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Independent Auditor's Report

**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the County of Bruce**

We have audited the accompanying consolidated financial statements of the County of Bruce, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations and accumulated surplus, changes in net debt 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 generally accepted accounting principles, 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 Bruce as at December 31, 2010 and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario
June 6, 2011

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

December 31	2010	2009 (Restated) (Note 8)
Financial assets		
Cash and temporary investments (Note 2)	\$ 18,080,741	\$ 26,012,464
Accounts receivable	4,764,513	1,986,110
Inventory held for resale	50,851	36,828
	<u>22,896,105</u>	<u>28,035,402</u>
Liabilities		
Accounts payable and accrued liabilities	7,687,054	8,307,148
WSIB future benefits (Note 14)	1,082,841	1,082,841
Post-employment benefits (Note 10)	1,050,921	1,050,921
Deferred revenue	54,694	93,403
Long-term liabilities (Note 1)	34,619,364	36,249,346
	<u>44,494,874</u>	<u>46,783,659</u>
Net debt	<u>(21,598,769)</u>	<u>(18,748,257)</u>
Contingencies (Note 12)		
Non-financial assets		
Tangible capital assets (Note 3)	157,882,271	148,836,184
Other	345,841	565,345
	<u>158,228,112</u>	<u>149,401,529</u>
Accumulated surplus (Note 4)	<u>\$ 136,629,343</u>	<u>\$ 130,653,272</u>

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

For the year ended December 31	2010	2010	2009
	Budget (Note 7)	Actual	(Restated) (Note 8)
Revenue			
Taxation	\$ 34,722,181	\$ 35,125,017	\$ 34,404,089
Fees and user charges	9,555,692	9,377,028	10,168,278
Government transfers (Note 6)	29,463,208	33,589,280	28,196,363
Investment income	82,000	204,662	299,403
Gain (loss) on disposal of land and other assets	26,500	(3,660,749)	(119,257)
Donations and fundraising	167,880	505,869	258,639
Other income	233,750	432,838	454,276
	<u>74,251,211</u>	<u>75,573,945</u>	<u>73,661,791</u>
Expenses			
General government	4,803,030	4,576,367	5,460,768
Protection services	99,611	101,561	114,758
Transportation services	5,081,577	9,682,795	9,363,755
Environmental services	182,000	182,220	128,675
Land ambulance	7,334,366	7,936,874	7,230,665
Health Unit	1,089,375	1,083,594	1,060,845
Social and family services	33,867,787	35,890,671	35,857,437
Recreation and cultural services	4,503,962	5,373,776	5,234,470
Planning and development	2,580,129	2,651,777	2,483,913
Interest on long-term debt	2,012,055	2,118,239	2,218,313
	<u>61,553,892</u>	<u>69,597,874</u>	<u>69,153,599</u>
Annual surplus (Note 7)	12,697,319	5,976,071	4,508,192
Accumulated surplus, beginning of year	<u>130,653,272</u>	<u>130,653,272</u>	<u>126,145,080</u>
Accumulated surplus, end of year	<u>\$143,350,591</u>	<u>\$ 136,629,343</u>	<u>\$130,653,272</u>

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

**The Corporation of the County of Bruce
Consolidated Statement of Changes in Net Debt**

For the year ended December 31	2010	2010	2009
	Budget	Actual	Actual (Restated) (Note 8)
Annual surplus	\$ 12,697,319	\$ 5,976,071	\$ 4,508,192
Acquisition of tangible capital assets	(17,703,883)	(21,000,273)	(11,650,811)
Amortization of tangible capital assets	-	8,083,534	7,671,941
Gain on disposal of tangible capital assets	-	3,660,749	119,257
Proceeds on disposal of capital assets	26,500	209,903	330,376
	<u>(17,677,383)</u>	<u>(9,046,087)</u>	<u>(3,529,237)</u>
Change in other assets	-	219,504	(228,543)
Decrease (increase) in net debt	(4,980,064)	(2,850,512)	750,412
Net debt, beginning of the year	(18,748,257)	(18,748,257)	(19,498,669)
Net debt, end of the year	<u>\$(23,728,321)</u>	<u>\$(21,598,769)</u>	<u>\$(18,748,257)</u>

