

The Corporation of the
County of Grey
Financial Information
For the year ended December 31, 2015

The Corporation of the County of Grey
Financial Information
For the year ended December 31, 2015

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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, 2015, 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, 2015 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.

Other Matters

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 27 and 28 of the Corporation of the County of Grey's financial statements.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
May 24, 2016

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

December 31	2015	2014
Financial assets		
Cash and temporary investments (Note 1)	\$ 58,928,067	\$ 57,663,636
Trade and other receivables	3,659,837	2,348,622
Inventory held for resale	11,539	12,564
	<u>62,599,443</u>	<u>60,024,822</u>
Liabilities		
Accounts payable and accrued liabilities	10,768,924	6,106,804
Vacation pay, post-employment benefits and WSIB Schedule II liabilities (Note 10)	6,201,179	6,420,519
Deferred revenue (Page 26)	6,114,239	7,734,823
Net long-term liabilities (Note 2)	2,993,195	1,981,277
	<u>26,077,537</u>	<u>22,243,423</u>
Net financial assets	<u>36,521,906</u>	<u>37,781,399</u>
Non-financial assets		
Prepaid expenses	35,064	26,192
Tangible capital assets (Note 3)	172,294,241	168,828,886
Inventory of supplies	1,405,741	1,424,698
	<u>173,735,046</u>	<u>170,279,776</u>
Accumulated surplus (Note 4)	<u>\$ 210,256,952</u>	<u>\$ 208,061,175</u>

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

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

<u>For the year ended December 31</u>	<u>2015</u>	<u>2015</u>	<u>2014</u>
	Budget (Note 6)	Actual	Actual
Revenue			
Taxation	\$ 51,497,559	\$ 51,377,416	\$ 52,283,016
Fees and user charges	9,724,242	12,467,632	9,634,477
Government transfers (Note 7)	49,216,199	49,391,046	43,897,859
Other income (Note 8)	7,276,757	6,629,090	6,458,324
Obligatory reserve fund revenue recognized	1,263,084	3,983,932	5,120,826
	<u>118,977,841</u>	<u>123,849,116</u>	<u>117,394,502</u>
Expenses			
General government	10,293,186	11,915,208	7,852,499
Provincial offences	2,033,841	2,007,910	1,901,575
Transportation services	9,856,842	20,453,563	21,541,623
Health unit	1,965,283	1,787,027	1,930,803
Paramedic services	12,045,471	12,888,442	12,111,263
Social services	27,724,875	28,525,347	26,288,716
Social housing	10,758,941	12,199,517	12,318,306
Long-term care	25,714,098	27,379,737	26,912,959
Grey Roots	1,964,765	2,321,693	2,300,430
Planning and development	2,446,084	2,174,895	1,970,560
	<u>104,803,386</u>	<u>121,653,339</u>	<u>115,128,734</u>
Annual surplus (Note 6)	14,174,455	2,195,777	2,265,768
Accumulated surplus, beginning of the year	208,061,175	208,061,175	205,795,407
Accumulated surplus, end of the year	<u>\$222,235,630</u>	<u>\$ 210,256,952</u>	<u>\$208,061,175</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

