

The Corporation of the
County of Grey
Financial Information
For the year ended December 31, 2013

The Corporation of the County of Grey
Financial Information
For the year ended December 31, 2013

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Independent Auditor's Report

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, 2013, 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, 2013 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 Accountants, Licensed Public Accountants

Owen Sound, Ontario
June 10, 2014

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

December 31	2013	2012
Financial assets		
Cash and temporary investments (Note 1)	\$ 55,140,831	\$ 48,605,810
Trade and other receivables	2,068,777	1,536,239
Inventory held for resale	13,431	17,150
	<u>57,223,039</u>	<u>50,159,199</u>
Liabilities		
Accounts payable and accrued liabilities	7,237,053	6,443,764
Vacation pay, post-employment benefits and WSIB Schedule II liabilities (Note 10)	6,425,879	8,115,923
Deferred revenue (Page 28)	8,768,783	8,274,906
Net long-term liabilities (Note 2)	2,471,501	3,705,816
	<u>24,903,216</u>	<u>26,540,409</u>
Net financial assets	<u>32,319,823</u>	<u>23,618,790</u>
Contingencies (Note 12)		
Non-financial assets		
Prepaid expenses	38,662	30,576
Tangible capital assets (Note 3)	172,041,317	175,166,458
Inventory of supplies	1,395,605	1,497,564
	<u>173,475,584</u>	<u>176,694,598</u>
Accumulated surplus (Note 4)	<u>\$ 205,795,407</u>	<u>\$ 200,313,388</u>

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

<u>For the year ended December 31</u>	<u>2013</u>	<u>2013</u>	<u>2012</u>
	Budget (Note 6)	Actual	Actual
Revenue			
Taxation	\$ 50,997,927	\$ 50,785,540	\$ 50,213,355
Fees and user charges	8,895,414	9,711,963	9,654,060
Government transfers (Note 7)	43,517,513	44,253,383	40,906,557
Other income (Note 8)	7,354,116	6,595,205	7,311,540
Obligatory reserve fund revenue recognized	5,594,880	4,430,515	1,015,313
	<u>116,359,850</u>	<u>115,776,606</u>	<u>109,100,825</u>
Expenses			
General government	7,092,031	6,613,452	6,589,240
Protection services	2,258,452	2,179,541	2,249,752
Transportation services	9,168,192	21,015,860	21,553,370
Health services	1,670,960	1,661,023	1,630,205
Land ambulance	11,000,978	11,495,019	11,046,088
Social and family services	27,248,270	25,517,125	25,315,887
Social housing	10,780,756	12,664,293	11,348,851
Homes for the Aged	24,362,756	24,866,422	25,869,536
Recreation and cultural services	1,875,228	2,268,000	2,180,814
Planning and development	2,015,935	2,013,852	1,750,326
	<u>97,473,558</u>	<u>110,294,587</u>	<u>109,534,069</u>
Annual surplus (deficit) (Note 6)	18,886,292	5,482,019	(433,244)
Accumulated surplus, beginning of the year	200,313,388	200,313,388	200,746,632
Accumulated surplus, end of the year	<u>\$219,199,680</u>	<u>\$ 205,795,407</u>	<u>\$200,313,388</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>2013</u>	<u>2013</u>	<u>2012</u>
	Budget (Note 6)	Actual	Actual
Annual surplus (deficit) (Page 6)	\$ 18,886,292	\$ 5,482,019	\$ (433,244)
Acquisition of tangible capital assets	(17,691,087)	(11,793,825)	(6,397,035)
Amortization of tangible capital assets	-	13,832,692	13,870,896
Loss on disposal of capital assets	-	945,674	168,072
Proceeds on disposal of capital assets	-	140,600	195,434
	<u>(17,691,087)</u>	<u>3,125,141</u>	<u>7,837,367</u>
Change in prepaid expenses	-	(8,086)	40,297
Change in inventory of supplies	-	101,959	268,415
	-	<u>93,873</u>	<u>308,712</u>
Increase in net financial assets	1,195,205	8,701,033	7,712,835
Net financial assets, beginning of the year	<u>23,618,790</u>	<u>23,618,790</u>	<u>15,905,955</u>
Net financial assets, end of the year	<u>\$ 24,813,995</u>	<u>\$ 32,319,823</u>	<u>\$ 23,618,790</u>

