### **Trust Funds**

Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

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**The Corporation of the County of Grey**  
**Notes to Financial Statements**

**December 31, 2021**

**1. Cash and Investments**

	2021	2020
Unrestricted	\$ 103,461,458	\$ 88,996,704
Restricted	142,494	274,121
	\$ 103,603,952	\$ 89,270,825

A cash balance of \$48,110,150 is being held in one bank account earning interest at a rate of prime less 1.75%. Other cash balances totalling \$18,914,151 and investment deposits of \$5,560,113 are also held at the same financial institution. The Canadian Deposit Insurance Corporation insures up to a maximum of \$100,000 per depositor per financial institution. Investment deposits of \$28,110,651 are also held at other financial institutions.

Investments included in the balance above consists of:

	2021	2020
Bond Fund	\$ 3,763,195	\$ 3,696,656
High Interest Savings Account	15,807	10,006,518
Term Deposits .75% to .89%	-	21,389,421
Guaranteed Investment Certificates .75% to 1.68% (2020 - .85% to 3.50%)	15,949,168	20,355,337
Bonds .80% to 1.85%	10,000,029	-
Canadian equity mutual fund	6,000,000	-
Membership share	1	1
	\$ 35,728,200	\$ 55,447,933

Investments have a market value of \$36,637,002 (2020 - \$55,467,176) at the end of the year.

The County of Grey has deposits held in an Ontario credit union of \$2,355,325 (2020 - \$2,389,072). The Deposit Insurance Corporation of Ontario (DICO) insures deposits to a maximum of \$250,000 per depositor.

The County of Grey has a demand operating facility agreement with a financial institution at prime less 0.5%. At December 31, 2021, the County of Grey had a \$6,000,000 unused credit facility.

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**The Corporation of the County of Grey**  
**Notes to Financial Statements**

**December 31, 2021**

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**2. Accounts Receivable**

	<u>2021</u>	<u>2020</u>
Owen Sound Housing Company, Loan receivable, 2%, due 2023 (Note 11 d)	\$ 2,000,000	\$ -
Trade and government transfer receivables	<u>5,587,987</u>	<u>5,309,791</u>
	<u>\$ 7,587,987</u>	<u>\$ 5,309,791</u>

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**The Corporation of the County of Grey**  
**Notes to Financial Statements**

**December 31, 2021**

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**3. Long-Term Liabilities**

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

	2021	2020
Georgian College Marine Emergency Duties Training and Research Centre, payable in equal instalments of \$200,000 from 2015 to 2024	\$ 600,000	\$ 800,000
Scotiabank, 1.995%, blended monthly instalments of \$36,224, due 2021	-	2,424,611
	\$ 600,000	\$ 3,224,611

Principal payments for the next three years are as follows:

2022	\$	200,000	
2023		200,000	
2024		200,000	
	\$	600,000	

The County also has internally issued debentures for capital assets, \$5,704,608 (2020 - \$6,226,057) to be funded in future years. The debentures were issued January 2019 through by-law 5041-19. Interest rate is 2.80% per annum, repayable in annual blended payments of \$706,539, maturity January 2031.

Interest of \$40,718 (2020 - \$51,892) was paid during the year on long-term liabilities.

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**The Corporation of the County of Grey**  
**Notes to Financial Statements**

**December 31**

**4. Tangible Capital Assets**

	2021						
	Land and Land Improvements	Buildings	Machinery and Equipment	Roads	Bridges and Culverts	Vehicles	Total
Cost, beginning of the year	\$ 5,346,097	\$ 120,415,866	\$ 15,104,449	\$ 293,059,217	\$ 42,618,549	\$ 11,441,309	\$ 487,985,487
Additions	1,310,173	592,961	1,646,634	8,637,380	1,113,554	(161,083)	13,139,619
Disposals (cost transfers)	-	(104,639)	(567,627)	(2,875,745)	(115,360)	(694,151)	(4,357,522)
Cost, end of the year	6,656,270	120,904,188	16,183,456	298,820,852	43,616,743	10,586,075	496,767,584
Accumulated amortization, beginning of the year	1,343,728	58,301,205	8,627,057	174,758,192	26,873,902	5,595,939	275,500,023
Amortization	109,863	2,484,133	1,262,997	7,216,434	433,553	900,788	12,407,768
Transfers (disposals)	394,281	(535,267)	(294,758)	(2,385,222)	(115,360)	(804,863)	(3,741,189)
Accumulated amortization, end of the year	1,847,872	60,250,071	9,595,296	179,589,404	27,192,095	5,691,864	284,166,602
Net carrying amount, end of the year	\$ 4,808,398	\$ 60,654,117	\$ 6,588,160	\$ 119,231,448	\$ 16,424,648	\$ 4,894,211	\$ 212,600,982

