

The Corporation of the
County of Grey
Financial Statements
For the year ended December 31, 2020

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The Corporation of the County of Grey

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Tel: 519 376 6110
Fax: 519 376 4741
www.bdo.ca

BDO Canada LLP
1717 2nd Avenue E, Third Floor
PO Box 397
Owen Sound ON N4K 5P7 Canada

Independent Auditor's Report

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, 2020 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, 2020 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
June 10, 2021

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

December 31	2020	2019
Financial assets		
Cash and investments (Note 1)	\$ 89,270,825	\$ 68,581,792
Trade and other receivables	5,309,791	4,832,862
Inventory held for resale	10,691	6,536
	<u>94,591,307</u>	<u>73,421,190</u>
Liabilities		
Accounts payable and accrued liabilities	16,614,675	12,850,971
Vacation pay, post-employment benefits and WSIB Schedule II liabilities (Note 10)	9,726,742	8,533,791
Deferred revenue (Page 27)	21,832,251	16,050,270
Net long-term liabilities (Note 2)	3,224,611	3,860,878
	<u>51,398,279</u>	<u>41,295,910</u>
Net financial assets	<u>43,193,028</u>	<u>32,125,280</u>
Non-financial assets		
Prepaid expenses	87,843	87,478
Tangible capital assets (Note 3)	212,485,464	207,149,677
Inventory of supplies	939,693	1,276,720
	<u>213,513,000</u>	<u>208,513,875</u>
Accumulated surplus (Note 4)	<u>\$ 256,706,028</u>	<u>\$ 240,639,155</u>

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

For the year ended December 31	2020 Budget (Note 6)	2020 Actual	2019 Actual
Revenue			
Taxation	\$ 60,184,700	\$ 60,392,506	\$ 58,254,078
Fees and user charges	10,031,000	10,146,249	10,269,121
Government transfers (Note 7)	68,219,300	68,773,483	59,185,152
Other income (Note 8)	8,750,200	8,923,795	10,602,937
	<u>147,185,200</u>	<u>148,236,033</u>	<u>138,311,288</u>
Expenses			
General government	10,046,400	10,256,057	9,941,729
Provincial offences	2,115,100	1,591,427	2,050,860
Transportation services	10,583,400	19,544,984	19,943,930
Health Unit	1,676,800	1,712,152	1,676,829
Paramedic services	14,163,000	16,129,245	14,667,672
Social services	30,262,500	25,981,337	28,786,320
Social housing	18,821,300	18,182,674	14,859,696
Long-term care	29,126,500	34,076,769	30,582,014
Grey Roots	1,797,300	1,626,873	2,419,656
Planning and development	3,309,800	3,067,642	3,201,041
	<u>121,902,100</u>	<u>132,169,160</u>	<u>128,129,747</u>
Annual surplus (Note 6)	25,283,100	16,066,873	10,181,541
Accumulated surplus, beginning of the year	<u>240,639,155</u>	<u>240,639,155</u>	<u>230,457,614</u>
Accumulated surplus, end of the year	<u>\$265,922,255</u>	<u>\$256,706,028</u>	<u>\$240,639,155</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

For the year ended December 31	2020 Budget (Note 6)	2020 Actual	2019 Actual
Annual surplus (Page 6)	\$ 25,283,100	\$16,066,873	\$ 10,181,541
Acquisition of tangible capital assets	(28,907,900)	(16,829,343)	(17,481,483)
Amortization of tangible capital assets	-	10,919,698	11,113,708
(Gain) loss on disposal of capital assets	-	(1,173,214)	172,241
Proceeds on disposal of capital assets	-	1,747,072	263,588
	<u>(28,907,900)</u>	<u>(5,335,787)</u>	<u>(5,931,946)</u>
Change in prepaid expenses	-	(365)	(60,712)
Change in inventory of supplies	-	337,027	(6,867)
	<u>-</u>	<u>336,662</u>	<u>(67,579)</u>
Increase (decrease) in net financial assets	(3,624,800)	11,067,748	4,182,016
Net financial assets, beginning of the year	<u>32,125,280</u>	<u>32,125,280</u>	<u>27,943,264</u>
Net financial assets, end of the year	<u>\$ 28,500,480</u>	<u>\$43,193,028</u>	<u>\$ 32,125,280</u>