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

For the year ended December 31	2013	2012
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	\$ 5,482,019	\$ (433,244)
Items not involving cash		
Vacation pay, post-employment benefits and WSIB Schedule II liabilities	(1,690,044)	435,026
Amortization	13,832,692	13,870,896
Loss on disposal of capital assets	945,674	168,072
Deferred revenue recognized	(4,901,920)	(1,437,221)
	<u>13,668,421</u>	<u>12,603,529</u>
Changes in non-cash working capital balances		
Trade and other receivables	(532,538)	2,407,172
Inventory held for resale	3,719	339
Prepaid expenses	(8,086)	40,297
Accounts payable and accrued liabilities	793,289	(687,073)
Inventory of supplies	101,959	268,415
Deferred revenue received	5,395,797	4,135,692
	<u>19,422,561</u>	<u>18,768,371</u>
Capital transactions		
Cash used to acquire capital assets	(11,793,825)	(6,397,035)
Proceeds on disposal of capital assets	140,600	195,434
	<u>(11,653,225)</u>	<u>(6,201,601)</u>
Financing activities		
Repayment of long-term liabilities	(1,234,315)	(1,180,842)
Net change in cash and temporary investments	6,535,021	11,385,928
Cash and temporary investments, beginning of the year	48,605,810	37,219,882
Cash and temporary investments, end of the year	<u>\$ 55,140,831</u>	<u>\$ 48,605,810</u>

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

December 31, 2013

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, 2013

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.																

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

December 31, 2013

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 the 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 recognised in the statement of operations as the stipulation liabilities are settled.

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

December 31, 2013

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, 2013

1. Cash and Temporary Investments

	2013	2012
Unrestricted	\$ 55,140,831	\$ 48,605,810

A cash balance of \$37,622,626 is being held in one bank account earning interest at a rate of prime less 1.75%. Cash balances of \$3,081,593 and investment deposits of \$12,417,965 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 \$1,041,989 are also held at a second financial institution.

Temporary investments included in the balance above consists of:

	2013	2012
Cash	4,510	4,465
Bond Fund	1,013,876	-
Money Market Fund	-	1,013,895
Term Deposits (1.52% to 1.60%, 2012 - 1.63% - 2.00%)	9,254,564	9,099,874
Guaranteed Investment Certificates (1.58% to 2.20%, 2012 - 1.65% to 2.05%)	4,156,671	4,086,106
Membership share	25	25
	\$ 14,429,646	\$ 14,204,365

Temporary investments have a market value of \$14,440,338 (2012 - \$14,225,781) 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, 2013, 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, 2013

2. Long-Term Liabilities

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

	2013	2012
Royal Bank of Canada, 2.693%, mortgage payable in blended monthly instalments of \$2,330, due 2015	\$ 48,995	\$ 75,295
Ontario Strategic Infrastructure Financing Authority, 4.36%, blended semi-annual payments of \$373,345, due 2014	722,965	1,415,409
Ontario Strategic Infrastructure Financing Authority, 4.73%, blended semi-annual payments of \$307,160, due 2016	1,699,541	2,215,112
	<u>\$ 2,471,501</u>	<u>\$ 3,705,816</u>

Principal payments for the next 3 fiscal years are as follows:

2014	\$ 1,291,465
2015	\$ 586,841
2016	\$ 593,195

Interest of \$199,040 (2012 - \$255,285) was paid during the year.

