

The Corporation of the
County of Grey
Financial Statements
For the year ended December 31, 2022

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Financial Statements
For the year ended December 31, 2022

Contents

The Corporation of the County of Grey

Independent Auditor's Report	2 - 4
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Changes in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Summary of Significant Accounting Policies	9 - 12
Notes to Financial Statements	13 - 26
Schedule of Deferred Revenue	27
Grey Roots - Museum (Unaudited)	28
Provincial Offences (Unaudited)	29



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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, 2022 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, 2022 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
July 10, 2023

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

December 31	2022	2021
Financial assets		
Cash and investments (Note 1)	\$ 118,902,822	\$ 103,603,952
Trade and other receivables (Note 2)	7,010,702	7,587,987
Inventory held for resale	7,504	8,915
	<u>125,921,028</u>	<u>111,200,854</u>
Liabilities		
Accounts payable and accrued liabilities	24,715,828	15,331,828
Vacation pay, post-employment benefits and WSIB Schedule II liabilities (Note 11)	9,514,220	10,395,548
Deferred revenue (Page 27)	39,656,369	33,374,040
Net long-term liabilities (Note 3)	400,000	600,000
	<u>74,286,417</u>	<u>59,701,416</u>
Net financial assets	<u>51,634,611</u>	<u>51,499,438</u>
Non-financial assets		
Prepaid expenses	288,414	135,163
Tangible capital assets (Note 4)	225,497,314	212,600,982
Inventory of supplies	1,201,507	1,121,340
	<u>226,987,235</u>	<u>213,857,485</u>
Accumulated surplus (Note 5)	<u>\$ 278,621,846</u>	<u>\$ 265,356,923</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

For the year ended December 31	2022 Budget (Note 7)	2022 Actual	2021 Actual
Revenue			
Taxation	\$ 65,755,300	\$ 66,856,138	\$ 63,605,620
Fees and user charges	9,683,700	9,808,550	9,576,403
Government transfers (Note 8)	73,557,700	71,892,379	71,724,296
Other income (Note 9)	10,028,900	11,441,778	8,417,255
	<u>159,025,600</u>	<u>159,998,845</u>	<u>153,323,574</u>
Expenses			
General government	11,874,400	12,162,526	12,847,881
Provincial offences	1,981,100	2,060,252	1,986,134
Transportation services	11,158,900	22,888,135	20,569,377
Health Unit	2,676,800	2,687,724	1,725,477
Paramedic services	17,102,000	17,716,027	17,454,734
Social services	30,153,200	27,720,754	26,695,095
Social housing	15,007,200	16,155,518	20,521,715
Long-term care	36,034,300	37,997,200	36,719,155
Grey Roots - museum	1,883,100	2,022,903	1,845,058
Planning and development	5,263,400	5,322,883	4,308,053
	<u>133,134,400</u>	<u>146,733,922</u>	<u>144,672,679</u>
Annual surplus (Note 7)	25,891,200	13,264,923	8,650,895
Accumulated surplus, beginning of the year	<u>265,356,923</u>	<u>265,356,923</u>	<u>256,706,028</u>
Accumulated surplus, end of the year	<u>\$291,248,123</u>	<u>\$278,621,846</u>	<u>\$265,356,923</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	2022 Budget (Note 7)	2022 Actual	2021 Actual
Annual surplus (Page 6)	\$ 25,891,200	\$13,264,923	\$ 8,650,895
Acquisition of tangible capital assets	(44,944,800)	(26,847,804)	(13,139,619)
Amortization of tangible capital assets	-	13,343,560	12,407,768
(Gain) loss on disposal of capital assets	-	(513,070)	79,892
Proceeds on disposal of capital assets	-	1,120,982	536,441
	(44,944,800)	(12,896,332)	(115,518)
Change in prepaid expenses	-	(153,251)	(47,320)
Change in inventory of supplies	-	(80,167)	(181,647)
	-	(233,418)	(228,967)
Increase (decrease) in net financial assets	(19,053,600)	135,173	8,306,410
Net financial assets, beginning of the year	51,499,438	51,499,438	43,193,028
Net financial assets, end of the year	\$ 32,445,838	\$51,634,611	\$ 51,499,438