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

For the year ended December 31	2020	2019
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 16,066,873	\$ 10,181,541
Items not involving cash		
Vacation pay, post-employment benefits and WSIB Schedule II liabilities	1,192,951	914,541
Amortization	10,919,698	11,113,708
(Gain) loss on disposal of capital assets	(1,173,214)	172,241
Deferred revenue recognized	(4,567,998)	(6,430,617)
	22,438,310	15,951,414
Changes in non-cash working capital balances		
Trade and other receivables	(476,929)	(1,657,922)
Inventory held for resale	(4,155)	3,488
Prepaid expenses	(365)	(60,712)
Accounts payable and accrued liabilities	3,763,704	(3,438,368)
Inventory of supplies	337,027	(6,867)
Deferred revenue received	10,349,979	11,163,922
	36,407,571	21,954,955
Capital transactions		
Cash used to acquire capital assets	(16,829,343)	(17,481,483)
Proceeds on disposal of capital assets	1,747,072	263,588
	(15,082,271)	(17,217,895)
Financing activities		
Repayment of long-term liabilities	(636,267)	(633,095)
Net change in cash and temporary investments	20,689,033	4,103,965
Cash and temporary investments, beginning of the year	68,581,792	64,477,827
Cash and temporary investments, end of the year	\$ 89,270,825	\$ 68,581,792

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

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

December 31, 2020

Management Responsibility	<p>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.</p>
Basis of Accounting	<p>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 Canada as prescribed by the Ministry of Municipal Affairs and Housing.</p> <p>Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.</p>
Use of Estimates	<p>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.</p>
Basis of Consolidation	<p>The consolidated statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenses have been eliminated on consolidation.</p> <p>The following boards and municipal enterprises owned or controlled by Council have been consolidated:</p> <p>Grey County and Owen Sound Housing Corporation</p>

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

December 31, 2020

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.

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

December 31, 2020

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.

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

December 31, 2020

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.

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2020

1. Cash and Investments

	2020	2019
Unrestricted	\$ 88,996,704	\$ 68,270,960
Restricted	274,121	310,832
	\$ 89,270,825	\$ 68,581,792

A cash balance of \$22,021,247 is being held in one bank account earning interest at a rate of prime less 1.75%. Other cash balances totalling \$11,607,809 and investment deposits of \$21,389,421 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 \$31,871,666 are also held at other financial institutions.

Investments included in the balance above consists of:

	2020	2019
Bond Fund	\$ 3,696,656	\$ 3,478,585
High Interest Savings Account	10,006,518	-
Term Deposits .75% to .89% (2019- 2.14% to 2.27%)	21,389,421	17,516,591
Guaranteed Investment Certificates .85% to 3.50% (2019 - 1.90% to 3.07%)	20,355,337	11,289,217
Membership share	1	1
	\$ 55,447,933	\$ 32,284,394

Investments have a market value of \$55,467,176 (2019 - \$32,217,909) at the end of the year.

The County of Grey has deposits held in an Ontario credit union of \$2,355,325 (2019 - \$2,289,205). 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, 2020, the County of Grey had a \$6,000,000 unused credit facility.

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2020

2. Long-Term Liabilities

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

	2020	2019
Georgian College Marine Emergency Duties Training and Research Centre, payable in equal instalments of \$200,000 from 2015 to 2024	\$ 800,000	\$ 1,000,000
Scotiabank, 1.995%, blended monthly instalments of \$36,224, due 2021	2,424,611	2,807,002
Canada Mortgage and Housing Corporation, 1.01%, mortgage payable in blended monthly instalments of \$4,923, due 2020	-	53,876
	\$ 3,224,611	\$ 3,860,878

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

2021	\$	2,624,611
2022		200,000
2023		200,000
2024		200,000
		\$ 3,224,611

The County also has internally issued debentures for capital assets, \$6,226,057 (2019 - \$6,733,303) 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 \$51,892 (2019 - \$60,005) was paid during the year on long-term liabilities.