The Corporation of the County of Grey
Notes to Financial Statements

December 31

3. Tangible Capital Assets

	2013								
	Land and Land Improvements	Buildings	Machinery & Equipment	Roads	Traffic Signals	Bridges	Culverts	Vehicles	Total
Cost, beginning of the year	\$ 1,912,888	\$ 85,118,790	\$ 12,188,585	\$ 243,112,967	\$ 2,080,064	\$ 27,960,045	\$ 7,985,726	\$ 9,425,355	\$ 389,784,420
Additions	47,716	1,656,595	775,329	7,483,228	-	143,483	607,732	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	<u>1,960,604</u>	<u>86,616,378</u>	<u>12,407,987</u>	<u>245,713,226</u>	<u>2,080,064</u>	<u>28,103,528</u>	<u>8,593,458</u>	<u>9,345,654</u>	<u>394,820,899</u>
Accumulated amortization, beginning of the year	743,176	37,947,446	6,631,803	140,586,479	1,356,782	17,932,302	4,718,504	4,701,470	214,617,962
Amortization	63,218	2,848,678	1,000,366	8,152,790	104,003	499,976	167,649	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	<u>806,394</u>	<u>40,637,117</u>	<u>7,136,670</u>	<u>144,800,740</u>	<u>1,460,785</u>	<u>18,432,278</u>	<u>4,886,153</u>	<u>4,619,445</u>	<u>222,779,582</u>
Net carrying amount, end of the year	<u>\$ 1,154,210</u>	<u>\$ 45,979,261</u>	<u>\$ 5,271,317</u>	<u>\$ 100,912,486</u>	<u>\$ 619,279</u>	<u>\$ 9,671,250</u>	<u>\$ 3,707,305</u>	<u>\$ 4,726,209</u>	<u>\$ 172,041,317</u>

The Corporation of the County of Grey
Notes to Financial Statements

December 31

3. Tangible Capital Assets - (continued)

	2012								
	Land and Land Improvements	Buildings	Machinery & Equipment	Roads	Traffic Signals	Bridges	Culverts	Vehicles	Total
Cost, beginning of the year	\$ 1,894,571	\$ 83,160,848	\$ 11,726,536	\$ 242,105,702	\$ 2,080,064	\$ 27,960,045	\$ 7,985,726	\$ 8,717,839	\$ 385,631,331
Additions	18,317	1,957,942	987,379	2,547,722	-	-	-	885,675	6,397,035
Disposals	-	-	(525,330)	(1,540,457)	-	-	-	(178,159)	(2,243,946)
Cost, end of the year	1,912,888	85,118,790	12,188,585	243,112,967	2,080,064	27,960,045	7,985,726	9,425,355	389,784,420
Accumulated amortization, beginning of the year	680,952	35,158,924	6,078,862	133,560,552	1,252,779	17,433,219	4,551,868	3,910,350	202,627,506
Amortization	62,224	2,788,522	1,007,567	8,305,170	104,003	499,083	166,636	937,691	13,870,896
Disposals	-	-	(454,626)	(1,279,243)	-	-	-	(146,571)	(1,880,440)
Accumulated amortization, end of the year	743,176	37,947,446	6,631,803	140,586,479	1,356,782	17,932,302	4,718,504	4,701,470	214,617,962
Net carrying amount, end of the year	\$ 1,169,712	\$ 47,171,344	\$ 5,556,782	\$ 102,526,488	\$ 723,282	\$ 10,027,743	\$ 3,267,222	\$ 4,723,885	\$ 175,166,458

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2013

3. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction is \$235,088 (2012 - \$152,793).