**The Corporation of the County of Grey**  
**Notes to Financial Statements**

**December 31**

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

	2020						
	Land and Land Improvements	Buildings	Machinery and Equipment	Roads	Bridges and Culverts	Vehicles	Total
Cost, beginning of the year	\$ 3,740,775	\$ 119,238,664	\$ 14,845,859	\$ 285,395,623	\$ 42,029,371	\$ 10,144,394	\$ 475,394,686
Additions	1,720,324	1,379,862	1,465,849	9,660,263	667,554	1,935,491	16,829,343
Disposals	(115,002)	(202,660)	(1,207,259)	(1,996,669)	(78,376)	(638,576)	(4,238,542)
Cost, end of the year	5,346,097	120,415,866	15,104,449	293,059,217	42,618,549	11,441,309	487,985,487
Accumulated amortization, beginning of the year	1,248,330	56,133,021	8,709,459	170,417,308	26,483,540	5,253,351	268,245,009
Amortization	95,398	2,235,417	1,033,969	6,168,869	468,738	917,307	10,919,698
Disposals	-	(67,233)	(1,116,371)	(1,827,985)	(78,376)	(574,719)	(3,664,684)
Accumulated amortization, end of the year	1,343,728	58,301,205	8,627,057	174,758,192	26,873,902	5,595,939	275,500,023
Net carrying amount, end of the year	\$ 4,002,369	\$ 62,114,661	\$ 6,477,392	\$ 118,301,025	\$ 15,744,647	\$ 5,845,370	\$ 212,485,464

**The Corporation of the County of Grey**  
**Notes to Financial Statements**

**December 31, 2021**

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

The net book value of tangible capital assets not being amortized because they are under construction is \$1,050,512 (2020 - \$386,550).

In 2021, \$322,000 (2020 - \$Nil) in contributed capital assets were recognized in the financial statements during the year.

The municipality holds various works of art and historical treasures. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

The County of Grey has recorded land, machinery and equipment assets at nominal amounts when historical or replacement cost was not available.

No interest was capitalized to tangible capital assets during the current or previous year.

**5. Accumulated Surplus**

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2021	2020
Invested in tangible capital assets		
Tangible capital assets purchased	\$ 212,600,982	\$212,485,464
Unfinanced capital assets	(3,134,896)	(1,197,246)
Capital assets financed by internal debentures and to be funded in future years	(5,704,608)	(6,226,057)
Capital assets financed by long-term liabilities and to be funded in future years (Note 2)	-	(2,424,611)
	203,761,478	202,637,550
Total invested in capital assets		
Unfunded post-employment benefits	(9,829,135)	(9,194,276)
Unfunded commitment to Georgian College	(600,000)	(800,000)
Unfunded contribution to Markdale Hospital	(150,000)	-
Other surplus	1,093,355	911,707
	194,275,698	193,554,981
Reserves (Note 6)	71,081,225	63,151,047
Accumulated surplus	\$ 265,356,923	\$256,706,028

On January 10, 2019, the Council passed By-Law 5041-19 to authorize the borrowing upon reserve funds for capital works for the expansion and renovations of the County's administration building in the amount of \$7,226,733. The outstanding balance at December 31, 2021 is \$5,704,608 (2020 - \$6,226,057). The debenture bears interest of 2.8% and is repayable in blended annual instalments of \$706,539 maturing January 2031.