The Corporation of the County of Grey
Notes to Financial Statements

December 31

3. Tangible Capital Assets

	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

3. Tangible Capital Assets - (continued)

										2019
	Land and Land Improvements	Buildings	Machinery and Equipment	Roads	Bridges and Culverts	Vehicles	Total			
Cost, beginning of the year	\$ 3,444,029	\$ 116,721,714	\$ 13,979,088	\$ 277,659,947	\$ 40,501,674	\$ 10,407,679	\$ 462,714,131			
Additions	307,886	2,539,000	1,375,473	10,212,951	1,650,045	1,396,128	17,481,483			
Disposals	(11,140)	(22,050)	(508,702)	(2,477,275)	(122,348)	(1,659,413)	(4,800,928)			
Cost, end of the year	3,740,775	119,238,664	14,845,859	285,395,623	42,029,371	10,144,394	475,394,686			
Accumulated amortization, beginning of the year	1,152,110	53,536,567	8,244,836	166,492,800	26,171,609	5,898,478	261,496,400			
Amortization	103,361	2,614,419	936,652	6,215,750	434,278	809,248	11,113,708			
Disposals	(7,141)	(17,965)	(472,029)	(2,291,242)	(122,347)	(1,454,375)	(4,365,099)			
Accumulated amortization, end of the year	1,248,330	56,133,021	8,709,459	170,417,308	26,483,540	5,253,351	268,245,009			
Net carrying amount, end of the year	\$ 2,492,445	\$ 63,105,643	\$ 6,136,400	\$ 114,978,315	\$ 15,545,831	\$ 4,891,043	\$ 207,149,677			

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2020

3. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction is \$386,550 (2019 - \$559,335).

In 2020, \$Nil (2019 - \$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 year or previous year.

4. Accumulated Surplus

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

	2020	2019
Invested in tangible capital assets		
Tangible capital assets purchased	\$ 212,485,464	\$ 207,149,677
Unfinanced capital assets	(1,197,246)	(1,290,794)
Capital assets financed by internal debentures and to be funded in future years	(6,226,057)	(6,733,303)
Capital assets financed by long-term liabilities and to be funded in future years (Note 2)	(2,424,611)	(2,860,878)
Total invested in capital assets	202,637,550	196,264,702
Unfunded post-employment benefits	(9,194,276)	(7,947,382)
Unfunded commitment to Georgian College	(800,000)	(1,000,000)
Other surplus	911,707	1,276,720
	193,554,981	188,594,040
Reserves (Note 5)	63,151,047	52,045,115
Accumulated surplus	\$ 256,706,028	\$ 240,639,155

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, 2020 is \$6,226,057 (2019 - \$6,733,303). The debenture bears interest of 2.8% and is repayable in blended annual instalments of \$706,539 maturing January 10, 2031.

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2020

5. Reserves Set Aside for Specific Purpose by Council

	2020	2019
Working funds	\$ 1,930,799	\$ 1,930,799
Insurance, sick leave and WSIB	3,378,683	3,303,683
Current purposes	16,213,911	10,564,343
Capital purposes	41,627,654	36,246,290
	\$ 63,151,047	\$ 52,045,115

6. 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 2020 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.

	2020 Budget	2020 Actual	2019 Actual
Annual surplus (Page 6)	\$ 25,283,100	\$ 16,066,873	\$ 10,181,541
Transfers to reserves	(6,533,200)	(16,186,803)	(12,828,330)
Transfers from reserves	10,594,300	5,080,870	8,895,497
Capital acquisitions, disposals and write-down	(28,907,900)	(16,255,485)	(17,045,654)
Amortization	-	10,919,698	11,113,708
Proceeds from internal debentures	-	-	6,733,303
Debt principal repayments	(436,300)	(436,267)	(433,095)
Change in unfunded liabilities	-	1,246,894	906,887
Change in long-term commitments	-	(200,000)	(200,000)
Change in other surplus	-	365,012	(6,867)
	-	600,792	7,316,990
Change in unfinanced capital	-	(600,792)	(7,316,990)
	\$ -	\$ -	\$ -