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

For the year ended December 31	2022	2021
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 13,264,923	\$ 8,650,895
Items not involving cash		
Vacation pay, post-employment benefits and WSIB Schedule II liabilities	(881,328)	668,806
Amortization	13,343,560	12,407,768
Contributed capital assets	-	(322,000)
(Gain) loss on disposal of capital assets	(513,070)	79,892
Deferred revenue recognized	(12,583,005)	(6,612,927)
	12,631,080	14,872,434
Changes in non-cash working capital balances		
Trade and other receivables	577,285	(2,278,196)
Inventory held for resale	1,411	1,776
Prepaid expenses	(153,251)	(47,320)
Accounts payable and accrued liabilities	9,384,000	(1,282,847)
Inventory of supplies	(80,167)	(181,647)
Deferred revenue received	18,865,334	18,154,716
	41,225,692	29,238,916
Capital transactions		
Cash used to acquire capital assets	(26,847,804)	(12,817,619)
Proceeds on disposal of capital assets	1,120,982	536,441
	(25,726,822)	(12,281,178)
Investing activities		
Change in investments	(7,554,639)	19,719,732
Financing activities		
Repayment of long-term liabilities	(200,000)	(2,624,611)
Net change in cash	7,744,231	34,052,859
Cash, beginning of the year (Note 1)	67,875,752	33,822,893
Cash, end of the year (Note 1)	\$ 75,619,983	\$ 67,875,752

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, 2022

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 of Canada as prescribed by the Ministry of Municipal Affairs and Housing.</p> <p>Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.</p>		
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 board controlled by Council has been consolidated:</p> <table><tr><td>Grey County and Owen Sound Housing Corporation</td><td>100%</td></tr></table>	Grey County and Owen Sound Housing Corporation	100%
Grey County and Owen Sound Housing Corporation	100%		

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

December 31, 2022

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	<p>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.</p> <p>Inventory of supplies is recorded at the lower of cost and replacement cost.</p>																
Tangible Capital Assets	<p>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:</p> <table><tr><td>Land improvements</td><td>20 to 25 years</td></tr><tr><td>Buildings</td><td>15 to 75 years</td></tr><tr><td>Machinery and equipment</td><td>5 to 50 years</td></tr><tr><td>Roads</td><td>7 to 75 years</td></tr><tr><td>Traffic signals</td><td>25 years</td></tr><tr><td>Bridges</td><td>15 to 75 years</td></tr><tr><td>Culverts</td><td>40 to 75 years</td></tr><tr><td>Vehicles</td><td>3 to 40 years</td></tr></table> <p>Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.</p>	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
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																
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, 2022

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, 2022

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, 2022

1. Cash and Investments

	2022	2021
Unrestricted cash and bank	\$ 67,062,473	\$ 60,819,530
Restricted cash and bank	8,557,510	7,056,222
Total cash and bank	<u>75,619,983</u>	<u>67,875,752</u>
One Investments Bond Fund	3,831,326	3,763,195
High Interest Savings Account	16,138	15,807
Guaranteed Investment Certificates 2.60% to 4.95% (2021 - .75% to 1.68%) maturing between May 2023 and January 2027	18,435,345	15,949,168
Bonds 1.45% to 5.40%	15,000,029	10,000,029
Canadian equity mutual fund	6,000,000	6,000,000
Membership share	1	1
Total investments	<u>43,282,839</u>	<u>35,728,200</u>
Total cash and investments	<u>\$ 118,902,822</u>	<u>\$ 103,603,952</u>

A cash balance of \$48,109,911 is being held in one bank account earning interest at a rate of prime less 1.75%. Other cash balances totalling \$26,687,830 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 \$41,109,411 are also held at other financial institutions.

The County of Grey has deposits held in an Ontario credit union of \$2,435,345 (2021 - \$2,355,325). The Deposit Insurance Corporation of Ontario (DICO) insures deposits to a maximum of \$250,000 per depositor.

Investments have a market value of \$42,894,539 (2021 - \$36,637,002) at the end of the year.

