

The Corporation of the  
County of Grey  
Financial Information  
For the year ended December 31, 2014

The Corporation of the County of Grey  
Financial Information  
For the year ended December 31, 2014

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## Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of the Corporation of the County of Grey, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the County of Grey as at December 31, 2014 and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario  
May 26, 2015

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

December 31	2014	2013
<b>Financial assets</b>		
Cash and temporary investments (Note 1)	\$ 57,663,636	\$ 55,140,831
Trade and other receivables	2,348,622	2,068,777
Inventory held for resale	12,564	13,431
	<u>60,024,822</u>	<u>57,223,039</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	6,106,804	7,237,053
Vacation pay, post-employment benefits and WSIB Schedule II liabilities (Note 10)	6,420,519	6,425,879
Deferred revenue (Page 27)	7,734,823	8,768,783
Net long-term liabilities (Note 2)	1,981,277	2,471,501
	<u>22,243,423</u>	<u>24,903,216</u>
<b>Net financial assets</b>	<u>37,781,399</u>	<u>32,319,823</u>
<b>Contingencies (Note 12)</b>		
<b>Non-financial assets</b>		
Prepaid expenses	26,192	38,662
Tangible capital assets (Note 3)	168,828,886	172,041,317
Inventory of supplies	1,424,698	1,395,605
	<u>170,279,776</u>	<u>173,475,584</u>
<b>Accumulated surplus (Note 4)</b>	<u>\$ 208,061,175</u>	<u>\$ 205,795,407</u>

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

<u>For the year ended December 31</u>	<u>2014</u>	<u>2014</u>	<u>2013</u>
	Budget (Note 6)	Actual	Actual
<b>Revenue</b>			
Taxation	\$ 52,084,121	\$ 52,283,016	\$ 50,785,540
Fees and user charges	9,034,466	9,634,477	9,711,963
Government transfers (Note 7)	43,352,632	43,897,859	44,253,383
Other income (Note 8)	7,544,761	6,458,324	6,595,205
Obligatory reserve fund revenue recognized	707,909	5,120,826	4,430,515
	<u>112,723,889</u>	<u>117,394,502</u>	<u>115,776,606</u>
<b>Expenses</b>			
General government	7,321,589	8,176,836	6,613,452
Protection services	2,307,884	1,848,283	2,179,541
Transportation services	8,893,622	21,228,649	21,015,860
Health services	1,894,243	1,930,803	1,661,023
Land ambulance	11,288,789	11,947,422	11,495,019
Social and family services	26,438,841	26,128,250	25,517,125
Social housing	10,710,861	12,683,646	12,664,293
Homes for the Aged	24,994,163	26,898,102	24,866,422
Recreation and cultural services	1,923,188	2,316,429	2,268,000
Planning and development	2,062,007	1,970,314	2,013,852
	<u>97,835,187</u>	<u>115,128,734</u>	<u>110,294,587</u>
Annual surplus (Note 6)	14,888,702	2,265,768	5,482,019
Accumulated surplus, beginning of the year	205,795,407	205,795,407	200,313,388
<b>Accumulated surplus, end of the year</b>	<u>\$220,684,109</u>	<u>\$ 208,061,175</u>	<u>\$205,795,407</u>

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

<u>For the year ended December 31</u>	<u>2014</u>	<u>2014</u>	<u>2013</u>
	Budget (Note 6)	Actual	Actual
Annual surplus (Page 6)	\$ 14,888,702	\$ 2,265,768	\$ 5,482,019
Acquisition of tangible capital assets	(18,405,084)	(11,811,503)	(11,793,825)
Amortization of tangible capital assets	-	13,707,040	13,832,692
Loss on disposal of capital assets	-	419,704	945,674
Proceeds on disposal of capital assets	-	897,190	140,600
	<u>(18,405,084)</u>	<u>3,212,431</u>	<u>3,125,141</u>
Change in prepaid expenses	-	12,470	(8,086)
Change in inventory of supplies	-	(29,093)	101,959
	-	<u>(16,623)</u>	<u>93,873</u>
Increase (decrease) in net financial assets	(3,516,382)	5,461,576	8,701,033
Net financial assets, beginning of the year	<u>32,319,823</u>	<u>32,319,823</u>	<u>23,618,790</u>
Net financial assets, end of the year	<u>\$ 28,803,441</u>	<u>\$ 37,781,399</u>	<u>\$ 32,319,823</u>

