



COUNTY OF GREY

AUDIT REPORT TO THE MEMBERS OF COUNCIL

June 25, 2020



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SUMMARY

Our audit and therefore this report will not necessarily identify all matters that may be of interest to the Members of Council in fulfilling its responsibilities. This report has been prepared solely for the use of the Members of Council and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.



Status of the Audit

As of the date of this report, we have substantially completed our audit of the 2019 financial statements, pending completion of the following items:

- ▶ Approval of financial statements by Council
- ▶ Receipt of outstanding confirmations
- ▶ Receipt of signed management representation letter
- ▶ Subsequent events review through to financial statement approval date

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement. See [Appendix A](#) for our draft independent auditor's report.

The scope of the work performed was substantially the same as that described in our Planning Report to the Members of Council dated January 9, 2020.



Materiality

As communicated to you in our Planning Report to the Members of Council, preliminary materiality was \$2,750,000. Final materiality remained unchanged from our preliminary assessment.



Audit Findings

Our audit strategy and procedures focused on the risks specific to your organization and key accounts as outlined in our Planning Report to the Members of Council. Significant risk of material misstatement identified during our planning included the following items:

- ▶ Control Environment
- ▶ Purchases
- ▶ Payroll
- ▶ Government Transfers

There were no changes to our planned procedures and no issues were identified in our testing performed. No additional risks were identified during the audit.

Audit findings are discussed in more detail on Pages 5 and 6.



Internal Control Matters

We are required to report to you in writing, any significant deficiencies in internal control that we have identified. The specifics of this communication are included on Page 7.

 **Management Representations**


During the course of our audit, management made certain representations to us. These representations were verbal or written and therefore explicit, or they were implied through the financial statements. Management provided representations in response to specific queries from us, as well as unsolicited representations. Such representations were part of the evidence gathered by us to be able to draw reasonable conclusions on which to base our audit opinion. These representations were documented by including in the audit working papers memoranda of discussions with management and written representations received from management. A summary of the representation we have requested from management is set out in the representation letter included in [Appendix B](#) to the report.

 **Adjusted and Unadjusted Differences**

All significant adjusted and unadjusted differences and disclosure omissions identified through the course of our audit engagement are required to be disclosed and discussed with Management. We did not identify any non-trivial unadjusted differences or disclosure omissions identified throughout our audit.

 **Independence**

Our annual letter confirming our independence was previously provided to you in our planning correspondence. We know of no circumstances that would cause us to amend the previously provided letter.

 **Fraud Discussion**

Through our planning process, and current and prior years' audits, we have developed an understanding of your oversight processes. We are not currently aware of any fraud affecting the County.

If you are aware of changes to processes or are aware of any instances of actual, suspected or alleged fraud affecting the County since our discussions held at planning, we request that you provide us with this information.

Please refer to the Auditor's Responsibilities for Detecting Fraud in the Planning Report to the Members of Council.

AUDIT FINDINGS

Our audit strategy and procedures focused on the risks specific to your County and key accounts as outlined in our Planning report to the Members of Council. There were no changes to our planning procedures and no issues were identified in our testing performed. No additional risks were identified during the audit.

SIGNIFICANT RISKS OF MATERIAL MISSTATEMENT	AUDIT FINDINGS
Control Environment - Management override of controls	To address this risk we developed criteria for unusual journal entries, determined the population of unusual journal entries and obtained corroborating evidence of these journal entries from management as to why the journal entries were made. No inappropriate journal entries were noted.
Purchases	Bank balances were verified to bank reconciliations and bank confirmations. A review of cheque and EFT logs were reviewed for continuity of transaction numbers. No exceptions were noted.
Payroll	A test was undertaken to review pay rate changes for all individuals authorized to make pay rate changes. No exceptions were noted.
Government Transfers	To address this risk we reconciled significant government transfers to their various government funding agreements and letters, reviewed funding agreements for deferred grants and reviewed minutes to ensure grant revenue listed was complete. No issues were noted in regards to grant revenue during our testing.

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the County's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.

Management is responsible for determining the County's significant accounting policies. Significant accounting policies have been disclosed in the financial statements. The choice between accounting policy alternatives can have a significant effect on the financial position and results of the County. The application of those policies often involves significant estimates and judgments by management. Based on the audit work that we have performed, it is our opinion that the estimates are in accordance with the requirements of Canadian public sector accounting policies and have been consistently applied.