**The Corporation of the County of Grey**  
**Notes to Financial Statements**

**December 31, 2021**

**6. Reserves Set Aside for Specific Purpose by Council**

	2021	2020
Working funds	\$ 1,930,799	\$ 1,930,799
Insurance, sick leave and WSIB	3,453,683	3,378,683
Current purposes	15,427,279	16,254,053
Capital purposes	50,269,464	41,587,512
	\$ 71,081,225	\$ 63,151,047

**7. Budgets**

Under Canadian Public sector accounting principles, 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 2021 budget amounts for the Corporation of the County of Grey approved by Council have been reclassified 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.

	2021 Budget	2021 Actual	2020 Actual
Annual surplus (Page 6)	\$ 25,788,200	\$ 8,650,895	\$ 16,066,873
Amortization	-	12,407,768	10,919,698
Change in unfunded liabilities	-	634,859	1,246,894
	25,788,200	21,693,522	28,233,465
Transfers to reserves	(8,426,200)	(15,355,290)	(16,186,803)
Transfers from reserves	18,592,900	7,425,112	5,080,870
Capital acquisitions, disposals and write-down	(35,316,500)	(12,523,286)	(16,255,485)
Change in unfunded Markdale Hospital	-	150,000	-
Debt principal repayments	(438,400)	(2,946,060)	(436,267)
Change in unfinanced capital	-	1,937,650	(600,792)
Change in long-term commitments	(200,000)	(200,000)	(200,000)
Change in other surplus	-	(181,648)	365,012
	\$ -	\$ -	\$ -

**The Corporation of the County of Grey**  
**Notes to Financial Statements**

**December 31, 2021**

**8. Government Transfers**

	2021 Budget	2021 Actual	2020 Actual
<b>Operating</b>			
Province of Ontario			
Paramedic services	\$ 8,584,500	\$ 9,829,919	\$ 8,793,442
Social services	25,303,300	22,519,827	22,030,234
Social housing	7,296,400	8,368,197	6,967,474
Long-term care	19,010,900	20,996,071	20,436,036
Other	1,033,100	2,084,696	3,550,237
	<u>61,228,200</u>	<u>63,798,710</u>	<u>61,777,423</u>
Government of Canada			
Social housing	588,700	588,774	631,487
Other	-	-	273,814
Other	325,100	363,983	15,687
	<u>913,800</u>	<u>952,757</u>	<u>920,988</u>
Other municipalities			
Transportation services	242,500	190,375	169,662
Other	297,600	202,774	158,974
	<u>540,100</u>	<u>393,149</u>	<u>328,636</u>
<b>Total operating transfers</b>	<u>62,682,100</u>	<u>65,144,616</u>	<u>63,027,047</u>
<b>Capital</b>			
Province of Ontario			
Transportation services	1,279,900	1,342,869	1,414,624
Social and Family Services	-	497,768	497,768
Homes for the Aged	490,200	727,243	-
- Other	-	137,169	232,097
	<u>1,770,100</u>	<u>2,705,049</u>	<u>2,144,489</u>
Government of Canada			
Transportation	3,729,000	3,436,535	3,563,859
Other	75,500	223,983	-
	<u>3,804,500</u>	<u>3,660,518</u>	<u>3,563,859</u>
Other municipalities			
Transportation services	1,969,000	214,113	38,088
<b>Total capital transfers</b>	<u>7,543,600</u>	<u>6,579,680</u>	<u>5,746,436</u>
<b>Total government transfers</b>	<u>\$ 70,225,700</u>	<u>\$ 71,724,296</u>	<u>\$ 68,773,483</u>

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**The Corporation of the County of Grey**  
**Notes to Financial Statements**

**December 31, 2021**

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**9. Other Income**

	2021	2021	2020
	Budget	Actual	Actual
Provincial Offences (POA)	\$ 2,445,000	\$ 2,261,919	\$ 1,845,627
Investment income, penalties and interest	1,075,900	613,281	1,008,565
Licenses, permits and rents	4,489,600	4,444,378	4,460,008
Donations	7,000	388,565	86,624
Development charges	1,779,200	562,914	89,308
Gain (loss) on disposal of assets	176,200	(79,892)	1,173,214
Other	30,000	226,090	260,949
	<u>\$ 10,002,900</u>	<u>\$ 8,417,255</u>	<u>\$ 8,924,295</u>

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**10. Pension Agreements**

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 744 members of its staff. This 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. Employees and employers contribute jointly to the plan. The amount contributed to OMERS for the County's share for 2021 was \$3,825,866 (2020 - \$3,800,614). The contribution rate for 2021 was 9.0% to 15.8% depending on age and income level (2020 - 9.0% to 15.8%).