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

For the year ended December 31	2014	2013
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 2,265,768	\$ 5,482,019
Items not involving cash		
Vacation pay, post-employment benefits and WSIB Schedule II liabilities	(5,360)	(1,690,044)
Amortization	13,707,040	13,832,692
Loss on disposal of capital assets	419,704	945,674
Deferred revenue recognized	(5,549,334)	(4,901,920)
	10,837,818	13,668,421
Changes in non-cash working capital balances		
Trade and other receivables	(279,845)	(532,538)
Inventory held for resale	867	3,719
Prepaid expenses	12,470	(8,086)
Accounts payable and accrued liabilities	(1,130,249)	793,289
Inventory of supplies	(29,093)	101,959
Deferred revenue received	4,515,374	5,395,797
	13,927,342	19,422,561
Capital transactions		
Cash used to acquire capital assets	(11,811,503)	(11,793,825)
Proceeds on disposal of capital assets	897,190	140,600
	(10,914,313)	(11,653,225)
Financing activities		
Additions to long-term liabilities	800,000	-
Repayment of long-term liabilities	(1,290,224)	(1,234,315)
	(490,224)	(1,234,315)
Net change in cash and temporary investments	2,522,805	6,535,021
Cash and temporary investments, beginning of the year	55,140,831	48,605,810
Cash and temporary investments, end of the year	\$ 57,663,636	\$ 55,140,831

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

December 31, 2014

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### Basis of Accounting

The consolidated financial statements of the Corporation of the County of Grey have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ministry of Municipal Affairs and Housing.

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

### Use of Estimates

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

### Basis of Consolidation

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

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

Grey County and Owen Sound Housing Corporation

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

December 31, 2014

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Cash and Cash Equivalents	Cash and cash equivalents include all cash balances and short-term highly liquid investments that are readily convertible into cash.																
Temporary Investments	Temporary investments are recorded at the lower of cost and 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 held for consumption is recorded at the lower of cost and replacement cost.</p>																
Non-Financial Assets	Tangible capital and other non-financial assets are accounted for as assets by the organization because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the organization unless they are sold.																
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 years</td></tr><tr><td>Buildings</td><td>20 to 50 years</td></tr><tr><td>Machinery and equipment</td><td>3 to 25 years</td></tr><tr><td>Roads</td><td>7 to 40 years</td></tr><tr><td>Traffic signals</td><td>20 years</td></tr><tr><td>Bridges</td><td>15 to 50 years</td></tr><tr><td>Culverts</td><td>30 to 50 years</td></tr><tr><td>Vehicles</td><td>5 to 15 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 years	Buildings	20 to 50 years	Machinery and equipment	3 to 25 years	Roads	7 to 40 years	Traffic signals	20 years	Bridges	15 to 50 years	Culverts	30 to 50 years	Vehicles	5 to 15 years
Land improvements	20 years																
Buildings	20 to 50 years																
Machinery and equipment	3 to 25 years																
Roads	7 to 40 years																
Traffic signals	20 years																
Bridges	15 to 50 years																
Culverts	30 to 50 years																
Vehicles	5 to 15 years																
Intangible Assets	Intangible assets, art and historic treasures, are not recognized in these financial statements.																

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

December 31, 2014

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### Post-Employment Benefits

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

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

### 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.
- 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.

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

December 31, 2014

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Provincial Subsidies

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

Trust Funds

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

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The Corporation of the County of Grey  
Notes to Financial Statements

December 31, 2014

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1. Cash and Temporary Investments

	2014	2013
Unrestricted	\$ 57,663,636	\$ 55,140,831

A cash balance of \$23,184,198 is being held in one bank account earning interest at a rate of prime less 1.75%. Cash balances of \$3,335,930 and investment deposits of \$22,557,670 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 \$9,145,372 are also held at other financial institutions.

Temporary investments included in the balance above consists of:

	2014	2013
Cash	\$ 4,549	\$ 4,510
Bond Fund	1,044,589	1,013,876
Term Deposits 1.44% to 1.62% (2013 - 1.52% to 1.60%)	22,557,670	9,254,564
Guaranteed Investment Certificates 1.90% to 2.20% (2013 - 1.58% to 2.20%)	8,096,209	4,156,671
Membership share	25	25
	\$ 31,703,042	\$ 14,429,646

Temporary investments have a market value of \$31,858,824 (2013 - \$14,440,338) 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, 2014, the County of Grey had a \$6,000,000 unused credit facility.