<u>For the year ended December 31</u>	<u>2015</u>	<u>2015</u>	<u>2014</u>
	Budget (Note 6)	Actual	Actual
Annual surplus (Page 5)	\$ 14,174,455	\$ 2,195,777	\$ 2,265,768
Acquisition of tangible capital assets	(23,225,301)	(17,682,650)	(11,811,503)
Amortization of tangible capital assets	-	13,443,194	13,707,040
Loss on disposal of capital assets	-	572,092	419,704
Proceeds on disposal of capital assets	-	202,009	897,190
	<u>(23,225,301)</u>	<u>(3,465,355)</u>	<u>3,212,431</u>
Change in prepaid expenses	-	(8,872)	12,470
Change in inventory of supplies	-	18,957	(29,093)
	<u>-</u>	<u>10,085</u>	<u>(16,623)</u>
Increase (decrease) in net financial assets	(9,050,846)	(1,259,493)	5,461,576
Net financial assets, beginning of the year	<u>37,781,399</u>	<u>37,781,399</u>	<u>32,319,823</u>
Net financial assets, end of the year	<u>\$ 28,730,553</u>	<u>\$ 36,521,906</u>	<u>\$ 37,781,399</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	2015	2014
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 2,195,777	\$ 2,265,768
Items not involving cash		
Vacation pay, post-employment benefits and WSIB Schedule II liabilities	(219,340)	(5,360)
Net long-term commitment recognized	1,600,000	800,000
Amortization	13,443,194	13,707,040
Loss on disposal of capital assets	572,092	419,704
Deferred revenue recognized	(7,647,975)	(5,549,334)
	9,943,748	11,637,818
Changes in non-cash working capital balances		
Trade and other receivables	(1,311,215)	(279,845)
Inventory held for resale	1,025	867
Prepaid expenses	(8,872)	12,470
Accounts payable and accrued liabilities	4,662,120	(1,130,249)
Inventory of supplies	18,957	(29,093)
Deferred revenue received	6,027,391	4,515,374
	19,333,154	14,727,342
Capital transactions		
Cash used to acquire capital assets	(17,682,650)	(11,811,503)
Proceeds on disposal of capital assets	202,009	897,190
	(17,480,641)	(10,914,313)
Financing activities		
Repayment of long-term liabilities	(588,082)	(1,290,224)
	(588,082)	(1,290,224)
Net change in cash and temporary investments	1,264,431	2,522,805
Cash and temporary investments, beginning of the year	57,663,636	55,140,831
Cash and temporary investments, end of the year	\$ 58,928,067	\$ 57,663,636

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, 2015

Management Responsibility	<p>The management of the Corporation of the County of Grey is responsible for the integrity, objectivity and accuracy of the financial information presented in these consolidated financial statements. The Corporate Services Committee reviews and approves the consolidated financial statements before they are submitted to Council.</p>
Basis of Accounting	<p>The consolidated financial statements of the Corporation of the County of Grey have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ministry of Municipal Affairs and Housing.</p> <p>Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.</p>
Use of Estimates	<p>The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future. Estimates are used when accounting for items such as accrued liabilities, useful lives of capital assets, post-employment and WSIB future benefit liabilities and taxation revenue.</p>
Basis of Consolidation	<p>The consolidated statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenses have been eliminated on consolidation.</p> <p>The following boards and municipal enterprises owned or controlled by Council have been consolidated:</p> <p>Grey County and Owen Sound Housing Corporation</p>

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

December 31, 2015

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, 2015

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, 2015

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, 2015

1. Cash and Temporary Investments

	2015	2014
Unrestricted	\$ 58,928,067	\$ 57,663,636

A cash balance of \$22,298,796 is being held in one bank account earning interest at a rate of prime less 1.75%. Cash balances of \$4,459,068 and investment deposits of \$19,709,861 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. Deposits of \$12,235,388 are also held at other financial institutions.

Temporary investments included in the balance above consists of:

	2015	2014
Cash	\$ 4,578	\$ 4,549
Bond Fund	4,138,379	1,044,589
Term Deposits 1.44% to 1.62% (2014 - 1.52% to 1.60%)	19,709,861	22,557,670
Guaranteed Investment Certificates 1.90% to 2.20% (2014 - 1.58% to 2.20%)	8,097,009	8,096,209
Membership share	25	25
	\$ 31,949,852	\$ 31,703,042

Temporary investments have a market value of \$31,978,009 (2014 - \$31,858,824) 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, 2015, 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, 2015