In 2013, \$Nil (2012 - \$57,220) 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>2013</u>	<u>2012</u>
Invested in tangible capital assets		
Tangible capital assets purchased	\$ 172,041,317	\$ 175,166,458
Unfinanced capital assets	(1,374,289)	(1,784,920)
Capital assets financed by long-term liabilities and to be funded in future years	<u>(2,471,501)</u>	<u>(3,705,816)</u>
Total invested in capital assets	168,195,527	169,675,722
Unfunded post-employment benefits	(5,857,018)	(7,532,870)
Other surplus	<u>1,395,605</u>	<u>1,497,564</u>
	163,734,114	163,640,416
Reserves and reserve funds (Note 5)	<u>42,061,293</u>	<u>36,672,972</u>
Accumulated surplus	<u>\$ 205,795,407</u>	<u>\$ 200,313,388</u>

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2013

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

	2013	2012
Reserves		
Working funds	\$ 5,962,726	\$ 2,399,917
Insurance, sick leave and WSIB	3,299,572	3,124,381
Current purposes	13,391,022	12,418,600
Capital purposes	19,407,973	18,730,074
Reserves and reserve funds set aside for specific purpose by Council	\$ 42,061,293	\$ 36,672,972

6. Budgets

Under Canadian Public sector accounting principles, budget amounts are to be reported on the consolidated statement of operations and changes in net financial assets for comparative purposes. The 2013 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 changes in net financial assets. The following is a reconciliation of the budget approved by Council.

	2013	2013	2012
	Budget	Actual	Actual
Annual surplus (deficit) (Page 6)	\$ 18,886,292	\$ 5,482,019	\$ (433,244)
Transfers to reserves	(5,198,790)	(10,001,203)	(9,761,916)
Transfers from reserves	5,237,900	4,612,882	2,984,543
Capital acquisitions, disposals and write-down	(17,691,087)	(10,707,551)	(6,033,529)
Amortization	-	13,832,692	13,870,896
Debt principal repayments	(1,234,315)	(1,234,315)	(1,180,842)
Change in unfunded liabilities	-	(1,675,852)	409,402
Change in other surplus	-	101,959	268,414
	-	410,631	123,724
Prior year capital projects funded	-	(410,631)	(123,724)
	\$ -	\$ -	\$ -

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2013

7. Government Transfers

	2013	2013	2012
	Budget	Actual	Actual
Operating			
Province of Ontario			
Conditional - General Government	\$ 720	\$ 1,770	\$ 288,861
- Land Ambulance	5,938,028	5,980,191	5,683,191
- Social and Family Services	20,734,053	21,283,437	18,774,305
- Social Housing	840,837	1,035,066	615,980
- Homes for the Aged	14,557,698	14,511,201	14,423,836
- Other	124,654	73,187	73,365
	<u>42,195,990</u>	<u>42,884,852</u>	<u>39,859,538</u>
Government of Canada			
Conditional - Social Housing	694,830	694,830	694,830
- Other	16,240	50,982	39,851
	<u>711,070</u>	<u>745,812</u>	<u>734,681</u>
Other Municipalities			
Conditional - Transportation Services	240,114	298,733	139,759
- Other	90,339	115,023	64,933
	<u>330,453</u>	<u>413,756</u>	<u>204,692</u>
Total Operating Transfers	<u>43,237,513</u>	<u>44,044,420</u>	<u>40,798,911</u>
Capital			
Province of Ontario			
Conditional - Transportation Services	280,000	-	-
- Social and Family Services	-	66,244	178,429
- Planning and Development	-	142,719	-
	<u>280,000</u>	<u>208,963</u>	<u>178,429</u>
Government of Canada			
- Other	-	-	(70,783)
Other Municipalities			
Total Capital Transfers	<u>280,000</u>	<u>208,963</u>	<u>107,646</u>
Total Government Transfers	<u>\$ 43,517,513</u>	<u>\$ 44,253,383</u>	<u>\$ 40,906,557</u>

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2013

8. Other Income

	2013	2013	2012
	Budget	Actual	Actual
Provincial Offences Act (POA)	\$ 2,834,000	\$ 2,944,429	\$ 2,995,231
Investment income, penalties and interest	488,216	601,777	498,527
Licenses, permits and rents	3,773,580	3,761,306	3,877,472
Donations	153,320	170,781	108,382
Gain (loss) on disposal of assets	87,000	(945,674)	(168,072)
Other	18,000	62,586	-
	<u>\$ 7,354,116</u>	<u>\$ 6,595,205</u>	<u>\$ 7,311,540</u>

9. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 682 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 2013 was \$3,198,737 (2012 - \$2,790,190). The contribution rate for 2013 was 9.0% to 15.9% depending on age and income level (2012 - 8.3% to 12.8%).