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The Corporation of the County of Grey  
Notes to Financial Statements

December 31, 2014

2. Long-Term Liabilities

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

	2014	2013
Royal Bank of Canada, 2.693%, mortgage payable in blended monthly instalments of \$2,330, due 2015	\$ 21,981	\$ 48,995
Ontario Strategic Infrastructure Financing Authority, 4.36%, blended semi-annual payments of \$373,345, due 2014	-	722,965
Ontario Strategic Infrastructure Financing Authority, 4.73%, blended semi-annual payments of \$307,160, due 2016	1,159,296	1,699,541
Grey Bruce Health Services, payable in equal instalments over the next four years	800,000	-
	\$ 1,981,277	\$ 2,471,501

Principal payments for the next 4 fiscal years are as follows:

2015	\$	788,082
2016	\$	793,195
2017	\$	200,000
2018	\$	200,000

Interest of \$98,749 (2013 - \$154,657) 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

	2014						
	Land and Land Improvements	Buildings	Machinery & Equipment	Roads	Bridges and Culverts	Vehicles	Total
Cost, beginning of the year	\$ 1,960,604	\$ 86,616,378	\$ 12,407,987	\$ 247,793,290	\$ 36,696,986	\$ 9,345,654	\$ 394,820,899
Additions	201,448	1,760,855	704,211	8,010,958	534,671	599,360	11,811,503
Disposals	-	-	(1,121,801)	(8,223,159)	(431,234)	(1,180,348)	(10,956,542)
Cost, end of the year	2,162,052	88,377,233	11,990,397	247,581,089	36,800,423	8,764,666	395,675,860
Accumulated amortization, beginning of the year	806,394	40,637,117	7,136,670	146,261,525	23,318,431	4,619,445	222,779,582
Amortization	63,914	2,869,219	854,216	8,206,395	684,361	1,028,935	13,707,040
Disposals	-	-	(708,715)	(7,877,349)	(44,486)	(1,009,098)	(9,639,648)
Accumulated amortization, end of the year	870,308	43,506,336	7,282,171	146,590,571	23,958,306	4,639,282	226,846,974
Net carrying amount, end of the year	\$ 1,291,744	\$ 44,870,897	\$ 4,708,226	\$ 100,990,518	\$ 12,842,117	\$ 4,125,384	\$ 168,828,886

The Corporation of the County of Grey  
Notes to Financial Statements

December 31

3. Tangible Capital Assets - (continued)

	2013						
	Land and Land Improvements	Buildings	Machinery & Equipment	Roads	Bridges and Culverts	Vehicles	Total
Cost, beginning of the year	\$ 1,912,888	\$ 85,118,790	\$ 12,188,585	\$ 245,193,031	\$ 35,945,771	\$ 9,425,355	\$ 389,784,420
Additions	47,716	1,656,595	775,329	7,483,228	751,215	1,079,742	11,793,825
Disposals	-	(159,007)	(555,927)	(4,882,969)	-	(1,159,443)	(6,757,346)
Cost, end of the year	1,960,604	86,616,378	12,407,987	247,793,290	36,696,986	9,345,654	394,820,899
Accumulated amortization, beginning of the year	743,176	37,947,446	6,631,803	141,943,261	22,650,806	4,701,470	214,617,962
Amortization	63,218	2,848,678	1,000,366	8,256,793	667,625	996,012	13,832,692
Disposals	-	(159,007)	(495,499)	(3,938,529)	-	(1,078,037)	(5,671,072)
Accumulated amortization, end of the year	806,394	40,637,117	7,136,670	146,261,525	23,318,431	4,619,445	222,779,582
Net carrying amount, end of the year	\$ 1,154,210	\$ 45,979,261	\$ 5,271,317	\$ 101,531,765	\$ 13,378,555	\$ 4,726,209	\$ 172,041,317

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

December 31, 2014

3. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction is \$285,821 (2013 - \$235,088).