The County of Grey has a demand operating facility agreement with a financial institution at prime less 0.5%. At December 31, 2022, 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, 2022

2. Accounts Receivable

	2022	2021
Owen Sound Housing Company, Loan receivable, 2%, due 2023	\$ -	\$ 2,000,000
Trade and government transfer receivables	7,010,702	5,587,987
	<u>\$ 7,010,702</u>	<u>\$ 7,587,987</u>

3. Long-Term Liabilities

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

	2022	2021
Georgian College Marine Emergency Duties Training and Research Centre, payable in equal instalments of \$200,000 from 2015 to 2024	\$ 400,000	\$ 600,000

Principal payments for the next two years are as follows:

2023	\$ 200,000
2024	200,000
	<u>\$ 400,000</u>

The County also has internally issued debentures for capital assets, \$5,168,558 (2021 - \$5,704,608) 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 \$Nil (2021 - \$40,718) was paid during the year on long-term liabilities.

The Corporation of the County of Grey
Notes to Financial Statements

December 31

4. Tangible Capital Assets

	2022						
	Land and Land Improvements	Buildings	Machinery and Equipment	Roads	Bridges and Culverts	Vehicles	Total
Cost, beginning of the year	\$ 6,656,270	\$ 120,904,188	\$ 16,183,456	\$ 298,820,852	\$ 43,616,743	\$ 10,586,075	\$ 496,767,584
Additions	879,801	6,300,356	5,950,236	11,783,541	1,174,271	759,599	26,847,804
Disposals (cost transfers)	-	(876,669)	(976,932)	(1,419,105)	(30,335)	(1,151,748)	(4,454,789)
Cost, end of the year	7,536,071	126,327,875	21,156,760	309,185,288	44,760,679	10,193,926	519,160,599
Accumulated amortization, beginning of the year	1,847,872	60,250,071	9,595,296	179,589,404	27,192,095	5,691,864	284,166,602
Amortization	95,656	2,655,622	1,283,773	7,916,727	482,536	909,246	13,343,560
Transfers (disposals)	-	(547,620)	(827,258)	(1,366,030)	(30,335)	(1,075,634)	(3,846,877)
Accumulated amortization, end of the year	1,943,528	62,358,073	10,051,811	186,140,101	27,644,296	5,525,476	293,663,285
Net carrying amount, end of the year	\$ 5,592,543	\$ 63,969,802	\$ 11,104,949	\$ 123,045,187	\$ 17,116,383	\$ 4,668,450	\$ 225,497,314

The Corporation of the County of Grey
Notes to Financial Statements

December 31

4. Tangible Capital Assets - (continued)

	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 (cost transfers)	1,310,173	592,961	1,646,634	8,637,380	1,113,554	(161,083)	13,139,619
Disposals	-	(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, 2022

4. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction is \$5,707,418 (2021 - \$1,050,512).

In 2022, \$Nil (2021 - \$322,000) 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:

	2022	2021
Invested in tangible capital assets		
Tangible capital assets purchased	\$ 225,497,314	\$ 212,600,982
Unfinanced capital assets	(4,075,234)	(3,134,896)
Capital assets financed by internal debentures and to be funded in future years	(5,168,558)	(5,704,608)
Total invested in capital assets	216,253,522	203,761,478
Unfunded post-employment benefits	(8,983,038)	(9,829,135)
Unfunded commitment to Georgian College	(400,000)	(600,000)
Unfunded contribution to Markdale Hospital	-	(150,000)
Other surplus	1,173,522	1,093,355
	208,044,006	194,275,698
Reserves (Note 6)	70,577,840	71,081,225
Accumulated surplus	<u>\$ 278,621,846</u>	<u>\$ 265,356,923</u>

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, 2022 is \$5,168,558 (2021 - \$5,704,608). 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, 2022

6. Reserves Set Aside for Specific Purpose by Council

	2022	2021
Working funds	\$ 1,930,799	\$ 1,930,799
Insurance, sick leave and WSIB	3,528,683	3,453,683
Current purposes	14,018,673	15,427,279
Capital purposes	51,099,685	50,269,464
	<u>\$ 70,577,840</u>	<u>\$ 71,081,225</u>

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 2022 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.