A summary of the significant financial statement disclosures policies and significant estimates and judgements are as follows:

Significant Financial Statement Disclosures	Audit Findings
Accumulated Surplus	A breakdown of the County's accumulated surplus is included in Note 4. This includes the amount invested in capital assets, unfunded liabilities, reserves and reserve funds.
Commitments	Significant commitments are disclosed in Note 12.
Contingencies/Litigation Proceedings	Significant contingences are disclosed in Note 13.

Significant Estimates and Judgements	Audit Findings
Post-Employment Benefits	The County provides post-employment health and life insurance 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. In order to help estimate the liability for post-employment benefits, the County engaged the services of an actuary.
Taxation revenue estimate	In accordance with PS 3510, amounts have been estimated for taxable events that have occurred but have not yet been assessed. The estimate was based on trend analysis and knowledge of the local lower tier municipalities.

INTERNAL CONTROL MATTERS

During the course of our audit, we performed the following procedures with respect to the County's internal control environment:

- ▶ Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- ▶ Discussed and considered potential audit risks with management.
- ▶ Tested the operating effectiveness of controls in the payroll and purchase transaction stream.

The results of these procedures were considered in determining the extent and nature of substantive audit testing required.

We are required to report to you in writing, significant deficiencies in internal control that we have identified during the audit. A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

We did not find any deficiencies in the design and implementation of the internal controls that were tested during the audit.

As the purpose of the audit is for us to express an opinion on the County's financial statements, our audit cannot be expected to disclose all matters that may be of interest to you. As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT

The Corporation of the
County of Grey
Financial Statements
For the year ended December 31, 2019

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The Corporation of the County of Grey
Financial Statements
For the year ended December 31, 2019

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The Corporation of the County of Grey

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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, 2019 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, 2019 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 29 and 30 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
June 25, 2020

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

December 31	2019	2018
Financial assets		
Cash and investments (Note 1)	\$ 68,581,792	\$ 64,477,827
Trade and other receivables	4,832,862	3,174,940
Inventory held for resale	6,536	10,024
	<u>73,421,190</u>	<u>67,662,791</u>
Liabilities		
Accounts payable and accrued liabilities	12,850,971	16,289,339
Vacation pay, post-employment benefits and WSIB Schedule II liabilities (Note 11)	8,533,791	7,619,250
Deferred revenue (Page 28)	16,050,270	11,316,965
Net long-term liabilities (Note 2)	3,860,878	4,493,973
	<u>41,295,910</u>	<u>39,719,527</u>
Net financial assets	<u>32,125,280</u>	<u>27,943,264</u>
Non-financial assets		
Prepaid expenses	87,478	26,766
Tangible capital assets (Note 3)	207,149,677	201,217,731
Inventory of supplies	1,276,720	1,269,853
	<u>208,513,875</u>	<u>202,514,350</u>
Accumulated surplus (Note 4)	<u>\$240,639,155</u>	<u>\$230,457,614</u>

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

For the year ended December 31	2019 Budget (Note 6)	2019 Actual	2018 Actual
Revenue			
Taxation	\$ 57,357,860	\$ 58,254,078	\$ 55,557,664
Fees and user charges	9,729,281	10,269,121	10,189,431
Government transfers (Note 7)	63,108,767	59,185,152	60,519,460
Assumption of non-profit housing (Note 8)	-	-	5,009,255
Other income (Note 9)	11,054,191	10,602,937	9,181,798
	<u>141,250,099</u>	<u>138,311,288</u>	<u>140,457,608</u>
Expenses			
General government	9,204,500	9,941,729	8,651,593
Provincial offences	1,957,000	2,050,860	1,932,057
Transportation services	10,678,600	19,943,930	19,148,331
Health unit	1,691,900	1,676,829	1,676,724
Paramedic services	13,478,750	14,667,672	14,119,055
Social services	31,258,524	28,786,320	31,797,510
Social housing	13,258,927	14,859,696	13,944,429
Long-term care	29,707,587	30,582,014	29,219,912
Grey Roots	2,102,800	2,419,656	2,276,366
Planning and development	3,709,599	3,201,041	2,612,495
	<u>117,048,187</u>	<u>128,129,747</u>	<u>125,378,472</u>
Annual surplus (Note 6)	24,201,912	10,181,541	15,079,136
Accumulated surplus, beginning of the year	<u>230,457,614</u>	<u>230,457,614</u>	<u>215,378,478</u>
Accumulated surplus, end of the year	<u>\$254,659,526</u>	<u>\$240,639,155</u>	<u>\$230,457,614</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	2019 Budget (Note 6)	2019 Actual	2018 Actual
Annual surplus (Page 6)	\$ 24,201,912	\$10,181,541	\$ 15,079,136
Acquisition of tangible capital assets	(29,016,923)	(17,481,483)	(28,853,630)
Amortization of tangible capital assets	-	11,113,708	10,171,642
Loss on disposal of capital assets	-	172,241	825,785
Proceeds on disposal of capital assets	-	263,588	359,523
	<u>(29,016,923)</u>	<u>(5,931,946)</u>	<u>(17,496,680)</u>
Change in prepaid expenses	-	(60,712)	14,173
Change in inventory of supplies	-	(6,867)	(199,206)
	-	(67,579)	(185,033)
Increase (decrease) in net financial assets	(4,815,011)	4,182,016	(2,602,577)
Net financial assets, beginning of the year	<u>27,943,264</u>	<u>27,943,264</u>	<u>30,545,841</u>
Net financial assets, end of the year	<u>\$ 23,128,253</u>	<u>\$32,125,280</u>	<u>\$ 27,943,264</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 Cash Flows