In 2014, \$Nil (2013 - \$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:

	<u>2014</u>	<u>2013</u>
Invested in tangible capital assets		
Tangible capital assets purchased	\$ 168,828,886	\$ 172,041,317
Unfinanced capital assets	(946,048)	(1,374,289)
Capital assets financed by long-term liabilities and to be funded in future years	<u>(1,181,277)</u>	<u>(2,471,501)</u>
Total invested in capital assets	166,701,561	168,195,527
Unfunded post-employment benefits	(5,825,886)	(5,857,018)
Unfunded commitment to Grey Bruce Health Services	(800,000)	-
Other surplus	<u>1,424,698</u>	<u>1,395,605</u>
	161,500,373	163,734,114
Reserves and reserve funds (Note 5)	<u>46,560,802</u>	<u>42,061,293</u>
Accumulated surplus	<u>\$ 208,061,175</u>	<u>\$ 205,795,407</u>

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

December 31, 2014

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

	2014	2013
Reserves		
Working funds	\$ 1,930,799	\$ 1,930,799
Insurance, sick leave and WSIB	3,359,760	3,399,572
Current purposes	8,377,928	8,328,940
Capital purposes	32,892,315	28,401,982
Reserves and reserve funds set aside for specific purpose by Council	\$ 46,560,802	\$ 42,061,293

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 2014 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.

	2014 Budget	2014 Actual	2013 Actual
Annual surplus (Page 6)	\$ 14,888,702	\$ 2,265,768	\$ 5,482,019
Transfers to reserves	(5,285,241)	(7,754,744)	(10,001,203)
Transfers from reserves	10,145,819	3,255,235	4,612,882
Capital acquisitions, disposals and write-down	(18,405,084)	(10,494,609)	(10,707,551)
Amortization	-	13,707,040	13,832,692
Debt principal repayments	(1,344,196)	(1,290,224)	(1,234,315)
Change in unfunded liabilities	-	(31,132)	(1,675,852)
Change in long-term liability	-	800,000	-
Change in other surplus	-	(29,093)	101,959
	-	428,241	410,631
Prior year capital projects funded	-	(428,241)	(410,631)
	\$ -	\$ -	\$ -

The Corporation of the County of Grey  
Notes to Financial Statements

December 31, 2014

7. Government Transfers

	2014	2014	2013
	Budget	Actual	Actual
Operating			
Province of Ontario			
Conditional - General Government	\$ 53,400	\$ 19,244	\$ 1,770
- Land Ambulance	6,292,886	6,370,765	5,980,191
- Social and Family Services	20,343,361	20,510,985	21,283,437
- Social Housing	609,486	768,972	1,035,066
- Homes for the Aged	14,800,375	15,019,781	14,511,201
- Other	71,754	178,029	73,187
	<u>42,171,262</u>	<u>42,867,776</u>	<u>42,884,852</u>
Government of Canada			
Conditional - Social Housing	694,830	692,955	694,830
- Other	16,240	19,925	50,982
	<u>711,070</u>	<u>712,880</u>	<u>745,812</u>
Other Municipalities			
Conditional - Transportation Services	380,000	219,573	298,733
- Other	90,300	97,630	115,023
	<u>470,300</u>	<u>317,203</u>	<u>413,756</u>
Total Operating Transfers	<u>43,352,632</u>	<u>43,897,859</u>	<u>44,044,420</u>
Capital			
Province of Ontario			
- Social and Family Services	-	-	66,244
- Planning and Development	-	-	142,719
Total Capital Transfers	<u>-</u>	<u>-</u>	<u>208,963</u>
Total Government Transfers	<u>\$ 43,352,632</u>	<u>\$ 43,897,859</u>	<u>\$ 44,253,383</u>

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The Corporation of the County of Grey  
Notes to Financial Statements

December 31, 2014

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8. Other Income

	2014	2014	2013
	Budget	Actual	Actual
Provincial Offences Act (POA)	\$ 2,885,000	\$ 2,313,049	\$ 2,944,429
Investment income, penalties and interest	638,925	713,260	601,777
Licenses, permits and rents	3,766,336	3,745,909	3,761,306
Donations	186,500	100,810	170,781
Gain (loss) on disposal of assets	47,000	(419,704)	(945,674)
Other	21,000	5,000	62,586
	<u>\$ 7,544,761</u>	<u>\$ 6,458,324</u>	<u>\$ 6,595,205</u>

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9. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 701 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 by the County for 2014 was \$3,346,004 (2013 - \$3,198,737). The contribution rate for 2014 was 9.0% to 15.9% depending on age and income level (2013 - 9.0% to 15.9%).