2. Long-Term Liabilities

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

	2015	2014
Georgian College Marine Emergency Duties Training and Research Centre, payable in equal instalments over the next nine years	\$ 1,800,000	\$ -
Grey Bruce Health Services, payable in equal instalments over the next four years	600,000	800,000
Ontario Strategic Infrastructure Financing Authority, 4.73%, blended semi-annual payments of \$307,160, due 2016	593,195	1,159,296
Royal Bank of Canada, 2.693%, mortgage payable in blended monthly instalments of \$2,330, due 2015	-	21,981
	\$ 2,993,195	\$ 1,981,277

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

2016	\$	993,195
2017	\$	400,000
2018	\$	400,000
2019	\$	200,000
2020	\$	200,000
Thereafter	\$	800,000
		\$ 2,993,195

Interest of \$48,451 (2014 - \$98,749) 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

	2015						
	Land and Land Improvements	Buildings	Machinery & Equipment	Roads	Bridges and Culverts	Vehicles	Total
Cost, beginning of the year	\$ 2,162,052	\$ 88,377,233	\$ 11,990,397	\$ 247,581,089	\$ 36,800,423	\$ 8,764,666	\$ 395,675,860
Additions	114,776	2,986,117	645,811	12,675,786	499,537	760,623	17,682,650
Disposals	(9,330)	(214,719)	(644,199)	(3,892,359)	(77,099)	(260,354)	(5,098,060)
Cost, end of the year	2,267,498	91,148,631	11,992,009	256,364,516	37,222,861	9,264,935	408,260,450
Accumulated amortization, beginning of the year	870,308	43,506,336	7,282,171	146,590,571	23,958,306	4,639,282	226,846,974
Amortization	65,526	2,816,176	791,029	8,119,490	690,815	960,158	13,443,194
Disposals	(9,330)	(153,273)	(497,899)	(3,350,563)	(77,099)	(235,795)	(4,323,959)
Accumulated amortization, end of the year	926,504	46,169,239	7,575,301	151,359,498	24,572,022	5,363,645	235,966,209
Net carrying amount, end of the year	\$ 1,340,994	\$ 44,979,392	\$ 4,416,708	\$ 105,005,018	\$ 12,650,839	\$ 3,901,290	\$ 172,294,241

The Corporation of the County of Grey
Notes to Financial Statements

December 31

3. Tangible Capital Assets - (continued)

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

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2015

3. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction is \$1,642,397 (2014 - \$285,821).

In 2015, \$Nil (2014 - \$Nil) in contributed capital assets were recognized in the financial statements during the year.

The municipality holds various works of art and historical treasures. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

The County of Grey has recorded land, machinery and equipment assets at nominal amounts when historical or replacement cost was not available.

No interest was capitalized to tangible capital assets during the current year or previous year.

4. Accumulated Surplus

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

	<u>2015</u>	<u>2014</u>
Invested in tangible capital assets		
Tangible capital assets purchased	\$ 172,294,241	\$ 168,828,886
Unfinanced capital assets	(853,565)	(946,048)
Capital assets financed by long-term liabilities and to be funded in future years	<u>(593,195)</u>	<u>(1,181,277)</u>
Total invested in capital assets	170,847,481	166,701,561
Unfunded post-employment benefits	(5,615,745)	(5,825,886)
Unfunded commitment to Grey Bruce Health Services	(600,000)	(800,000)
Unfunded commitment to Georgian College	(1,800,000)	-
Other surplus	<u>1,405,741</u>	<u>1,424,698</u>
	164,237,477	161,500,373
Reserves (Note 5)	<u>46,019,475</u>	<u>46,560,802</u>
Accumulated surplus	<u>\$ 210,256,952</u>	<u>\$ 208,061,175</u>

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2015

5. Reserves Set Aside for Specific Purpose by Council

	2015	2014
Working funds	\$ 1,930,799	\$ 1,930,799
Insurance, sick leave and WSIB	3,461,496	3,359,760
Current purposes	8,526,130	8,212,613
Capital purposes	32,101,050	33,057,630
	\$ 46,019,475	\$ 46,560,802

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 2015 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.