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2020

7. Government Transfers

	2020 Budget	2020 Actual	2019 Actual
Operating			
Province of Ontario			
Paramedic services	\$ 7,657,800	\$ 8,793,442	\$ 7,468,799
Social services	25,095,300	22,030,234	23,973,118
Social housing	8,435,400	6,967,474	3,363,341
Long-term care	16,675,300	20,436,036	16,897,452
Other	592,200	3,550,237	1,107,615
	<u>58,456,000</u>	<u>61,777,423</u>	<u>52,810,325</u>
Government of Canada			
Social housing	631,500	631,487	635,370
Federal Gas Tax - other	107,100	273,814	52,942
Other	15,500	15,687	40,495
	<u>754,100</u>	<u>920,988</u>	<u>728,807</u>
Other municipalities			
Transportation services	254,000	169,662	384,977
Other	55,600	158,974	35,907
	<u>309,600</u>	<u>328,636</u>	<u>420,884</u>
Total operating transfers	<u>59,519,700</u>	<u>63,027,047</u>	<u>53,960,016</u>
Capital			
Province of Ontario			
Transportation services	1,279,900	1,414,624	1,273,580
Social and Family Services	529,300	497,768	-
Social Housing	-	-	886,691
- Other	-	232,097	-
	<u>1,809,200</u>	<u>2,144,489</u>	<u>2,160,271</u>
Government of Canada			
Federal Gas Tax - Transportation	4,832,500	3,563,859	3,064,865
Other	275,900	-	-
	<u>5,108,400</u>	<u>3,563,859</u>	<u>3,064,865</u>
Other municipalities			
Transportation services	1,782,000	38,088	-
Total capital transfers	<u>8,699,600</u>	<u>5,746,436</u>	<u>5,225,136</u>
Total government transfers	<u>\$ 68,219,300</u>	<u>\$ 68,773,483</u>	<u>\$ 59,185,152</u>

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2020

8. Other Income

	2020 Budget	2020 Actual	2019 Actual
Provincial Offences (POA)	\$ 2,420,000	\$ 1,845,627	\$ 2,446,412
Investment income, penalties and interest	1,389,400	1,008,565	1,126,062
Licenses, permits and rents	4,564,500	4,460,008	4,461,818
Donations	13,300	86,124	461,287
Development charges	181,300	89,308	2,169,271
Gain (loss) on disposal of assets	119,800	1,173,214	(172,241)
Other	61,900	260,949	110,328
	\$ 8,750,200	\$ 8,923,795	\$ 10,602,937

9. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 718 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 2020 was \$3,800,614 (2019 - \$3,693,693). The contribution rate for 2020 was 9.0% to 15.8% depending on age and income level (2019 - 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, 2020. At that time the plan reported a \$3.20 billion actuarial deficit (2019 - \$3.4 billion actuarial deficit), based on actuarial liabilities of \$111.8 billion (2019 - \$106.44 billion) and actuarial assets of \$108.6 billion (2019 - \$103.04 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.

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2020

10. Post-Employment Benefits

	2020	2019
WSIB	\$ 3,313,172	\$ 2,502,424
Vacation pay liability	1,702,164	1,549,791
Post-employment benefits	4,710,912	4,427,139
Other	494	54,437
	\$ 9,726,742	\$ 8,533,791

- 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, 2020 has calculated the liability to be \$3,313,172. 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 1.75% and a WSIB administration rate of 23.5%. The current year cost is \$810,748 and prior year recovery was \$118,511. At December 31, 2020, 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, 2020.
- 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.

	2020	2019
Post-employment benefit accrued liability	\$ 3,506,294	\$ 3,281,762
Unamortized loss	1,204,618	1,145,377
Post-employment benefits	\$ 4,710,912	\$ 4,427,139

	2020	2019
Retirement benefit expense	\$ 298,749	\$ 208,252
Interest costs	117,270	90,919
Total expense for the year	\$ 416,019	\$ 299,171

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2020

11. 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, 2020 indicates the following:

Principal payments on debentures during the year	\$ 452,376
Interest payments on debentures during the year	<u>129,830</u>
Total	<u>\$ 582,206</u>
Debentures outstanding at year-end	<u>\$ 1,672,261</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 2020 was \$180,915 (2019 - \$254,009) and is recorded on the statement of operations as a transfer to the Province.

- (b) The County of Grey has approved a capital grant of land and money in the amount of \$1,000,000 to the Centre Grey Health Services Foundation for the Centre Grey General Hospital Building Fund. The amount of money to be paid will be determined by deducting the value of the lands and will be paid in ten equal instalments contingent upon the approval of funding for completion of the Centre Grey Hospital by the Province of Ontario. Payments are being processed in 2021 as construction began in March 2021. The County has transferred \$772,698 to reserves towards this commitment.
- (c) 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 \$5,363,060 released as of December 31, 2020. If the units remain as affordable housing units for a period of 25 years, no amount will be repayable.
- (d) 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, 2020, \$3,090,082 has been released. If the units remain as affordable housing units for a period of 20 years, no amount will be repayable.
- (e) 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.

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2020

12. 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.

13. Trust Funds

The trust funds administered by the municipality amounting to \$47,611 (2019 - \$45,141) 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.