OMERS is a multi-employer plan, therefore, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was on December 31, 2021. At that time the plan reported a \$3.1 billion actuarial deficit (2020 - \$3.2 billion actuarial deficit), based on actuarial liabilities of \$119.3 billion (2020 - \$111.8 billion) and actuarial assets of \$116.2 billion (2020 - \$108.6 billion). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in financial markets may lead to increased future funding requirements.

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**The Corporation of the County of Grey**  
**Notes to Financial Statements**

**December 31, 2021**

**11. Post-Employment Benefits**

	2021	2020
WSIB	\$ 3,684,580	\$ 3,313,172
Vacation pay liability	1,711,413	1,702,164
Post-employment benefits	4,965,114	4,710,912
Other	34,441	494
	<b>\$ 10,395,548</b>	<b>\$ 9,726,742</b>

- a) The County is a Schedule II employer under the Workplace Safety and Insurance Act. As a Schedule II employer the County assumes liability for any award made under the Act. An actuarial valuation performed at December 31, 2021 has calculated the liability to be \$3,684,580. The actuarial valuation was based on a number of assumptions such as, discount rates and WSIB payment rates. The assumptions used reflect management's best estimates. The WSIB benefit liability was determined using a discount rate of 2.35% and a WSIB administration rate of 22%. The current year cost is \$371,408 and prior year recovery was \$810,748. At December 31, 2021, the County provided \$3,129,099 in a reserve to offset this liability.
- b) The vacation year for an employee begins either on their "start date" anniversary or the date defined by the applicable union contract. The vacation liability includes all carry-forward amounts from the previous vacation year and vacation earned from the vacation year start date to December 31, 2021.
- c) The County pays certain life insurance, health and dental benefits on behalf of its retired employees. The County recognizes these post-retirement costs in the period in which the employees render the services. Actuarial valuations for accounting purposes are performed using the projected benefit method. The most recent actuarial report was prepared as at December 31, 2019. The assumptions used reflect management's best estimates. The post-employment benefit liability was determined using a discount rate of 2.6%. For dental, travel and vision premiums, a 4% annual rate of increase was assumed for 2019 and forward. For health care premiums, a 5.5% increase was used for 2019 and a decreasing rate used until 2026 where 4% was used thereafter.

	2021	2020
Post-employment benefit accrued liability	\$ 3,701,255	\$ 3,506,294
Unamortized loss	1,263,859	1,204,618
Post-employment benefits	<b>\$ 4,965,114</b>	<b>\$ 4,710,912</b>

	2021	2020
Retirement benefit expense	\$ 305,633	\$ 298,749
Interest costs	124,174	117,270
Total expense for the year	<b>\$ 429,807</b>	<b>\$ 416,019</b>

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**The Corporation of the County of Grey**  
**Notes to Financial Statements**

**December 31, 2021**

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**12. Contractual Commitments**

- (a) As part of the Provincial Local Services Realignment Program, the Ontario Housing Corporation (OHC) remains responsible for the servicing of the debentures used to finance the public housing projects transferred to the Grey County and Owen Sound Housing Corporation under the authority of the Social Housing Reform Act, 2000.

Information received from OHC as at December 31, 2021 indicates the following:

Principal payments on debentures during the year	\$ 415,780
Interest payments on debentures during the year	<u>103,605</u>
Total	<u>\$ 519,385</u>
Debentures outstanding at year-end	<u>\$ 1,256,480</u>

The principal and interest payments are recovered at source from Federal Social Housing funding provided from the Province and the balance is flowed to or recovered from the Consolidated Municipal Services Manager (County of Grey). The net amount recovered from the County of Grey in 2021 was \$155,749 (2020 - \$180,915) and is recorded on the statement of operations as a transfer to the Province.