	2015 Budget	2015 Actual	2014 Actual
Annual surplus (Page 5)	\$ 14,174,455	\$ 2,195,777	\$ 2,265,768
Transfers to reserves	(4,948,341)	(8,968,964)	(7,754,744)
Transfers from reserves	14,592,958	9,510,291	3,255,235
Capital acquisitions, disposals and write-down	(23,225,301)	(16,908,549)	(10,494,609)
Amortization	-	13,443,194	13,707,040
Debt principal repayments	(593,771)	(588,082)	(1,290,224)
Change in unfunded liabilities	-	(210,141)	(31,132)
Change in long-term commitments	-	1,600,000	800,000
Change in other surplus	-	18,957	(29,093)
	-	92,483	428,241
Prior year capital projects funded	-	(92,483)	(428,241)
	\$ -	\$ -	\$ -

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2015

7. Government Transfers

	2015	2015	2014
	Budget	Actual	Actual
Operating			
Province of Ontario			
Paramedic services	\$ 6,657,145	\$ 6,835,140	\$ 6,370,765
Social services	21,759,847	21,868,201	20,510,985
Social Housing	908,600	698,369	768,972
Long-term care	14,683,324	15,333,150	15,019,781
Other	159,483	144,270	197,273
	<u>44,168,399</u>	<u>44,879,130</u>	<u>42,867,776</u>
Government of Canada			
Social Housing	688,062	681,506	692,955
Other	16,240	23,255	19,925
	<u>704,302</u>	<u>704,761</u>	<u>712,880</u>
Other Municipalities			
Transportation Services	100,000	203,558	219,573
Other	223,943	79,713	97,630
	<u>323,943</u>	<u>283,271</u>	<u>317,203</u>
Total Operating Transfers	<u>45,196,644</u>	<u>45,867,162</u>	<u>43,897,859</u>
Capital			
Province of Ontario			
Transportation Services	2,944,555	2,906,279	-
Other Municipalities			
Transportation Services	1,075,000	617,603	-
Total Capital Transfers	<u>4,019,555</u>	<u>3,523,884</u>	<u>-</u>
Total Government Transfers	<u>\$ 49,216,199</u>	<u>\$ 49,391,046</u>	<u>\$ 43,897,859</u>

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2015

8. Other Income

	2015	2015	2014
	Budget	Actual	Actual
Provincial Offences (POA)	\$ 2,315,000	\$ 2,474,738	\$ 2,313,049
Investment income, penalties and interest	745,288	775,989	713,260
Licenses, permits and rents	3,769,054	3,756,881	3,745,909
Donations	247,800	133,394	100,810
Gain (loss) on disposal of assets	176,200	(572,092)	(419,704)
Other	23,415	60,180	5,000
	<u>\$ 7,276,757</u>	<u>\$ 6,629,090</u>	<u>\$ 6,458,324</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 691 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 2015 was \$3,365,154 (2014 - \$3,346,004). The contribution rate for 2015 was 9.0% to 14.6% depending on age and income level (2014 - 9.0% to 15.9%).

OMERS is a multi-employer plan, therefore, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was on December 31, 2015. At that time the plan reported a \$7.0 billion actuarial deficit (2014 - \$7.1 billion actuarial deficit), based on actuarial liabilities of \$81.9 billion (2014 - \$76.9 billion) and actuarial assets of \$74.9 billion (2014 - \$69.8 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, 2015

10. Post-Employment Benefits

	2015	2014
WSIB	\$ 2,439,289	\$ 2,699,671
Vacation pay liability	2,214,182	2,237,308
Post-employment benefits	1,494,245	1,420,876
Other	53,463	62,664
	\$ 6,201,179	\$ 6,420,519

- 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, 2015 has calculated the liability to be \$2,439,289. 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 2.65% and a WSIB administration rate of 35%. The current year recovery is \$260,382 and prior year recovery was \$134,898. At December 31, 2015, the County provided \$3,139,046 in a reserve to offset this liability.