For the year ended December 31	2019	2018
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 10,181,541	\$ 15,079,136
Items not involving cash		
Vacation pay, post-employment benefits and WSIB Schedule II liabilities	914,541	(42,658)
Amortization	11,113,708	10,171,642
Contributed capital assets	-	(6,293,816)
Loss on disposal of capital assets	172,241	825,785
Deferred revenue recognized	(6,430,617)	(6,718,700)
	<u>15,951,414</u>	<u>13,021,389</u>
Changes in non-cash working capital balances		
Trade and other receivables	(1,657,922)	(94,239)
Inventory held for resale	3,488	1,449
Prepaid expenses	(60,712)	14,173
Accounts payable and accrued liabilities	(3,438,368)	5,804,024
Inventory of supplies	(6,867)	(199,206)
Deferred revenue received	11,163,922	8,152,320
	<u>21,954,955</u>	<u>26,699,910</u>
Capital transactions		
Cash used to acquire capital assets	(17,481,483)	(22,559,814)
Proceeds on disposal of capital assets	263,588	359,523
	<u>(17,217,895)</u>	<u>(22,200,291)</u>
Financing activities		
Additions to long-term liabilities	-	3,365,378
Repayment of long-term liabilities	(633,095)	(471,405)
	<u>(633,095)</u>	<u>2,893,973</u>
Net change in cash and temporary investments	4,103,965	7,393,592
Cash and temporary investments, beginning of the year	<u>64,477,827</u>	<u>57,084,235</u>
Cash and temporary investments, end of the year	<u>\$ 68,581,792</u>	<u>\$ 64,477,827</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 Summary of Significant Accounting Policies

December 31, 2019

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

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

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

December 31, 2019

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

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

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

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

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 Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by management. The following rates are used:

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

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

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

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

December 31, 2019

Post-Employment Benefits

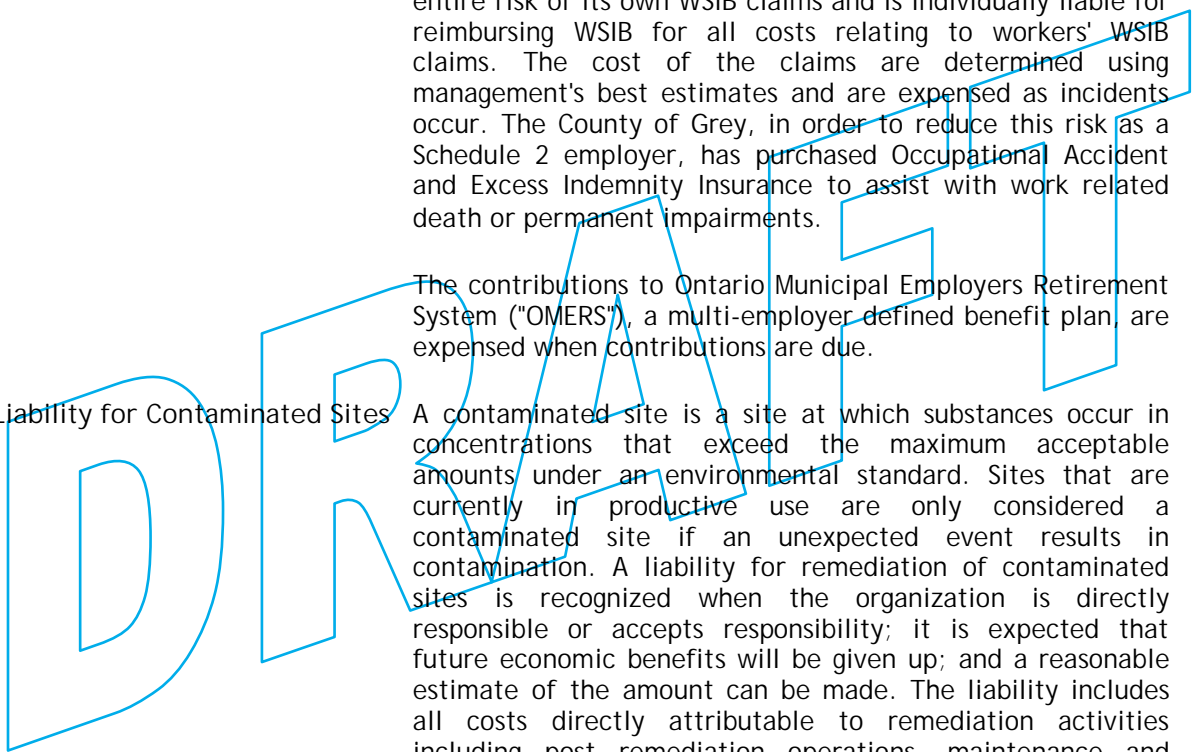
The County provides post-employment health, dental, life insurance and other benefits to eligible retired employees. The benefits earned by employees are determined using management's best estimate of expected benefit costs and are expensed as services are rendered.