- (b) The County of Grey has been allocated funding for Affordable Housing projects under the Canada-Ontario Affordable Housing Program and Delivering Opportunities for Ontario Renters Program. These funds are being used to create new housing units within the County. A total of \$8,616,349 has been committed to developers in order to complete these units with \$7,235,927 released as of December 31, 2021. If the units remain as affordable housing units for a period of 25 years, no amount will be repayable.
- (c) The County of Grey executed a contribution agreement for \$6,180,061 through the Ontario Housing Priorities Initiative and the Canada Ontario Community Housing Initiative to develop new housing units with a developer for an Affordable Housing Project. As of December 31, 2021, \$3,689,280 has been released. If the units remain as affordable housing units for a period of 20 years, no amount will be repayable.
- (d) The County of Grey has committed to extending a construction loan to the Owen Sound Housing Company for construction of an affordable housing complex. The terms were updated subsequent to year end, with the total loan being \$4,000,000 for a two-year term with annual interest of 2%. \$2,000,000 of the total funds were transferred April 2021 and the remainder in 2022.
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## The Corporation of the County of Grey

### Notes to Financial Statements

**December 31, 2021**

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#### 13. Contingencies

- (a) The County has been served with various claims as a result of motor vehicle accidents and other incidents. The outcomes of these claims are not determinable at this time.
- (b) The County insured errors and omissions and public liability insurance coverage through the Ontario Municipal Insurance Exchange (OMEX) up until December 31, 2008. OMEX is a separate pooling of the public liability insurance risks of its municipal members. All members are subject to assessment for losses, if any, experienced for the years in which they were members.
- (c) The County of Grey is a member of SWIFT and on March 5, 2020 the Province approved Phase 3 fibre installation projects across Southwestern Ontario. The Provincial and Federal government requires SWIFT to provide all costs and payments up front to service providers before it can apply for an advance on reimbursement of project costs. Therefore SWIFT has secured short-term bridge financing through TD that requires 14 municipalities participating in Phase 3 to guarantee their proportionate share of the total \$27.5 million. The County share is \$2,929,000.

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#### 14. Trust Funds

The trust funds administered by the municipality amounting to \$46,591 (2020 - \$47,611) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations and accumulated surplus.

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#### 15. Provincial Offences

Revenue is recognized on a cash basis for fines levied during the year. The gross revenues collected for the County of Grey for the year ended December 31, 2021 were \$2,016,810 (2020 - \$1,697,123). Net revenues after deduction of operating expenses were \$316,424 (2020 - \$264,791).

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#### 16. Impacts of COVID-19

COVID-19 has had a deep impact on the Canadian and global economy. As the economic effects of COVID-19 continue, there has been further impact on the County, its citizens, employees, suppliers and other third party business associates that impacts the County's operations and ability to deliver services and complete projects. Given the dynamic nature of these circumstances and the duration of disruption, the related financial impact cannot be reasonably estimated at this time. The County's ability to deliver non-essential services depends on the legislative mandates from the various levels of government. The County continues to focus on collecting receivables, maximizing funding entitlements as well as managing expenditures and projects to ensure it is able to continue providing essential services to its citizens.

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## The Corporation of the County of Grey Notes to Financial Statements

**December 31, 2021**

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### **17. Segmented Information**

The County of Grey is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

#### **Corporate Services**

Corporate Services encompasses the budgets of Council, Corporate Administration, Emergency Management, Assessment, Provincial Offences, County Property, the Grey Bruce Health Unit and Education and Healthcare Initiatives. In addition, this also includes the taxation budget, which includes supplementary tax and tax write-offs, as well as the Federal Gas Tax Funding.

#### **Planning and Community Development**

Planning and Community Development encompasses Planning (including civic addressing), Heritage, Agriculture, Forestry, Trails, Tourism and Economic Development mandates.