- b) The vacation year for an employee begins either on their "start date" anniversary or the date defined by the applicable union contract. The vacation liability includes all carry-forward amounts from the previous vacation year and vacation earned from the vacation year start date to December 31, 2015.
- 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 2015 and forward. For health care premiums, a 7.0% increase was used for 2015 and a decreasing rate used until 2026 where 4% was used thereafter.

	2015	2014
Retirement benefit expense	\$ 83,495	\$ 81,366
Interest costs	57,159	54,111
	\$ 140,654	\$ 135,477

The Corporation of the County of Grey
Notes to Financial Statements

December 31, 2015

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, 2015 indicates the following:

Principal payments on debentures during the year	\$ 679,709
Interest payments on debentures during the year	<u>322,751</u>
Total	<u>\$ 1,002,460</u>
Debentures outstanding at year-end	<u>\$ 4,257,729</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 2015 was \$108,102 (2014 - \$145,071) 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 \$690,230 to reserves towards this commitment.
- (c) The County of Grey has approved a capital grant of money in the amount of \$1,000,000 to the Grey Bruce Health Services for the The Hospital Campaign. The money will be paid in five equal annual instalments, with the first two instalment payments paid in 2014 and 2015. The remaining has been included in liabilities.
- (d) The County of Grey has been allocated funding for Affordable Housing projects under the Canada-Ontario Affordable Housing Program and Delivering Opportunities for Ontario Renters Program. These funds are being used to create new housing units within the County. A total of \$8,616,349 has been committed to developers in order to complete these units with \$4,909,075 released as of December 31, 2015. If the units remain as affordable housing units for a period of 25 years, no amount will be repayable.
- (e) The County of Grey has approved a capital grant in the amount of \$2,000,000 to Georgian College to support the development of the Marine Emergency Duties Training and Research Centre. The amount will be paid in ten equal instalments. The full amount has been accrued and \$200,000 has been paid out to date.

The Corporation of the County of Grey

Notes to Financial Statements

December 31, 2015

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 long-term care operations. Pay equity settlements, if any, will be reflected in operations in the period in which they become determinable.

13. Trust Funds

The trust funds administered by the municipality amounting to \$66,365 (2014 - \$65,284) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations and accumulated surplus.

14. Provincial Offences

Revenue is recognized on a cash basis for fines levied during the year. The gross revenues collected for the County of Grey for the year ended December 31, 2015 were \$2,474,738 (2014 - \$2,313,049). Net revenues after deduction of operating expenses were \$573,966 (2014 - \$509,767).

15. Comparative Figures

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

The Corporation of the County of Grey Notes to Financial Statements

December 31, 2015

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 Federal Gas Tax funding.