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, 2014. At that time the plan reported a \$7.1 billion actuarial deficit (2013 - \$8.6 billion actuarial deficit), based on actuarial liabilities of \$76.9 billion (2013 - \$73.0 billion) and actuarial assets of \$69.8 billion (2013 - \$64.4 billion). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in financial markets may lead to increased future funding requirements.

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The Corporation of the County of Grey  
Notes to Financial Statements

December 31, 2014

10. Post-Employment Benefits

	2014	2013
WSIB	\$ 2,699,671	\$ 2,834,569
Vacation pay liability	2,237,308	2,200,234
Post-employment benefits	1,420,876	1,354,187
Other	62,664	36,889
	\$ 6,420,519	\$ 6,425,879

- 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, 2014 has calculated the liability to be \$2,699,671. 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 3.25% and a WSIB administration rate of 35%. The current year recovery is \$134,898 and prior year recovery was \$1,728,900. At December 31, 2014, the County provided \$3,139,046 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, 2014.
- 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, 2013.

The assumptions used reflect management's best estimates. The post-employment benefit liability was determined using a discount rate of 4%. For dental, travel and vision premiums, a 4% annual rate of increase was assumed for 2014 and forward. For health care premiums, a 7% increase was used for 2014 and a decreasing rate used until 2026 where 4% was used thereafter.

	2014	2013
Retirement benefit expense	\$ 81,366	\$ 80,648
Interest costs	54,111	73,139
	\$ 135,477	\$ 153,787

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The Corporation of the County of Grey  
Notes to Financial Statements

December 31, 2014

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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, 2014 indicates the following:

Principal payments on debentures during the year	\$ 632,179
Interest payments on debentures during the year	<u>370,279</u>
Total	<u>\$ 1,002,458</u>
Debentures outstanding at year-end	<u>\$ 4,937,438</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 2014 was \$145,071 (2013 - \$151,226) 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 will be processed once construction begins. The County has transferred \$594,300 to reserves towards this commitment.
- (c) The County of Grey has approved a capital grant of money in the amount of \$1,000,000 to the Grey Bruce Health Services for the The Hospital Campaign. The money will be paid in five equal annual instalments, with the first \$200,000 instalment paid in 2014. The remaining \$800,000 has been included in liabilities.
- (d) 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 \$4,819,215 released as of December 31, 2014. If the units remain as affordable housing units for a period of 25 years, no amount will be repayable.
- (e) The County of Grey has approved a capital grant in the amount of \$2,000,000 to Georgian College to support the development of the Marine Emergency Duties Training and Research Centre. The amount will be paid in ten equal instalments contingent upon approval of provincial funding.

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## The Corporation of the County of Grey

### Notes to Financial Statements

December 31, 2014

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#### 12. Contingencies

- (a) The County of Grey along with the County of Bruce, the Province of Ontario, the Dominion of Canada and several lower tier municipalities have been named as defendants in a land claim action filed by the Chippewas of Saugeen and Nawash, for damages alleged to total \$92,000,000,000. No breakdown as to each municipality's relative share of the \$92,000,000,000 has been provided. The likelihood of the success of this action is undeterminable at the present time.
- (b) The County has been served with various claims as a result of motor vehicle accidents and other incidents. The County has been made aware of a Statement of Claim that exceeds the County of Grey's excess liability policy. The outcomes of these claims are not determinable at this time.
- (c) 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.
- (d) The County is currently reviewing pay equity issues for employees of the Homes For The Aged. Pay equity settlements, if any, will be reflected in operations in the period in which they become determinable.

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#### 13. Trust Funds

The trust funds administered by the municipality amounting to \$65,284 (2013 - \$69,263) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations and accumulated surplus.

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#### 14. Provincial Offences Act

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, 2014 were \$2,313,049 (2013 - \$2,944,429). Net revenues after deduction of operating expenses were \$509,767 (2013 - \$761,986).

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

December 31, 2014

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### 15. 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

The Corporate Services Committee is responsible to oversee the budgets of Council, Corporate Administration, Emergency Management, Assessment, Provincial Offences, County Property and the Grey Bruce Health Unit. In addition, this committee is also responsible for the administration of the taxation budget, which includes supplementary tax and tax write-offs, as well as the Ontario Municipal Partnership Fund grant and the Federal Gas Tax funding.