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.

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, 2019

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.

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, 2019

1. Cash and Investments

	2019	2018
Unrestricted	\$ 68,270,960	\$ 63,940,383
Restricted	310,832	537,444
	\$ 68,581,792	\$ 64,477,827

A cash balance of \$23,276,883 is being held in one bank account earning interest at a rate of prime less 1.75%. Other cash balances totalling \$12,256,295 and investment deposits of \$17,516,591 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 \$12,562,652 are also held at other financial institutions.

Investments included in the balance above consists of:

	2019	2018
Bond Fund	\$ 3,478,585	\$ 3,357,151
Term Deposits 2.14% to 2.27% (2018 - 2.27% to 2.42%)	17,516,591	17,149,315
Guaranteed Investment Certificates 1.90% to 3.07% (2018 - 1.90% to 3.07%)	11,289,217	11,224,185
Membership share	1	1
	\$ 32,284,394	\$ 31,730,652

Investments have a market value of \$32,217,909 (2018 - \$31,730,652) at the end of the year.

The County of Grey has deposits held in an Ontario credit union of \$2,289,205 (2018 - \$2,224,172). The Deposit Insurance Corporation of Ontario (DICO) insures deposits to a maximum of \$250,000 per depositor.

The County of Grey has a demand operating facility agreement with a financial institution at prime less 0.5%. At December 31, 2019, 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, 2019

2. Long-Term Liabilities

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

	2019	2018
Georgian College Marine Emergency Duties Training and Research Centre, payable in equal instalments of \$200,000 from 2015 to 2024	\$ 1,000,000	\$ 1,200,000
Scotiabank, 1.995%, blended monthly instalments of \$36,224, due 2021	2,807,002	3,181,877
Canada Mortgage and Housing Corporation, 1.01%, mortgage payable in blended monthly instalments of \$4,923, due 2020	53,876	112,096
	\$ 3,860,878	\$ 4,493,973

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

2020	\$	636,267
2021		2,624,611
2022		200,000
2023		200,000
Thereafter		200,000
		\$ 3,860,878

The County also has internally issued debentures for capital assets, \$6,733,303 (2018 - \$7,226,733) to be funded in future years. The debentures were issued January 2019 through by-law 5041-19. Interest rate of 2.80% per annum, repayable in annual blended payments of \$706,539, maturity January 2031.

Interest of \$60,005 (2018 - \$16,255) 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

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

The Corporation of the County of Grey
Notes to Financial Statements

December 31

3. Tangible Capital Assets - (continued)

	2018						
	Land and Land Improvements	Buildings	Machinery & Equipment	Roads	Bridges and Culverts	Vehicles	Total
Cost, beginning of the year	\$ 2,742,351	\$ 107,008,623	\$ 12,648,638	\$ 266,100,363	\$ 40,190,488	\$ 9,048,539	\$ 437,739,002
Additions	701,678	10,563,561	1,769,876	13,852,760	382,753	1,583,002	28,853,630
Disposals	-	(850,470)	(439,426)	(2,293,176)	(71,567)	(223,862)	(3,878,501)
Cost, end of the year	3,444,029	116,721,714	13,979,088	277,659,947	40,501,674	10,407,679	462,714,131
Accumulated amortization, beginning of the year	1,066,836	51,543,201	7,834,840	162,366,095	25,819,568	5,387,411	254,017,951
Amortization	85,274	2,229,996	792,870	5,942,659	423,608	697,235	10,171,642
Disposals	-	(236,630)	(382,874)	(1,815,954)	(71,567)	(186,168)	(2,693,193)
Accumulated amortization, end of the year	1,152,110	53,536,567	8,244,836	166,492,800	26,171,609	5,898,478	261,496,400
Net carrying amount, end of the year	\$ 2,291,919	\$ 63,185,147	\$ 5,734,252	\$ 111,167,147	\$ 14,330,065	\$ 4,509,201	\$ 201,217,731

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2019

3. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction is \$559,335 (2018 - \$1,867,559).