Planning and Community Development

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

Social Services, Housing and Long-Term Care

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

Transportation and Public Safety

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

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	2015 Total
Revenue					
Taxation	\$ 8,730,538	\$ 4,017,148	\$ 16,554,273	\$ 22,075,457	\$ 51,377,416
Fees and user charges	34,748	646,120	10,055,086	1,731,678	12,467,632
Specific grants	9,681	214,496	38,602,226	10,564,643	49,391,046
Other revenue	3,259,589	82,760	3,773,883	(487,142)	6,629,090
Transfers from obligatory reserve	79,706	233,319	-	3,670,907	3,983,932
	<u>12,114,262</u>	<u>5,193,843</u>	<u>68,985,468</u>	<u>37,555,543</u>	<u>123,849,116</u>
Expenses					
Salaries and benefits	4,045,581	2,404,940	28,027,437	15,225,029	49,702,987
Interest on debt	-	-	83,290	2,458	85,748
Materials and supplies	1,124,169	1,030,897	5,354,155	4,216,267	11,725,488
Contracted services	2,606,625	573,239	5,563,125	2,238,288	10,981,277
Other transfers	7,453,545	148,439	25,645,381	568,542	33,815,907
Rents and financial expenses	378,766	30,584	730,274	759,114	1,898,738
Amortization	101,459	308,489	2,700,939	10,332,307	13,443,194
	<u>15,710,145</u>	<u>4,496,588</u>	<u>68,104,601</u>	<u>33,342,005</u>	<u>121,653,339</u>
<i>Annual surplus (deficit)</i>	<i>\$ (3,595,883)</i>	<i>\$ 697,255</i>	<i>\$ 880,867</i>	<i>\$ 4,213,538</i>	<i>\$ 2,195,777</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	2014 Total
Revenue					
Taxation	\$ 8,048,753	\$ 3,805,305	\$ 18,690,973	\$ 21,737,985	\$ 52,283,016
Fees and user charges	142,460	465,346	8,738,121	288,550	9,634,477
Specific grants	2,915	180,455	37,015,876	6,698,613	43,897,859
Other revenue	3,051,505	64,113	3,740,943	(398,237)	6,458,324
Transfers from obligatory reserve	79,706	62,120	-	4,979,000	5,120,826
	<u>11,325,339</u>	<u>4,577,339</u>	<u>68,185,913</u>	<u>33,305,911</u>	<u>117,394,502</u>
Expenses					
Salaries and benefits	3,845,536	2,342,831	27,226,961	14,862,673	48,278,001
Interest on debt	-	-	136,447	3,815	140,262
Materials and supplies	908,471	913,660	5,517,347	4,863,123	12,202,601
Contracted services	2,721,056	512,919	5,270,224	2,652,596	11,156,795
Other transfers	3,527,834	119,956	23,890,324	4,236	27,542,350
Rents and financial expenses	579,110	27,499	746,939	748,137	2,101,685
Amortization	102,870	354,125	2,731,739	10,518,306	13,707,040
	<u>11,684,877</u>	<u>4,270,990</u>	<u>65,519,981</u>	<u>33,652,886</u>	<u>115,128,734</u>
<i>Annual surplus (deficit)</i>	<i>\$ (359,538)</i>	<i>\$ 306,349</i>	<i>\$ 2,665,932</i>	<i>\$ (346,975)</i>	<i>\$ 2,265,768</i>

The Corporation of the County of Grey
Schedule of Deferred Revenue

For the year ended December 31, 2015

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	\$ 3,295,811	\$ 1,475,642	\$ 35,044	\$(1,221,440)	\$3,585,057
Federal gas tax	2,404,319	2,680,345	26,500	(2,762,492)	2,348,672
	<u>5,700,130</u>	<u>4,155,987</u>	<u>61,544</u>	<u>(3,983,932)</u>	<u>5,933,729</u>
Other					
Tourism and Heritage	34,791	-	-	(34,791)	-
Social Services	5,250	21,000	-	(21,000)	5,250
Ontario Nursing Strategy	-	-	-	-	-
Initiatives grant	98,594	33,697	-	(118,537)	13,754
Housing Allowance program	-	314,040	-	(274,748)	39,292
Aggregate Fund	-	54,709	-	-	54,709
Affordable housing administration	2,248	155,019	-	(150,788)	6,479
Affordable housing	24,105	88,455	-	(89,860)	22,700
Investing in Ontario	690,040	-	-	(690,040)	-
Municipal Infrastructure Investment Initiative					
Capital Program	991,725	900,000	-	(1,891,725)	-
Miscellaneous	187,940	242,940	-	(392,554)	38,326
	<u>2,034,693</u>	<u>1,809,860</u>	<u>-</u>	<u>(3,664,043)</u>	<u>180,510</u>
	<u>\$ 7,734,823</u>	<u>\$ 5,965,847</u>	<u>\$ 61,544</u>	<u>\$(7,647,975)</u>	<u>\$6,114,239</u>

Grey Roots - Museum
Statement of Operations
(Unaudited)