	2022 Budget	2022 Actual	2021 Actual
Annual surplus (Page 6)	\$ 25,891,200	\$ 13,264,923	\$ 8,650,895
Amortization	-	13,343,560	12,407,768
Change in unfunded liabilities	-	(846,097)	634,859
	25,891,200	25,762,386	21,693,522
Transfers to reserves	(8,649,700)	(12,907,702)	(15,355,290)
Transfers from reserves	27,753,100	13,411,087	7,425,112
Capital acquisitions, disposals and write-down	(44,408,800)	(26,239,892)	(12,523,286)
Internal debenture repayment	(585,800)	(536,050)	(521,449)
Change in unfunded Markdale Hospital	-	(150,000)	150,000
Debt principal repayments	-	-	(2,424,611)
Change in unfinanced capital	-	940,338	1,937,650
Change in long-term commitments	-	(200,000)	(200,000)
Change in other surplus	-	(80,167)	(181,648)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2022

8. Government Transfers

	2022 Budget	2022 Actual	2021 Actual
Operating			
Province of Ontario			
Paramedic services	\$ 9,944,400	\$ 10,278,108	\$ 9,829,919
Social services	25,674,400	24,448,871	22,519,827
Social housing	3,826,000	4,448,517	8,368,197
Long-term care	22,447,000	23,886,288	20,996,071
Other	1,345,300	1,120,601	2,084,696
	<u>63,237,100</u>	<u>64,182,385</u>	<u>63,798,710</u>
Government of Canada			
Social housing	579,600	579,715	588,774
Other	682,400	717,962	363,983
	<u>1,262,000</u>	<u>1,297,677</u>	<u>952,757</u>
Other municipalities			
Transportation services	253,000	245,459	190,375
Other	377,000	367,321	202,774
	<u>630,000</u>	<u>612,780</u>	<u>393,149</u>
Total operating transfers	<u>65,129,100</u>	<u>66,092,842</u>	<u>65,144,616</u>
Capital			
Province of Ontario			
Transportation services	2,805,200	2,815,423	1,342,869
Social and Family Services	862,000	-	497,768
Homes for the Aged	744,300	851,895	727,243
- Other	-	6,000	137,169
	<u>4,411,500</u>	<u>3,673,318</u>	<u>2,705,049</u>
Government of Canada			
Transportation	2,069,700	1,645,709	3,436,535
Other	300,000	356,268	223,983
	<u>2,369,700</u>	<u>2,001,977</u>	<u>3,660,518</u>
Other municipalities			
Transportation services	1,647,400	124,242	214,113
Total capital transfers	<u>8,428,600</u>	<u>5,799,537</u>	<u>6,579,680</u>
Total government transfers	<u>\$ 73,557,700</u>	<u>\$ 71,892,379</u>	<u>\$ 71,724,296</u>

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2022

9. Other Income

	2022	2022	2021
	Budget	Actual	Actual
Provincial Offences (POA)	\$ 2,120,500	\$ 2,228,441	\$ 2,261,919
Investment income, penalties and interest	758,900	1,513,424	613,281
Licenses, permits and rents	4,501,200	4,564,938	4,444,378
Donations	31,000	63,380	388,565
Development charges	2,380,600	2,498,528	562,914
Gain (loss) on disposal of assets	193,800	513,070	(79,892)
Other	42,900	59,997	226,090
	<u>\$ 10,028,900</u>	<u>\$ 11,441,778</u>	<u>\$ 8,417,255</u>

10. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 792 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 2022 was \$4,066,557 (2021 - \$3,825,866). The contribution rate for 2022 was 9.0% to 15.8% depending on age and income level (2021 - 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, 2022. At that time the plan reported a \$6.68 billion actuarial deficit (2021 - \$3.1 billion actuarial deficit), based on actuarial liabilities of \$128.79 billion (2021 - \$119.3 billion) and actuarial assets of \$122.11 billion (2021 - \$116.2 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, 2022

11. Post-Employment Benefits

	2022	2021
WSIB	\$ 3,681,800	\$ 3,684,580
Vacation pay liability	1,764,610	1,711,413
Post-employment benefits	4,068,600	4,965,114
Other	(790)	34,441
	<u>\$ 9,514,220</u>	<u>\$ 10,395,548</u>

- 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, 2022 has calculated the liability to be \$3,681,800. 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 4.6% and a WSIB administration rate of 19%. The current year recovery is \$2,780 and prior year cost was \$371,408. At December 31, 2022, 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, 2022.
- 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, 2022. The assumptions used reflect management's best estimates. The post-employment benefit liability was determined using a discount rate of 4.6%. For dental, travel and vision premiums, a 4.5% annual rate of increase was assumed for 2022 and forward. For health care premiums, a 6.6% increase was used for 2022 and a decreasing rate used until 2043 where 4.5% was used thereafter.