In 2019, \$Nil (2018 - \$6,293,816) 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:

	2019	2018
Invested in tangible capital assets		
Tangible capital assets purchased	\$207,149,677	\$201,217,731
Unfinanced capital assets	(1,290,794)	(8,607,784)
Capital assets financed by internal debentures and to be funded in future years	(6,733,303)	-
Capital assets financed by long-term liabilities and to be funded in future years (Note 2)	(2,860,878)	(3,293,973)
Total invested in capital assets	196,264,702	189,315,974
Unfunded post-employment benefits	(7,947,382)	(7,040,495)
Unfunded commitment to Georgian College	(1,000,000)	(1,200,000)
Other surplus	1,276,720	1,269,853
	188,594,040	182,345,332
Reserves (Note 5)	52,045,115	48,112,282
Accumulated surplus	<u>\$240,639,155</u>	<u>\$230,457,614</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 debenture bears interest of 2.8% and is repayable in blended annual instalments of \$706,539 maturing January 10, 2031.

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2019

5. Reserves Set Aside for Specific Purpose by Council

	2019	2018
Working funds	\$ 1,930,799	\$ 1,930,799
Insurance, sick leave and WSIB	3,303,683	3,136,183
Current purposes	10,564,343	11,059,712
Capital purposes	36,246,290	31,985,588
	\$ 52,045,115	\$ 48,112,282

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 2019 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.

	2019 Budget	2019 Actual	2018 Actual
Annual surplus (Page 6)	\$ 24,201,912	\$ 10,181,541	\$ 15,079,136
Transfers to reserves	(8,676,217)	(12,828,330)	(8,683,362)
Transfers from reserves	13,924,322	8,895,497	7,124,124
Capital acquisitions, disposals and write-down	(29,016,923)	(17,045,654)	(27,668,322)
Amortization	-	11,113,708	10,171,642
Proceeds from long-term debt	-	-	3,365,378
Proceeds from internal debentures	-	6,733,303	-
Debt principal repayments	(433,094)	(433,095)	(71,405)
Change in unfunded liabilities	-	906,887	(30,626)
Change in long-term commitments	-	(200,000)	(400,000)
Change in other surplus	-	(6,867)	(199,206)
	-	7,316,990	(1,312,641)
Change in unfinanced capital	-	(7,316,990)	1,312,641
	\$ -	\$ -	\$ -

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2019

7. Government Transfers

	2019 Budget	2019 Actual	2018 Actual
Operating			
Province of Ontario			
Paramedic services	\$ 7,597,827	\$ 7,468,799	\$ 7,500,492
Social services	27,178,936	23,973,118	26,920,854
Social housing	2,931,303	3,363,341	2,566,833
Long-term care	17,173,052	16,897,452	16,623,832
Other	814,987	1,107,615	312,009
	<u>55,696,105</u>	<u>52,810,325</u>	<u>53,924,020</u>
Government of Canada			
Social housing	635,369	635,370	635,370
Federal Gas Tax - other	110,000	52,942	57,305
Other	20,160	40,495	-
	<u>765,529</u>	<u>728,807</u>	<u>692,675</u>
Other municipalities			
Transportation services	391,000	384,977	394,021
Other	18,700	35,907	42,237
	<u>409,700</u>	<u>420,884</u>	<u>436,258</u>
Total operating transfers	<u>56,871,334</u>	<u>53,960,016</u>	<u>55,052,953</u>
Capital			
Province of Ontario			
Transportation services	1,249,562	1,273,580	1,056,711
Social and Family Services	-	-	246,512
Social Housing	941,423	886,691	228,772
	<u>2,190,985</u>	<u>2,160,271</u>	<u>1,531,995</u>
Government of Canada			
Federal Gas Tax - Transportation	4,046,448	3,064,865	3,456,080
Other	-	-	42,906
	<u>4,046,448</u>	<u>3,064,865</u>	<u>3,498,986</u>
Other municipalities			
Transportation services	-	-	435,526
Total capital transfers	<u>6,237,433</u>	<u>5,225,136</u>	<u>5,466,507</u>
Total government transfers	<u>\$ 63,108,767</u>	<u>\$ 59,185,152</u>	<u>\$ 60,519,460</u>

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2019

8. Assumption of non-profit housing

During 2018, the County of Grey (the County) entered into an agreement with Golden Town to acquire all assets including properties known as Golden Town Manor, Albert Place, and Victoria Village located in the Municipality of Meaford, cash, accounts receivable, investments, furniture, equipment, fixtures, and prepaid expenses in exchange for the assumption of Golden Town's mortgages and accounts payable.