14. 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, 2020 were \$1,697,123 (2019 - \$2,173,498). Net revenues after deduction of operating expenses were \$264,791 (2019 - \$450,906).

15. 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 could be further impact on the County, its citizens, employees, suppliers and other third party business associates that could impact 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 will depend on the legislative mandates from the various levels of government. The County will continue 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.

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2020

16. 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.

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
Revenue					
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>
Expenses					
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>
Annual surplus	\$ 3,539,941	\$ 1,008,698	\$ 5,535,490	\$ 5,982,744	\$ 16,066,873

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	2019 Total
Revenue					
Taxation	\$ 10,986,899	\$ 4,688,501	\$ 17,009,653	\$ 25,569,025	\$ 58,254,078
Fees and user charges	206,151	298,610	9,346,570	417,790	10,269,121
Specific grants	813,800	406,529	45,755,972	12,208,851	59,185,152
Other revenue	3,630,489	106,707	4,902,897	1,962,844	10,602,937
	15,637,339	5,500,347	77,015,092	40,158,510	138,311,288
Expenses					
Salaries and benefits	5,742,014	3,020,183	30,734,259	17,791,099	57,287,555
Interest on debt	-	-	60,005	-	60,005
Materials and supplies	1,304,349	954,077	5,809,448	4,478,662	12,546,536
Contracted services	1,091,899	714,886	7,669,629	3,536,987	13,013,401
Other transfers	4,364,243	655,040	27,187,006	10,146	32,216,435
Rents and financial expenses	319,802	37,275	684,668	850,362	1,892,107
Amortization	847,111	239,236	2,083,015	7,944,346	11,113,708
	13,669,418	5,620,697	74,228,030	34,611,602	128,129,747
Annual surplus (deficit)	\$ 1,967,921	\$ (120,350)	\$ 2,787,062	\$ 5,546,908	\$ 10,181,541

The Corporation of the County of Grey
Schedule of Deferred Revenue

For the year ended December 31, 2020

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	\$10,008,883	\$ 6,008,381	\$ 146,489	\$ (89,308)	\$16,074,445
Federal gas tax	5,412,752	2,846,449	60,049	(3,774,813)	4,544,437
	<u>15,421,635</u>	<u>8,854,830</u>	<u>206,538</u>	<u>(3,864,121)</u>	<u>20,618,882</u>
Other					
Cannabis Legalization	156,101	-	-	-	156,101
Long Term Care	-	801,498	-	(290,841)	510,657
Paramedicine program	122,017	-	-	(122,017)	-
Affordable Housing	65,176	600	-	-	65,776
Aggregate Fund	271,450	70,131	-	-	341,581
Museums Assistance Program	-	100,000	-	-	100,000
Municipal Infrastructure Investment Initiative Capital Program	-	316,382	-	(277,178)	39,204
Miscellaneous	13,891	-	-	(13,841)	50
	<u>628,635</u>	<u>1,288,611</u>	<u>-</u>	<u>(703,877)</u>	<u>1,213,369</u>
	<u>\$16,050,270</u>	<u>\$10,143,441</u>	<u>\$ 206,538</u>	<u>\$(4,567,998)</u>	<u>\$21,832,251</u>

Grey Roots - Museum
Statement of Operations
(Unaudited)

For the year ended December 31	2020	2019
Revenue		
Province of Ontario	\$ 75,945	\$ 63,534
Canada	15,687	50,636
County of Grey	1,305,700	1,596,723
Donations	14,135	16,734
Donation in kind	4,560	8,155
Admissions and sales	9,934	152,176
Transfer from County of Grey reserves	-	5,704
Sale of assets	2,862	289
	<u>1,428,823</u>	<u>1,893,951</u>
Expenditures		
Advertising	-	73,353
Donation in kind	4,560	8,155
Supplies, postage and telephone	59,178	68,341
Payments to other organizations	486	486
Professional	7,339	8,963
Purchases for resale	2,699	6,735
Occupancy	249,731	303,708
Special events	26,065	123,937
Salaries and benefits	785,631	1,240,144
Travel and convention fees	11,409	11,533
Vehicle operations and licensing	1,973	3,888
Transfer to (from) County of Grey reserve	259,660	(20,493)
	<u>1,408,731</u>	<u>1,828,750</u>
Change in unfinanced liabilities	<u>(10,150)</u>	<u>(14,227)</u>
	<u>1,418,881</u>	<u>1,842,977</u>
Net revenue for the year	<u>\$ 9,942</u>	<u>\$ 50,974</u>