	2022	2021
Post-employment benefits	<u>\$ 4,068,600</u>	<u>\$ 4,965,114</u>

The post-employment obligation for 2022 is net of unamortized actuarial loss of \$119,000 (2021 included unamortized actuarial loss of \$1,263,800).

	2022	2021
Retirement benefit expense	\$ 465,400	\$ 305,633
Interest costs	136,900	124,174
Total expense for the year	<u>\$ 602,300</u>	<u>\$ 429,807</u>

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2022

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, 2022 indicates the following:

Principal payments on debentures during the year	\$ 384,235
Interest payments on debentures during the year	<u>78,014</u>
Total	<u>\$ 462,249</u>
Debentures outstanding at year-end	<u>\$ 872,246</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 2022 was \$209,554 (2021 - \$155,749) and is recorded on the statement of operations as a transfer to the Province.

- (b) 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, 2022, \$5,562,145 has been released. If the units remain as affordable housing units for a period of 20 years, no amount will be repayable.
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The Corporation of the County of Grey

Notes to Financial Statements

December 31, 2022

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.

14. Trust Funds

The trust funds administered by the municipality amounting to \$47,506 (2021 - \$46,591) 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.

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, 2022 were \$1,996,248 (2021 - \$2,016,810). Net revenues after deduction of operating expenses were \$310,006 (2021 - \$316,424).

16. Comparative Figures

The comparative amounts presented in the financial statements have been reclassified to conform to the current year's presentation.

The Corporation of the County of Grey

Notes to Financial Statements

December 31, 2022

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 Canada Committee - Building Fund.

Planning and Community Development

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

Human Services

Human Services encompasses the Social Services, Housing, Paramedic Services 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 encompasses the 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	Human Services	Transportation	2022 Total
Revenue					
Taxation	\$ 13,712,438	\$ 4,922,800	\$ 26,665,500	\$ 21,555,400	\$ 66,856,138
Fees and user charges	48,318	425,551	8,795,313	539,368	9,808,550
Specific grants	121,001	2,447,153	64,493,392	4,830,833	71,892,379
Other revenue	3,807,010	221,998	5,063,251	2,349,519	11,441,778
	<u>17,688,767</u>	<u>8,017,502</u>	<u>105,017,456</u>	<u>29,275,120</u>	<u>159,998,845</u>
Expenses					
Salaries and benefits	7,897,837	2,970,032	52,985,423	5,233,726	69,087,018
Materials and supplies	1,511,994	993,291	7,726,777	4,772,375	15,004,437
Contracted services	1,134,829	2,514,100	6,452,508	3,287,586	13,389,023
Other transfers	5,257,564	562,785	27,999,151	10,999	33,830,499
Rents and financial expenses	355,480	33,298	1,344,271	346,336	2,079,385
Amortization	752,798	272,280	3,081,369	9,237,113	13,343,560
	<u>16,910,502</u>	<u>7,345,786</u>	<u>99,589,499</u>	<u>22,888,135</u>	<u>146,733,922</u>
<i>Annual surplus</i>	<u>\$ 778,265</u>	<u>\$ 671,716</u>	<u>\$ 5,427,957</u>	<u>\$ 6,386,985</u>	<u>\$ 13,264,923</u>