Golden Town discontinued operations on September 28, 2018 and the County assumed the operating activities on September 29, 2018. On October 4, 2018 the properties vested and the mortgages were assumed by the County.

Costs incurred relating to restructuring consist of legal fees.

Details of assets and liabilities assumed as follows:

	2018
Cash	\$ 2,070,970
Long-term debt	(3,355,530)
Tangible capital assets	6,293,815
	\$ 5,009,255

9. Other Income

	2019 Budget	2019 Actual	2018 Actual
Provincial Offences (POA)	\$ 2,350,000	\$ 2,446,412	\$ 2,281,651
Investment income, penalties and interest	1,040,200	1,126,062	876,585
Licenses, permits and rents	4,726,819	4,461,818	4,014,981
Donations	69,097	461,287	87,057
Development charges	2,549,307	2,169,271	2,606,404
Gain (loss) on disposal of assets	244,268	(172,241)	(825,785)
Other	74,500	110,328	140,905
	\$ 11,054,191	\$ 10,602,937	\$ 9,181,798

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2019

10. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 696 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 2019 was \$3,693,693 (2018 - \$3,528,564). The contribution rate for 2019 was 9.0% to 15.8% depending on age and income level (2018 - 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, 2019. At that time the plan reported a \$ 3.4 billion actuarial deficit (2018 - \$4.19 billion actuarial deficit), based on actuarial liabilities of \$ 106.44 billion (2018 - \$99.06 billion) and actuarial assets of \$ 103.04 billion (2018 - \$94.87 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.

11. Post-Employment Benefits

	2019	2018
WSIB	\$ 2,502,424	\$ 2,383,913
Vacation pay liability	1,549,791	1,729,492
Post-employment benefits	4,427,139	3,459,062
Other	54,437	46,783
	<u>\$ 8,533,791</u>	<u>\$ 7,619,250</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, 2019 has calculated the liability to be \$2,502,424. The actuarial valuation was based on a number of assumptions such as, discount rates and WSIB payment rates. The assumptions used reflect management's best estimates. The WSIB benefit liability was determined using a discount rate of 2.60% and a WSIB administration rate of 23.5%. The current year recovery is \$118,511 and prior year recovery was \$62,654. At December 31, 2019, 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, 2019.

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2019

11. Post-Employment Benefits

- c) The County pays certain life insurance, health and dental benefits on behalf of its retired employees. The County recognizes these post-retirement costs in the period in which the employees render the services.

Actuarial valuations for accounting purposes are performed using the projected benefit method. The most recent actuarial report was prepared as at December 31, 2019.

The assumptions used reflect management's best estimates. The post-employment benefit liability was determined using a discount rate of 2.6%. For dental, travel and vision premiums, a 4% annual rate of increase was assumed for 2019 and forward. For health care premiums, a 5.5% increase was used for 2019 and a decreasing rate used until 2026 where 4% was used thereafter.

	2019	2018
Post-employment benefit accrued liability	\$ 3,281,762	\$ 3,222,662
Unamortized loss	1,145,377	236,400
Post-employment benefits	<u>\$ 4,427,139</u>	<u>\$ 3,459,062</u>
	2019	2018
Retirement benefit expense	\$ 208,252	\$ 204,876
Interest costs	90,919	86,472
Total expense for the year	<u>\$ 299,171</u>	<u>\$ 291,348</u>

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The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2019

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, 2019 indicates the following:

Principal payments on debentures during the year	\$ 494,639
Interest payments on debentures during the year	<u>159,260</u>
Total	<u>\$ 653,899</u>
Debentures outstanding at year-end	<u>\$ 2,124,637</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 2019 was \$254,009 (2018 - \$240,529) 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 \$785,159 to reserves towards this commitment.
- (c) The County of Grey has been allocated funding for Affordable Housing projects under the Canada-Ontario Affordable Housing Program and Delivering Opportunities for Ontario Renters Program. These funds are being used to create new housing units within the County. A total of \$8,616,349 has been committed to developers in order to complete these units with \$5,272,263 released as of December 31, 2019. If the units remain as affordable housing units for a period of 25 years, no amount will be repayable.
- (d) Subsequent to year end the County of Grey executed a contribution agreement for \$6,181,061 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. If the units remain as affordable housing units for a period of 20 years, no amount will be repayable.
- (e) The County of Grey has approved a capital purchase of two tandem trucks in the amount of \$880,835. The trucks arrived subsequent to year end.