#### **Social Services**

Social Services encompasses the Social Services, Housing and Long-Term Care departments. Social Services includes Social Assistance, Administration, Ontario Works and Child Care. Housing covers operational and capital budgets for Grey County Housing, subsidies provided to Non-Profit Housing Providers and the Affordable Housing Programs. The Long-Term Care component refers to the three Long-Term Care facilities (Grey Gables - Markdale, Rockwood Terrace - Durham and Lee Manor - Owen Sound) that are owned and operated by the County of Grey.

#### **Transportation and Public Safety**

Transportation and Public Safety encompasses the Paramedic Services and Transportation Services departments (with Transportation Services responsible for providing a safe transportation network).

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

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**The Corporation of the County of Grey**  
**Notes to Financial Statements**

**December 31**

	Corporate Services	Planning and Community Development	Social Services, Housing and Long- Term Care	Transportation and Public Safety	2021 Total
<b>Revenue</b>					
Taxation	\$ 12,127,420	\$ 4,465,500	\$ 18,528,000	\$ 28,484,700	\$ 63,605,620
Fees and user charges	30,336	369,752	8,693,980	482,335	9,576,403
Specific grants	1,316,981	1,645,624	53,749,679	15,012,012	71,724,296
Other revenue	2,710,708	728,348	4,915,716	62,483	8,417,255
	<u>16,185,445</u>	<u>7,209,224</u>	<u>85,887,375</u>	<u>44,041,530</u>	<u>153,323,574</u>
<b>Expenses</b>					
Salaries and benefits	6,390,249	2,960,663	36,192,509	20,115,035	65,658,456
Interest on debt	-	-	40,718	-	40,718
Materials and supplies	1,467,900	752,169	6,589,777	4,132,774	12,942,620
Contracted services	1,281,504	1,551,596	6,532,284	3,885,787	13,251,171
Other transfers	6,377,507	570,548	31,554,806	15,456	38,518,317
Rents and financial expenses	319,773	27,909	735,258	770,689	1,853,629
Amortization	722,559	290,226	2,290,613	9,104,370	12,407,768
	<u>16,559,492</u>	<u>6,153,111</u>	<u>83,935,965</u>	<u>38,024,111</u>	<u>144,672,679</u>
<b>Annual surplus</b>	<b>\$ (374,047)</b>	<b>\$ 1,056,113</b>	<b>\$ 1,951,410</b>	<b>\$ 6,017,419</b>	<b>\$ 8,650,895</b>

**The Corporation of the County of Grey**  
**Notes to Financial Statements**

**December 31**

	Corporate Services	Planning and Community Development	Social Services, Housing and Long- Term Care	Transportation and Public Safety	2020 Total
<b>Revenue</b>					
Taxation	\$ 10,743,006	\$ 4,763,000	\$ 17,786,300	\$ 27,100,200	\$ 60,392,506
Fees and user charges	32,455	287,031	9,338,001	488,762	10,146,249
Specific grants	3,409,729	716,574	50,653,427	13,993,753	68,773,483
Other revenue	2,914,386	(63,391)	5,998,542	74,258	8,923,795
	<u>17,099,576</u>	<u>5,703,214</u>	<u>83,776,270</u>	<u>41,656,973</u>	<u>148,236,033</u>
<b>Expenses</b>					
Salaries and benefits	6,333,840	2,565,112	34,120,417	18,887,793	61,907,162
Interest on debt	-	-	51,892	-	51,892
Materials and supplies	1,392,156	633,667	6,299,764	4,271,668	12,597,255
Contracted services	1,021,737	691,623	4,715,127	3,816,200	10,244,687
Other transfers	4,122,405	494,458	30,289,273	25,968	34,932,104
Rents and financial expenses	285,793	25,421	576,917	628,231	1,516,362
Amortization	403,704	284,235	2,187,390	8,044,369	10,919,698
	<u>13,559,635</u>	<u>4,694,516</u>	<u>78,240,780</u>	<u>35,674,229</u>	<u>132,169,160</u>
<i>Annual surplus (deficit)</i>	<u>\$ 3,539,941</u>	<u>\$ 1,008,698</u>	<u>\$ 5,535,490</u>	<u>\$ 5,982,744</u>	<u>\$ 16,066,873</u>