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, 2013. At that time the plan reported an \$8.6 billion actuarial deficit (2012 - \$9.9 billion actuarial deficit), based on actuarial liabilities of \$73.0 billion (2012 - \$69.1 billion) and actuarial assets of \$64.4 billion (2012 - \$59.2 billion). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in financial markets may lead to increased future funding requirements.

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2013

10. Post-Employment Benefits

	2013	2012
WSIB	\$ 2,834,569	\$ 4,563,469
Vacation pay liability	2,200,234	2,056,521
Post-employment benefits	1,354,187	1,444,852
Other	36,889	51,081
	\$ 6,425,879	\$ 8,115,923

- 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, 2013 has calculated the liability to be \$2,834,569. 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 3.75% and a WSIB administration rate of 35%. The current year recovery is \$1,728,900 and prior year expense was \$405,253. At December 31, 2013, the County provided \$3,045,401 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, 2013.
- 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 forwards. For health care premiums, a 7% increase was used for 2014 and a decreasing rate used until 2026 where 4% was used thereafter.

	2013	2012
Retirement benefit expense	\$ 80,648	\$ 7,612
Interest costs	73,139	68,621
	\$ 153,787	\$ 76,233

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2013

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, 2013 indicates the following:

Principal payments on debentures during the year	\$ 587,363
Interest payments on debentures during the year	<u>415,095</u>
Total	<u>\$ 1,002,458</u>
Debentures outstanding at year end	<u>\$ 5,569,617</u>

The principal and interest payments are recovered at source from Federal Social Housing funding provided to 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 2013 was \$151,226 (2012 - \$161,422) 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 \$494,300 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 starting in 2014.
- (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 \$4,722,799 released as of December 31, 2013. If the units remain as affordable housing units for a period of 25 years, no amount will be repayable.
-

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2013

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.

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2013

13. Trust Funds

The trust funds administered by the municipality amounting to \$69,263 (2012 - \$75,709) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations and accumulated surplus.

14. Provincial Offences 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, 2013 were \$2,944,429 (2012 - \$2,995,231). Net revenues after deduction of operating expenses were \$761,986 (2012 - \$742,078).

15. Change in Accounting Policy

Effective January 1, 2013, the municipality adopted on a prospective basis the new accounting standards PS3410 Government Transfers and PS3510 Tax Revenue from the Chartered Professional Accountants of Canada Handbook.

Government transfers are recognized when authorized and eligibility criteria have been met unless the transfer contains stipulations that create a liability. If the transfer contains stipulations that create a liability, the related revenue is recognized over the period that the liability is extinguished.

The prospective application of this change in accounting policy resulted in an increase in government transfers for the year of \$31,287 and a decrease in deferred revenue of \$31,287.

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. The prospective application of this change in accounting policy resulted in a decrease of \$8,551 in taxes payable and a decrease of \$8,551 in taxation revenue.

The Corporation of the County of Grey Notes to Financial Statements

December 31, 2013

16. Segmented Information

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

Corporate Services

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 Emergency Medical Services Department (Land Ambulance operations).