#### Planning and Community Development

The Planning and Community Development Committee is responsible for Planning (including civic addressing), Heritage, Agriculture, Forestry, Trails, Tourism and Economic Development mandates.

#### Social Services, Housing and Long-Term Care

The Social Services Committee oversees 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

The Committee oversees the Transportation Services Department (responsible for providing a safe transportation network of 877 kilometers of County roads and 189 culverts and bridges) and the Paramedic Services Department (Land Ambulance operations).

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

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The Corporation of the County of Grey  
Notes to Financial Statements

December 31

	Corporate Services	Planning and Community Development	Social Services, Housing and Long- Term Care	Transportation and Public Safety	2014 Total
<b>Revenue</b>					
Taxation	\$ 8,048,753	\$ 3,805,305	\$ 18,690,973	\$ 21,737,985	\$ 52,283,016
Fees and user charges	142,460	465,346	8,738,121	288,550	9,634,477
Specific grants	2,915	180,455	37,015,876	6,698,613	43,897,859
Other revenue	3,051,505	64,113	3,740,943	(398,237)	6,458,324
Transfers from obligatory reserve	79,706	62,120	-	4,979,000	5,120,826
	<u>11,325,339</u>	<u>4,577,339</u>	<u>68,185,913</u>	<u>33,305,911</u>	<u>117,394,502</u>
<b>Expenses</b>					
Salaries and benefits	4,100,607	2,415,007	27,342,765	14,611,574	48,469,953
Interest on debt	-	-	136,447	3,815	140,262
Materials and supplies	1,001,534	901,419	6,149,906	4,978,082	13,030,941
Contracted services	2,643,964	474,599	5,951,002	2,311,922	11,381,487
Other transfers	3,527,834	119,956	22,176,195	4,236	25,828,221
Rents and financial expenses	579,110	21,637	1,221,946	748,137	2,570,830
Amortization	102,870	354,125	2,731,739	10,518,306	13,707,040
	<u>11,955,919</u>	<u>4,286,743</u>	<u>65,710,000</u>	<u>33,176,072</u>	<u>115,128,734</u>
<i>Annual surplus (deficit)</i>	<i>\$ (630,580)</i>	<i>\$ 290,596</i>	<i>\$ 2,475,913</i>	<i>\$ 129,839</i>	<i>\$ 2,265,768</i>

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	2013 Total
<b>Revenue</b>					
Taxation	\$ 9,276,079	\$ 3,666,749	\$ 16,551,016	\$ 21,291,696	\$ 50,785,540
Fees and user charges	87,890	465,964	8,758,787	399,322	9,711,963
Specific grants	3,880	358,161	37,611,778	6,279,564	44,253,383
OMPF grant	-	-	-	-	-
Other revenue	3,586,306	37,419	3,863,487	(892,007)	6,595,205
Transfers from obligatory reserve	120,410	237,419	-	4,072,686	4,430,515
	<u>13,074,565</u>	<u>4,765,712</u>	<u>66,785,068</u>	<u>31,151,261</u>	<u>115,776,606</u>
<b>Expenses</b>					
Salaries and benefits	3,595,396	2,144,433	25,000,853	14,533,310	45,273,992
Interest on debt	-	-	193,900	5,140	199,040
Materials and supplies	1,125,164	932,383	5,594,863	5,265,500	12,917,910
Contracted services	2,488,433	628,635	6,220,796	1,464,774	10,802,638
Other transfers	2,736,215	115,384	22,209,785	-	25,061,384
Rents and financial expenses	388,235	30,560	1,100,552	687,584	2,206,931
Amortization	120,137	430,456	2,727,090	10,555,009	13,832,692
	<u>10,453,580</u>	<u>4,281,851</u>	<u>63,047,839</u>	<u>32,511,317</u>	<u>110,294,587</u>
<i>Annual surplus (deficit)</i>	<u>\$ 2,620,985</u>	<u>\$ 483,861</u>	<u>\$ 3,737,229</u>	<u>\$ (1,360,056)</u>	<u>\$ 5,482,019</u>