**The Corporation of the County of Grey**  
**Schedule of Deferred Revenue**

**For the year ended December 31, 2021**

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
<b>Obligatory Reserve Funds</b>					
Development charges	\$16,074,445	\$ 7,604,532	\$ 168,735	\$ (562,914)	<b>\$23,284,798</b>
Federal gas tax	4,544,437	5,836,585	39,342	(3,506,638)	<b>6,913,726</b>
	<u>20,618,882</u>	<u>13,441,117</u>	<u>208,077</u>	<u>(4,069,552)</u>	<u><b>30,198,524</b></u>
<b>Other</b>					
Cannabis Legalization	156,101	13,222	-	-	<b>169,323</b>
Long Term Care	510,657	2,972,172	-	(1,267,322)	<b>2,215,507</b>
Paramedicine	-	543,635	-	(419,805)	<b>123,830</b>
Affordable Housing	65,776	70,471	-	-	<b>136,247</b>
Aggregate Fund	341,581	78,803	-	-	<b>420,384</b>
Museums Assistance Program	100,000	-	-	(100,000)	<b>-</b>
Economic development and tourism	39,204	797,219	-	(756,248)	<b>80,175</b>
Miscellaneous	50	30,000	-	-	<b>30,050</b>
	<u>1,213,369</u>	<u>4,505,522</u>	<u>-</u>	<u>(2,543,375)</u>	<u><b>3,175,516</b></u>
	<u>\$21,832,251</u>	<u>\$17,946,639</u>	<u>\$ 208,077</u>	<u>\$(6,612,927)</u>	<u><b>\$33,374,040</b></u>

**Grey Roots - Museum**  
**Statement of Operations**  
(Unaudited)

<b>For the year ended December 31</b>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Province of Ontario	\$ 83,045	\$ 75,945
Canada	135,546	15,687
County of Grey	1,242,600	1,305,700
Donations	23,879	14,135
Donation in kind	322,000	4,560
Admissions and sales	31,815	9,934
Transfer from County of Grey reserves	221,677	-
Sale of assets	11,882	2,862
	<u>2,072,444</u>	<u>1,428,823</u>
<b>Expenditures</b>		
Donation in kind	322,000	4,560
Supplies, postage and telephone	47,608	59,178
Payments to other organizations	486	486
Professional	26,760	7,339
Purchases for resale	3,897	2,699
Occupancy	253,305	249,731
Special events	48,784	26,065
Salaries and benefits	932,349	785,631
Travel and convention fees	5,188	11,409
Vehicle operations and licensing	2,025	1,973
Transfer to (from) County of Grey reserve	202,475	259,660
	<u>1,844,877</u>	<u>1,408,731</u>
Change in unfinanced liabilities	<u>5,093</u>	<u>(10,150)</u>
	<u>1,839,784</u>	<u>1,418,881</u>
<b>Net revenue for the year</b>	<b>\$ 232,660</b>	<b>\$ 9,942</b>

**County of Grey - Provincial Offences**  
**Statement of Operations**  
**(Unaudited)**

<b>For the year ended December 31</b>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Fines	\$ 2,016,810	\$ 1,697,123
Province of Ontario	245,109	148,504
Investment income	539	698
Transcripts	50	1,595
Cost recoveries	5	1,156
	<u>2,262,513</u>	<u>1,849,076</u>
<b>Expenditures</b>		
Salaries and benefits	693,863	627,528
Administrative charges	434,110	381,245
Victim fine surcharge	353,674	298,383
Dedicated fines	53,154	31,645
Prosecution expenses	180,304	65,285
Transfers to County of Bruce	230,984	180,199
	<u>1,946,089</u>	<u>1,584,285</u>
<b>Net revenue before transfer to reserves</b>	<b>316,424</b>	<b>264,791</b>
<b>Transfer to reserve</b>	<b>(87,227)</b>	<b>-</b>
<b>Net revenue for the year</b>	<b>\$ 403,651</b>	<b>\$ 264,791</b>