The Corporation of the County of Grey
Notes to Financial Statements

December 31

	Corporate Services	Planning and Community Development	Human Services (Restated - Note 16)	Transportation (Restated - Note 16)	2021 Total
Revenue					
Taxation	\$ 12,127,420	\$ 4,465,500	\$ 26,026,900	\$ 20,985,800	\$ 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	63,579,598	5,182,093	71,724,296
Other revenue	2,710,708	728,348	4,936,975	41,224	8,417,255
	16,185,445	7,209,224	103,237,453	26,691,452	153,323,574
Expenses					
Salaries and benefits	6,390,249	2,960,663	51,210,145	5,097,398	65,658,455
Interest on debt	-	-	40,718	-	40,718
Materials and supplies	1,467,900	752,169	7,663,668	3,058,883	12,942,620
Contracted services	1,281,504	1,551,596	6,843,453	3,574,619	13,251,172
Other transfers	6,377,507	570,548	31,558,356	11,906	38,518,317
Rents and financial expenses	319,773	27,909	1,143,899	362,048	1,853,629
Amortization	722,559	290,226	2,930,459	8,464,524	12,407,768
	16,559,492	6,153,111	101,390,698	20,569,378	144,672,679
<i>Annual surplus (deficit)</i>	<i>\$ (374,047)</i>	<i>\$ 1,056,113</i>	<i>\$ 1,846,755</i>	<i>\$ 6,122,074</i>	<i>\$ 8,650,895</i>

The Corporation of the County of Grey
Schedule of Deferred Revenue

For the year ended December 31, 2022

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	\$23,284,798	\$ 6,691,137	\$ 663,797	\$(2,498,528)	\$28,141,204
Canada Community- Building Fund	6,913,726	2,975,833	168,306	(1,645,709)	8,412,156
	30,198,524	9,666,970	832,103	(4,144,237)	36,553,360
Other					
Cannabis Legalization	169,323	-	-	-	169,323
Long Term Care	2,215,507	6,736,630	-	(7,070,570)	1,881,567
Paramedicine	123,830	371,385	-	(123,830)	371,385
Affordable Housing	136,247	140,398	-	(190,316)	86,329
Aggregate Fund	420,384	81,735	-	-	502,119
Museums Assistance Program	-	99	-	-	99
Economic development and tourism	80,175	1,006,090	-	(1,024,052)	62,213
Miscellaneous	30,050	29,924	-	(30,000)	29,974
	3,175,516	8,366,261	-	(8,438,768)	3,103,009
	\$33,374,040	\$18,033,231	\$ 832,103	\$12,583,005)	\$39,656,369

Grey Roots - Museum
Statement of Operations
(Unaudited)

For the year ended December 31	2022	2021
Revenue		
Province of Ontario	\$ 63,534	\$ 83,045
Canada	119,780	135,546
County of Grey	1,349,300	1,242,600
Donations	17,875	23,879
Donation in kind	-	322,000
Admissions and sales	121,229	31,815
Transfer from County of Grey reserves	513,014	221,677
Sale of assets	2,748	11,882
	<u>2,187,480</u>	<u>2,072,444</u>
Expenditures		
Advertising	63,158	-
Donation in kind	-	322,000
Supplies, postage and telephone	110,208	47,608
Payments to other organizations	12,485	486
Professional	3,597	26,760
Purchases for resale	15,774	3,897
Occupancy	273,065	253,305
Special events	115,207	48,784
Salaries and benefits	942,026	932,349
Travel and convention fees	7,190	5,188
Vehicle operations and licensing	2,262	2,025
Transfer to (from) County of Grey reserve	123,654	202,475
	<u>1,668,626</u>	<u>1,844,877</u>
Change in unfinanced liabilities	<u>(7,789)</u>	<u>5,093</u>
	<u>1,676,415</u>	<u>1,839,784</u>
Net revenue for the year	<u>\$ 511,065</u>	<u>\$ 232,660</u>

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

For the year ended December 31	2022	2021
Revenue		
Fines	\$ 1,996,248	\$ 2,016,810
Province of Ontario	231,683	245,109
Investment income	2,192	539
Transcripts	6	50
Cost recoveries	-	5
	<u>2,230,129</u>	<u>2,262,513</u>
Expenditures		
Salaries and benefits	691,355	693,863
Administrative charges	422,492	434,110
Victim fine surcharge	363,587	353,674
Dedicated fines	34,206	53,154
Prosecution expenses	195,873	180,304
Transfers to County of Bruce	212,610	230,984
	<u>1,920,123</u>	<u>1,946,089</u>
Net revenue before transfer to reserves	310,006	316,424
Transfer to reserve	<u>97,894</u>	<u>(87,227)</u>
Net revenue for the year	<u>\$ 212,112</u>	<u>\$ 403,651</u>