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

For the year ended December 31, 2014

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
<b>Obligatory Reserve Funds</b>					
Development charges	\$ 2,333,961	\$ 1,051,230	\$ 34,002	\$ (123,382)	\$3,295,811
Federal gas tax	4,591,281	2,756,079	54,403	(4,997,444)	2,404,319
	<u>6,925,242</u>	<u>3,807,309</u>	<u>88,405</u>	<u>(5,120,826)</u>	<u>5,700,130</u>
<b>Other</b>					
Tourism and Heritage	32,242	6,600	-	(4,051)	34,791
Social Services	5,250	21,000	-	(21,000)	5,250
Ontario Nursing Strategy Initiatives grant	(10,400)	165,402	-	(56,408)	98,594
Housing Allowance					
Affordable housing administration	2,304	95,677	-	(95,733)	2,248
Affordable housing	24,105	96,416	-	(96,416)	24,105
Investing in Ontario	690,040	-	-	-	690,040
Municipal Infrastructure Investment Initiative					
Capital Program	1,100,000	-	-	(108,275)	991,725
Miscellaneous	-	234,565	-	(46,625)	187,940
	<u>1,843,541</u>	<u>619,660</u>	<u>-</u>	<u>(428,508)</u>	<u>2,034,693</u>
	<u>\$ 8,768,783</u>	<u>\$ 4,426,969</u>	<u>\$ 88,405</u>	<u>\$ (5,549,334)</u>	<u>\$7,734,823</u>

The Corporation of the  
County of Grey  
Trust Funds  
Financial Statements  
For the year ended December 31, 2014

The Corporation of the County of Grey  
Trust Funds  
Financial Statements  
For the year ended December 31, 2014

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## Independent Auditor's Report

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

We have audited the accompanying Statement of Financial Position as at December 31, 2014 and the Trust Fund Receipts and Disbursements (the "statement") for the trust funds for the Homes for the Aged of the County of Grey for the year ended December 31, 2014 and a summary of significant accounting policies and other explanatory information. The statement has been prepared by management based on Section 241 of Ontario Regulation 79/10 made under the Long-Term Care Homes Act, 2007.

### Management's Responsibility for the Financial Information

Management is responsible for the preparation of the statement in accordance with Section 241 of Ontario Regulation 79/10 and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the statement 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Opinion

In our opinion, the financial information for the trust funds for the Homes for the Aged of County of Grey for the year ended December 31, 2014 is prepared, in all material respects, in accordance with Section 241 of Ontario Regulation 79/10.

## Basis of Accounting and Restrictions on Distribution and Use

Without modifying our opinion, we draw attention to the summary of significant accounting policies in the financial information, which describes the basis of accounting. The financial information is prepared to assist the Homes for the Aged of County of Grey to comply with reporting requirements of the Long-term Care Homes Act, 2007. As a result, the financial information may not be suitable for another purpose. Our report is intended solely for the information and use of the County of Grey and the Province of Ontario and should not be distributed to or used by parties other than the County of Grey and the Province of Ontario.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario  
May 26, 2015

The Corporation of the County of Grey  
Homes for the Aged - Trust Funds  
Statement of Financial Position

December 31, 2014

Assets	Total	Rockwood Terrace	Grey Gables	Lee Manor	Residents' Activities
Cash and investments	\$ 65,284	\$ 20,080	\$ 5,891	22,830	16,483
<b>Fund balance</b>	<b>\$ 65,284</b>	<b>\$ 20,080</b>	<b>\$ 5,891</b>	<b>\$ 22,830</b>	<b>\$ 16,483</b>

Homes for the Aged - Trust Funds  
Statement of Trust Fund Receipts and Disbursements

For the year ended December 31, 2014

	Total	Rockwood Terrace	Grey Gables	Lee Manor	Residents' Activities
Balance, beginning of the year	\$ 69,263	\$ 21,619	\$ 6,328	\$ 24,833	\$ 16,483
Receipts					
Residents' net deposits	105,261	54,926	10,763	39,572	-
Expenses					
Residents' net withdrawals	109,240	56,465	11,200	41,575	-
<b>Balance, end of the year</b>	<b>\$ 65,284</b>	<b>\$ 20,080</b>	<b>\$ 5,891</b>	<b>\$ 22,830</b>	<b>\$ 16,483</b>

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The Corporation of the County of Grey  
Homes for the Aged - Trust Funds  
Notes to Financial Statements

December 31, 2014

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1. Summary of Significant Accounting Policies

Basis of Accounting

The financial information for the trust funds for the Homes for the Aged of the Corporation of the County of Grey Trust Funds is the representation of management. It has been prepared in accordance with Section 241 of Ontario Regulation 79/10 as prescribed by the Long-Term Care Homes Act, 2007.