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	2013 Total
Revenue					
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>
Expenses					
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>	<i>\$ 2,620,985</i>	<i>\$ 483,861</i>	<i>\$ 3,737,229</i>	<i>\$ (1,360,056)</i>	<i>\$ 5,482,019</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	2012 Total
Revenue					
Taxation	\$ 8,821,977	\$ 3,451,648	\$ 16,787,668	\$ 21,152,062	\$ 50,213,355
Fees and user charges	39,706	484,582	8,630,005	499,767	9,654,060
Specific grants	301,090	158,303	34,708,380	5,738,784	40,906,557
OMPF grant	-	-	-	-	-
Other revenue	3,838,647	53,889	3,821,935	(161,607)	7,552,864
Transfers from obligatory reserve	79,706	69,792	108,837	756,978	1,015,313
	<u>13,081,126</u>	<u>4,218,214</u>	<u>64,056,825</u>	<u>27,985,984</u>	<u>109,342,149</u>
Expenses					
Salaries and benefits	3,262,482	1,975,390	26,047,548	14,682,717	45,968,137
Interest on debt	-	-	248,853	6,432	255,285
Materials and supplies	463,956	905,746	5,037,316	5,354,596	11,761,614
Contracted services	3,472,628	445,834	5,087,927	1,279,454	10,285,843
Other transfers	2,971,089	156,658	22,901,532	-	26,029,279
Rents and financial expenses	352,399	14,495	606,944	630,501	1,604,339
Amortization	126,319	433,018	2,665,799	10,645,760	13,870,896
	<u>10,648,873</u>	<u>3,931,141</u>	<u>62,595,919</u>	<u>32,599,460</u>	<u>109,775,393</u>
<i>Annual surplus (deficit)</i>	<i>\$ 2,432,253</i>	<i>\$ 287,073</i>	<i>\$ 1,460,906</i>	<i>\$ (4,613,476)</i>	<i>\$ (433,244)</i>

The Corporation of the County of Grey
Schedule of Deferred Revenue

For the year ended December 31, 2013

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	\$ 2,158,814	\$ 1,047,801	\$ 27,685	\$ (900,339)	\$2,333,961
Federal gas tax	5,219,998	2,834,707	66,752	(3,530,176)	4,591,281
	<u>7,378,812</u>	<u>3,882,508</u>	<u>94,437</u>	<u>(4,430,515)</u>	<u>6,925,242</u>
Other					
Tourism and Heritage	59,951	38,711	-	(66,420)	32,242
Social Services	5,250	21,000	-	(21,000)	5,250
Ontario Nursing Strategy Initiatives grant	(35,883)	33,629	-	(8,146)	(10,400)
Rockwood Terrace Municipal Infrastructure Investment Initiative	12,444	-	-	(12,444)	-
Rent Bank program	13,882	5,565	-	(19,447)	-
Housing Allowance program	(1,793)	1,685	-	108	-
Affordable housing administration	84,203	84,505	-	(166,404)	2,304
Affordable housing	68,000	133,757	-	(177,652)	24,105
Investing in Ontario	690,040	-	-	-	690,040
Municipal Infrastructure Investment Initiative Capital Program	-	1,100,000	-	-	1,100,000
	<u>896,094</u>	<u>1,418,852</u>	<u>-</u>	<u>(471,405)</u>	<u>1,843,541</u>
	<u>\$ 8,274,906</u>	<u>\$ 5,301,360</u>	<u>\$ 94,437</u>	<u>\$ (4,901,920)</u>	<u>\$8,768,783</u>

The Corporation of the County of Grey
Trust Funds
Financial Statements
For the year ended December 31, 2013



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Independent Auditor's Report

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

We have audited the accompanying Statement of 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, 2013 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 in the statement for the Homes for the Aged of County of Grey for the year ended December 31, 2013 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 statements are prepared to assist the Homes for the Aged of County of Grey 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 Accountants, Licensed Public Accountants

Owen Sound, Ontario
June 10, 2014

The Corporation of the County of Grey
Trust Funds
Statement of Trust Fund Receipts and Disbursements

For the year ended December 31, 2013

	Grey County Homes for the Aged		
	Total	Residents' Activities	Residents' Trust Accounts
			(Page 6)
Balance, beginning of the year	\$ 75,709	\$ 16,483	\$ 59,226
Receipts			
Residents' net deposits	72,970	-	72,970
Expenses			
Residents' net withdrawals	79,416	-	79,416
Balance, end of the year	\$ 69,263	\$ 16,483	\$ 52,780

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2013

1. Summary of Significant Accounting Policies

Basis of Accounting

The Statement of Trust Fund Receipts and Disbursements (the "statement") 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.