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2019

13. 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 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.

14. Trust Funds

The trust funds administered by the municipality amounting to \$45,141 (2018 - \$49,313) 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, 2019 were \$2,173,498 (2018 - \$2,025,285). Net revenues after deduction of operating expenses were \$450,906 (2018 - \$450,618).

16. Subsequent Events

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the County, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the County's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the County is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The County's ability to deliver non-essential services will depend on the legislative mandates from the various levels of government. The County will continue to focus on collecting receivables, managing expenditures, and leveraging reserves to ensure it is able to continue providing essential services to its citizens.

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2019

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 & Healthcare Initiatives. In addition, this also includes the taxation budget, which includes supplementary tax and tax write-offs, as well as the Federal Gas Tax Funding.

Planning and Community Development

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

Social Services

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

Transportation and Public Safety

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

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

The Corporation of the County of Grey
Notes to Financial Statements

December 31

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

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	2018 Total
Revenue					
Taxation	\$ 9,698,079	\$ 4,452,904	\$ 17,188,479	\$ 24,218,202	\$ 55,557,664
Fees and user charges	175,400	494,331	9,113,718	405,982	10,189,431
Specific grants	19,641	427,751	47,229,288	12,842,830	60,519,460
Assumption of non-profit housing	-	-	5,009,255	-	5,009,255
Other revenue	2,600,273	100,193	4,109,392	2,371,940	9,181,798
	<u>12,493,393</u>	<u>5,475,179</u>	<u>82,650,082</u>	<u>39,838,954</u>	<u>140,457,608</u>
Expenses					
Salaries and benefits	4,696,017	2,785,949	30,117,544	16,878,073	54,477,583
Interest on debt	-	-	47,028	-	47,028
Materials and supplies	1,308,000	979,941	5,574,636	4,342,439	12,205,016
Contracted services	3,049,947	484,847	6,886,778	3,678,439	14,100,011
Other transfers	2,393,605	369,319	29,650,027	10,864	32,423,815
Rents and financial expenses	419,068	36,927	665,592	831,790	1,953,377
Amortization	393,737	231,879	2,020,247	7,525,779	10,171,642
	<u>12,260,374</u>	<u>4,888,862</u>	<u>74,961,852</u>	<u>33,267,384</u>	<u>125,378,472</u>
Annual surplus (deficit)	\$ 233,019	\$ 586,317	\$ 7,688,230	\$ 6,571,570	\$ 15,079,136

The Corporation of the County of Grey
Schedule of Deferred Revenue

For the year ended December 31, 2019

	Contributions Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	\$ 7,804,714	\$ 4,177,797	\$ 195,643	\$(2,169,271)	\$10,008,883
Federal gas tax	2,585,510	5,849,740	95,309	(3,117,807)	5,412,752
	<u>10,390,224</u>	<u>10,027,537</u>	<u>290,952</u>	<u>(5,287,078)</u>	<u>15,421,635</u>
Other					
Cannabis Legalization	-	156,101	-	-	156,101
Paramedicine program	-	391,996	-	(269,979)	122,017
Housing Allowance and Build program	113,753	38,225	-	(137,950)	14,028
Housing Apartment Approval Program	180,625	-	-	(180,625)	-
Social Infrastructure Fund	352,000	-	-	(352,000)	-
Aggregate Fund	213,027	58,423	-	-	271,450
Affordable housing	49,848	186,797	-	(185,497)	51,148
Affordable housing Business Enterprise Centre	16,322	-	-	(16,322)	-
Miscellaneous	1,166	13,891	-	(1,166)	13,891
	<u>926,741</u>	<u>845,433</u>	<u>-</u>	<u>(1,143,539)</u>	<u>628,635</u>
	<u>\$11,316,965</u>	<u>\$10,872,970</u>	<u>\$ 290,952</u>	<u>\$(6,430,617)</u>	<u>\$16,050,270</u>

Grey Roots - Museum
Statement of Operations
(Unaudited)