For the year ended December 31	2015	2014
Revenue		
Province of Ontario	\$ 67,534	\$ 67,674
Canada	17,631	14,359
County of Grey	1,493,186	1,403,050
City of Owen Sound	272	-
Donations	4,107	5,094
Donation in kind	50,357	11,155
Admissions and sales	161,506	126,639
Transfer from County of Grey reserves	-	51,160
	<u>1,794,593</u>	<u>1,679,131</u>
Expenditures		
Advertising	73,337	79,575
Donation in kind	50,357	11,155
Supplies, postage and telephone	59,125	75,000
Professional	7,638	11,750
Purchases for resale	11,364	18,309
Occupancy	235,497	246,096
Special events	100,339	110,686
Salaries and benefits	1,103,237	1,135,181
Travel and convention fees	21,393	20,546
Vehicle operations and licensing	2,545	3,296
Transfer to County of Grey reserve	126,219	-
	<u>1,791,051</u>	<u>1,711,594</u>
Less: Change in unfinanced liabilities	<u>(3,676)</u>	<u>2,346</u>
	<u>1,794,727</u>	<u>1,709,248</u>
Net revenue for the year	<u>\$ (134)</u>	<u>\$ (30,117)</u>

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

For the year ended December 31	2015	2014
Revenue		
Fines	\$ 2,474,738	\$ 2,313,049
Province of Ontario	1,120	1,120
Investment income	978	1,052
Transcripts	4,601	3,530
Cost recoveries	176	84
	<u>2,481,613</u>	<u>2,318,835</u>
Expenditures		
Salaries and benefits	454,914	500,697
Administrative charges	320,445	301,750
Victim fine surcharge	417,175	384,550
Dedicated fines	34,617	22,865
Prosecution expenses	279,300	263,057
Transfers to County of Bruce	384,562	344,183
	<u>1,891,013</u>	<u>1,817,102</u>
Change in unfunded liabilities	(16,634)	8,034
	<u>1,907,647</u>	<u>1,809,068</u>
Net revenue before transfer to reserves	573,966	509,767
Transfer to (from) reserve	134,243	(91,242)
Net revenue for the year	<u>\$ 439,723</u>	<u>\$ 601,009</u>

The Corporation of the
County of Grey
Trust Funds
Financial Statements
For the year ended December 31, 2015

The Corporation of the County of Grey
Trust Funds
Financial Statements
For the year ended December 31, 2015

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The Corporation of the County of Grey Trust Funds

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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 Financial Position as at December 31, 2015 and the Trust Fund Receipts and Disbursements (the "statement") for the trust funds for the long-term care operations of the County of Grey for the year ended December 31, 2015 and a summary of significant accounting policies and other explanatory information. The statement has been prepared by management based on Section 241 of Ontario Regulation 79/10 made under the Long-Term Care Homes Act, 2007.

Management's Responsibility for the Financial Information

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement.

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



Opinion

In our opinion, the financial information for the trust funds for the long-term care operations of the County of Grey for the year ended December 31, 2015 is prepared, in all material respects, in accordance with Section 241 of Ontario Regulation 79/10.

Basis of Accounting and Restrictions on Distribution and Use

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

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
May 24, 2016

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

December 31, 2015

Assets	Total	Rockwood Terrace	Grey Gables	Lee Manor	Residents' Activities
Cash and investments	\$ 66,365	\$ 23,684	\$ 6,616	19,582	16,483
Fund balance	\$ 66,365	\$ 23,684	\$ 6,616	\$ 19,582	\$ 16,483

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

For the year ended December 31, 2015

	Total	Rockwood Terrace	Grey Gables	Lee Manor	Residents' Activities
Balance, beginning of the year	\$ 65,284	\$ 20,080	\$ 5,891	\$ 22,830	\$ 16,483
Receipts					
Residents' net deposits	88,340	45,447	10,258	32,635	-
Expenses					
Residents' net withdrawals	87,259	41,843	9,533	35,883	-
Balance, end of the year	\$ 66,365	\$ 23,684	\$ 6,616	\$ 19,582	\$ 16,483

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

December 31, 2015

1. Summary of Significant Accounting Policies

Basis of Accounting

The financial information for the trust funds of the long-term care operations of the Corporation of the County of Grey 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.