The Corporation of the County of Grey
Trust Funds
Schedule of Residents' Trust Accounts

For the year ended December 31, 2013

	<u>Total</u>	<u>Rockwood Terrace</u>	<u>Grey Gables</u>	<u>Lee Manor</u>
Balance, beginning of the year	\$ 59,226	\$ 23,392	\$ 8,957	\$ 26,877
Receipts				
Residents' net deposits	72,970	24,077	185	48,708
Expenses				
Residents' net withdrawals	<u>79,416</u>	<u>25,850</u>	<u>2,814</u>	<u>50,752</u>
Balance, end of the year	<u>\$ 52,780</u>	<u>\$ 21,619</u>	<u>\$ 6,328</u>	<u>\$ 24,833</u>

The Corporation of the County of Grey
Other Financial Information
For the year ended December 31, 2013



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Auditor's Comments on Supplementary Financial Information

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, 2013 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 June 10, 2014 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 Accountants, Licensed Public Accountants

Owen Sound, Ontario
June 10, 2014

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

For the year ended December 31	2013	2012
Revenue		
Province of Ontario	\$ 68,740	\$ 69,765
Canada	44,510	12,020
County of Grey	1,183,149	1,144,741
City of Owen Sound	105	-
Donations	14,370	3,128
Donation in kind	8,310	550
Admissions and sales	117,426	125,618
Transfer from County of Grey reserves	141,965	4,574
	<u>1,578,575</u>	<u>1,360,396</u>
Expenditures		
Advertising	101,450	83,049
Cleaning and supplies	13,730	34,578
Donation in kind	8,310	550
Equipment rentals	3,483	3,605
Heat, light and water	105,384	99,657
Insurance	15,194	13,455
Office supplies, postage and telephone	42,827	44,335
Professional	21,818	5,165
Purchases for resale	16,292	14,468
Repairs and maintenance	79,654	74,440
Special events	122,365	111,962
Salaries and benefits	876,274	838,284
Travel and convention fees	18,572	17,306
Vehicle operations and licensing	5,083	2,138
Transfer to County of Grey reserve	44,408	2,065
	<u>1,474,844</u>	<u>1,345,057</u>
Less: Change in unfinanced liabilities	7,126	(2,375)
	<u>1,467,718</u>	<u>1,347,432</u>
Net revenue for the year	<u>\$ 110,857</u>	<u>\$ 12,964</u>

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

For the year ended December 31	2013	2012
Revenue		
Fines	\$ 2,944,429	\$ 2,995,231
Investment income	1,386	1,340
Transcripts	1,723	7,706
Cost recoveries	10	32
	<u>2,947,548</u>	<u>3,004,309</u>
Expenditures		
Salaries and benefits	548,490	527,390
Administrative charges	338,575	371,606
Victim fine surcharge	493,146	523,324
Dedicated fines	24,811	29,736
Prosecution expenses	245,381	283,383
Transfers to County of Bruce	538,004	526,476
	<u>2,188,407</u>	<u>2,261,915</u>
Change in unfunded liabilities	2,845	(316)
	<u>2,185,562</u>	<u>2,262,231</u>
Net revenue before transfer to reserves	761,986	742,078
Transfer to reserve	156,525	130,594
Net revenue for the year	<u>\$ 605,461</u>	<u>\$ 611,484</u>