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

For the year ended December 31	2020	2019
Revenue		
Fines	\$ 1,697,123	\$ 2,173,498
Province of Ontario	148,504	269,456
Investment income	698	1,859
Transcripts	1,595	1,610
Cost recoveries	1,156	408
	<u>1,849,076</u>	<u>2,446,831</u>
Expenditures		
Salaries and benefits	627,528	614,255
Administrative charges	381,245	400,812
Victim fine surcharge	298,383	372,639
Dedicated fines	31,645	64,180
Prosecution expenses	65,285	209,023
Transfers to County of Bruce	180,199	335,016
	<u>1,584,285</u>	<u>1,995,925</u>
Net revenue before transfer to reserves	264,791	450,906
Transfer to reserve	-	53,864
Net revenue for the year	<u>\$ 264,791</u>	<u>\$ 397,042</u>

The Corporation of the County of Grey
County of Grey
Trust Funds
Financial Information
For the year ended December 31, 2020

The Corporation of the County of Grey
Trust Funds
Financial Information
For the year ended December 31, 2020

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The Corporation of the County of Grey Trust Funds

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Tel: 519 376 6110
Fax: 519 376 4741
www.bdo.ca

BDO Canada LLP
1717 2nd Avenue E, Third Floor
PO Box 397
Owen Sound ON N4K 5P7 Canada

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the County of Grey County of Grey

Qualified Opinion

We have audited the accompanying financial information for The Corporation of the County of Grey Homes for the Aged Trust Funds (the Trust Funds), which comprise the statement of financial position as at December 31, 2020, the statement of continuity for the year then ended, and note to the financial information including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial information is prepared, in all material respects, in accordance with the basis of accounting as described in Note 1.

Basis for Qualified Opinion

In common with many organizations of this nature, the Trust Funds derive trust fund receipts from and on behalf of residents, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these receipts was limited to the amounts recorded in the records of the Trust Fund. Therefore, we were not able to determine whether any adjustments might be necessary to funds received in trust for the years ended December 31, 2019 and 2020, assets as at December 31, 2019 and 2020, and fund balances as at January 1 and December 31 for both the 2019 and 2020 years. Our audit opinion on the financial information for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Information section of our report. We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial information in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial information, which describes the basis of accounting. The financial information is prepared to assist the Trust Funds to meet the reporting requirements of the Ministry of Health and Long-Term Care. As a result, the financial information may not be suitable for another purpose.



Responsibilities of Management and Those Charged with Governance for the Financial Information

Management is responsible for the preparation of the financial information in accordance with the basis of accounting as described in Note 1, and for such internal control as management determines is necessary to enable the preparation of the financial information that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Trust Funds' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial information.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
June 10, 2021

The Corporation of the County of Grey
 Long-Term Care - Trust Funds
 Statement of Financial Position

December 31, 2020

Assets	Total	Rockwood Terrace	Grey Gables	Lee Manor	Residents' Activities
Cash and investments	\$ 47,611	\$ 12,430	\$ 4,237	\$ 14,461	\$ 16,483
Fund balance	\$ 47,611	\$ 12,430	\$ 4,237	\$ 14,461	\$ 16,483

Long-Term Care - Trust Funds
 Statement of Trust Fund Receipts and Disbursements

For the year ended December 31, 2020

	Total	Rockwood Terrace	Grey Gables	Lee Manor	Residents' Activities
Balance, beginning of the year	\$ 45,141	\$ 10,345	\$ 5,040	\$ 13,273	\$ 16,483
Receipts					
Residents' net deposits	22,940	9,486	1,645	11,809	-
Expenses					
Bank charges and other	7,488	3,096	1,040	3,352	-
Residents' net withdrawals	12,982	4,305	1,408	7,269	-
Balance, end of the year	\$ 47,611	\$ 12,430	\$ 4,237	\$ 14,461	\$ 16,483

The Corporation of the County of Grey
County of Grey
Long-Term Care - Trust Funds
Notes to Financial Statements

For the year ended December 31, 2020

1. Summary of Significant Accounting Policies

(a) Basis of accounting

Sources of revenues and expenditures 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 as a result of receipts of goods or services and the creation of a legal obligation to pay.

(b) Nature of Trust Fund

The Residents' Trust Funds of the County of Grey are established in accordance with Ontario Regulation 79/10 under the Long-Term Care Homes Act, 2007.