Revenue and expenses are reported on the cash basis of accounting. The cash basis of accounting recognizes revenues as they are received; expenses are recognized as they are disbursed.

Basis of Consolidation

These trust funds have not been consolidated with the financial statements of the Corporation of the County of Grey.

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**The Corporation of the  
County of Grey  
Other Financial Information  
For the year ended December 31, 2014**

The Corporation of the County of Grey  
Other Financial Information  
For the year ended December 31, 2014

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## Auditor's Comments on Supplementary Financial Information

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

We have audited the consolidated financial statements of the County of Grey, which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of operations and changes in accumulated surplus, changes in net financial assets and cash flows for the year then ended, a summary of significant accounting policies and other explanatory information and have issued our report thereon dated May 26, 2015 which contained an unmodified opinion on those financial statements. The audit was performed to form an opinion on the financial statements as a whole. The supplementary information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

### Restriction on Distribution and Use

The supplementary information is prepared to assist the Corporation of the County of Grey to meet the requirements of their funding agencies. As a result, the supplementary information may not be suitable for another purpose. Our report is intended solely for the Corporation of the County of Grey and their funding agencies and should not be distributed to or used by parties other than the Corporation of the County of Grey or their funding agencies.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario  
May 26, 2015

**Grey Roots - Museum**  
**Statement of Operations**  
(See Auditor's Comments on Supplementary Financial Information)

For the year ended December 31	2014	2013
<b>Revenue</b>		
Province of Ontario	\$ 65,994	\$ 68,740
Canada	14,359	44,510
County of Grey	1,308,515	1,183,149
City of Owen Sound	-	105
Donations	5,094	14,370
Donation in kind	11,155	8,310
Admissions and sales	115,093	117,426
Transfer from County of Grey reserves	51,160	141,965
	<u>1,571,370</u>	<u>1,578,575</u>
<b>Expenditures</b>		
Advertising	79,575	101,450
Cleaning and supplies	32,677	13,730
Donation in kind	11,155	8,310
Equipment rentals	8,786	3,483
Heat, light and water	91,347	105,384
Insurance	16,846	15,194
Office supplies, postage and telephone	62,685	42,827
Professional	11,750	21,818
Purchases for resale	18,309	16,292
Repairs and maintenance	100,937	79,654
Special events	110,686	122,365
Salaries and benefits	1,023,900	876,274
Travel and convention fees	18,219	18,572
Vehicle operations and licensing	3,296	5,083
Transfer to County of Grey reserve	-	44,408
	<u>1,590,168</u>	<u>1,474,844</u>
Less: Change in unfinanced liabilities	2,346	7,126
	<u>1,587,822</u>	<u>1,467,718</u>
<b>Net revenue for the year</b>	<u>\$ (16,452)</u>	<u>\$ 110,857</u>

**County of Grey - Provincial Offences Act**  
**Statement of Operations**  
(See Auditor's Comments on Supplementary Financial Information)

For the year ended December 31	2014	2013
<b>Revenue</b>		
Fines	\$ 2,313,049	\$ 2,944,429
Province of Ontario	1,120	-
Investment income	1,052	1,386
Transcripts	3,530	1,723
Cost recoveries	84	10
	<u>2,318,835</u>	<u>2,947,548</u>
<b>Expenditures</b>		
Salaries and benefits	500,697	548,490
Administrative charges	301,750	338,575
Victim fine surcharge	384,550	493,146
Dedicated fines	22,865	24,811
Prosecution expenses	263,057	245,381
Transfers to County of Bruce	344,183	538,004
	<u>1,817,102</u>	<u>2,188,407</u>
Change in unfunded liabilities	8,034	2,845
	<u>1,809,068</u>	<u>2,185,562</u>
Net revenue before transfer to reserves	509,767	761,986
Transfer to (from) reserve	<u>(91,242)</u>	<u>156,525</u>
<b>Net revenue for the year</b>	<b>\$ 601,009</b>	<b>\$ 605,461</b>