For the year ended December 31	2019	2018
Revenue		
Province of Ontario	\$ 63,534	\$ 63,534
Canada	50,636	50,506
County of Grey	1,596,723	1,542,702
Donations	16,734	18,476
Donation in kind	8,155	8,389
Admissions and sales	152,176	156,457
Transfer from County of Grey reserves	5,704	14,000
Sale of assets	289	3,618
	<u>1,893,951</u>	<u>1,857,682</u>
Expenditures		
Advertising	73,353	78,111
Donation in kind	8,155	8,389
Supplies, postage and telephone	68,341	59,982
Payments to other organizations	486	486
Professional	8,963	8,689
Purchases for resale	6,735	5,510
Occupancy	303,708	286,803
Special events	123,937	140,581
Salaries and benefits	1,240,144	1,153,117
Travel and convention fees	11,533	15,133
Vehicle operations and licensing	3,888	2,813
Transfer to (from) County of Grey reserve	(20,493)	96,589
	<u>1,828,750</u>	<u>1,856,203</u>
Change in unfinanced liabilities	<u>(14,227)</u>	<u>(9,869)</u>
	<u>1,842,977</u>	<u>1,866,072</u>
Net revenue (loss) for the year	<u>\$ 50,974</u>	<u>\$ (8,390)</u>

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

For the year ended December 31	2019	2018
Revenue		
Fines	\$ 2,173,498	\$ 2,025,285
Province of Ontario	269,456	241,046
Investment income	1,859	1,394
Transcripts	1,610	5,754
Cost recoveries	408	94
	<u>2,446,831</u>	<u>2,273,573</u>
Expenditures		
Salaries and benefits	614,255	489,270
Administrative charges	400,812	286,936
Victim fine surcharge	372,639	353,359
Dedicated fines	64,180	25,608
Prosecution expenses	209,023	349,517
Transfers to County of Bruce	335,016	318,265
	<u>1,995,925</u>	<u>1,822,955</u>
Net revenue before transfer to reserves	450,906	450,618
Transfer to reserve	53,864	63,690
Net revenue for the year	<u>\$ 397,042</u>	<u>\$ 386,928</u>

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APPENDIX B: REPRESENTATION LETTER

County of Grey
595 9th Ave East
Owen Sound, ON
N4K 3E3

June 25, 2020

BDO Canada LLP
Chartered Professional Accountants
1717 2nd Avenue East, PO Box 397
Owen Sound, ON
N4K 5P7

This representation letter is provided in connection with your audit of the financial statements of County of Grey for the year ended December 31, 2019, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated December 9, 2019, for the preparation of the financial statements in accordance with Canadian public sector accounting standards; in particular, the financial statements are fairly presented in accordance therewith.

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.
- All events subsequent to the date of the financial statements and for which Canadian public sector accounting standards require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
- We have reviewed and approved all journal entries recommended by the practitioners during the audit. A list of the journal entries is attached to the representation letter.

Information Provided

- We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Fraud and Error

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

General Representations

- Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements or has otherwise been disclosed to you.
- We have provided you with significant assumptions that in our opinion are reasonable and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity when relevant to the use of fair value measurements or disclosures in the financial statements.
- We confirm that there are no derivatives or off-balance sheet financial instruments held at year end that have not been properly recorded or disclosed in the financial statements.
- Except as disclosed in the financial statements, there have been no changes to title, control over assets, liens or assets pledged as security for liabilities or collateral.
- The entity has complied with all provisions in its agreements related to debt and there were no defaults in principal or interest, or in the covenants and conditions contained in such agreements.
- There have been no plans or intentions that may materially affect the recognition, measurement, presentation or disclosure of assets and liabilities (actual and contingent).
- The nature of all material uncertainties have been appropriately measured and disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

- There were no direct contingencies or provisions (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the entity, except as disclosed in the financial statements.

Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. Since there are no actual, outstanding or possible litigation and claims, no disclosure is required in the financial statements.
- During the Yardi upgrade management appropriately tested any conversion of data that would impact the financial statements. The Yardi upgrade during the year did not result in any discrepancies regarding Housing arrears or revenue for the fiscal year.
- To the extent that our normal procedures and controls related to our financial statement close process at any of our locations were adversely impacted by the COVID-19 outbreak, we took appropriate actions and safeguards to reasonably ensure the fair presentation of the financial statements in accordance with Canadian public sector accounting standards.
- There are no claims or possible claims that would exceed or not be covered by the insurance coverage currently carried by the County
- Evaluated all land owned by the Municipality or where the Municipality has accepted responsibility for the land as to whether there are sites in the Scope of PS 3260 Liability for Contaminated Sites
- Made available to you all financial records and related data relevant to the assessment of the liability for contaminated sites.
- There are no contaminated sites within the Scope of PS 3260.

Yours truly,

Signature

Position

Signature

Position