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

For the year ended December 31	2010	2009
		(Restated) (Note 8)
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 5,976,071	\$ 4,508,192
Items not involving cash		
WSIB future benefits	-	564,285
Amortization	8,083,534	7,671,941
Loss on disposal of capital assets	3,660,749	119,257
	17,720,354	12,863,675
Changes in non-cash working capital balances		
Accounts receivable	(2,778,403)	2,596,730
Inventory	(14,023)	(197)
Accounts payable and accrued liabilities	(620,094)	38,794
Deferred revenue received	(38,709)	92,103
Other non-financial assets	219,504	(228,541)
	(3,231,725)	2,498,889
	14,488,629	15,362,564
Capital transactions		
Cash used to acquire capital assets	(21,000,273)	(11,650,811)
Proceeds on disposal of capital assets	209,903	330,376
	(20,790,370)	(11,320,435)
Financing activities		
Repayment of long-term liabilities	(1,629,982)	(1,531,275)
Net change in cash and cash equivalents	(7,931,723)	2,510,854
Cash and cash equivalents, beginning of year	26,012,464	23,501,610
Cash and cash equivalents, end of year	\$ 18,080,741	\$ 26,012,464

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

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

December 31, 2010

Basis of Accounting

The consolidated financial statements of the Corporation of the County of Bruce have been prepared in accordance with Canadian generally accepted accounting principles 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 generally accepted accounting principles 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.

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:

Bruce County Library Board
Bruce County Housing Corporation

Temporary Investments

Temporary investments are recorded at the lower of cost and market value.

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

December 31, 2010

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

Inventory held for consumption is recorded at the lower of cost and replacement cost.

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

Buildings	10 to 50 years
Equipment	10 years
Technology	4 years
Vehicles and machinery	5 years
Furniture and fixtures	5 years
Roads	15 to 75 years
Bridges	25 to 75 years
Other Infrastructure	10 years

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

Compensated Absences Compensation expense is accrued for all employees as entitlement to these payments are earned, in accordance with the County's benefit plans for vacation and compensatory time.

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 Bruce
Summary of Significant Accounting Policies**

December 31, 2010

Revenue Recognition

Revenues are reported on the accrual basis of accounting. Revenues are recognized as follows:

- a) Tax revenue is recognized in the calendar year to which the tax assessment applies.
- 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 in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, and eligibility criteria have been met and reasonable estimates of the amounts can be made.

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.

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2010

1. Long-Term Liabilities

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

	2010	2009
Bruce County Housing Corporation		
Mortgage payable, Canada Mortgage & Housing Company, 4.37%, repayable in blended monthly instalments of \$2,631, due February 2018	\$ 194,242	\$ 216,798
Mortgage payable, Canada Mortgage & Housing Company, 3.65%, repayable in blended monthly instalments of \$3,448, due May 2018	268,768	299,798
Mortgage payable, Canada Mortgage & Housing Company, 3.54%, repayable in blended monthly instalments of \$7,958, due July 2018	634,883	706,691
Mortgage payable, Canada Mortgage & Housing Company, 4.39%, repayable in blended monthly instalments of \$7,032, due June 2015	636,968	692,329
Mortgage payable, Canada Mortgage & Housing Company, 4.32%, repayable in blended monthly instalments of \$12,643, due February 2016	2,014,559	2,078,528
Mortgage payable, Bank of Montreal, 6.391%, repayable in blended monthly instalments of \$5,709, due June 2011	591,393	621,555
Mortgage payable, TD Canada Trust, 6.117%, repayable in blended monthly instalments of \$7,406, due April 2024	913,052	945,695
Mortgage payable, Scotiabank, 5.189%, repayable in blended monthly instalments of \$7,074, due September 2014	931,226	967,296
Mortgage payable, TD Canada Trust, 3.692%, repayable in blended monthly instalments of \$7,523, due May 2015	1,132,911	1,180,373
Total Bruce County Housing Corporation	\$ 7,318,002	\$ 7,709,063

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2010

1. Long-Term Liabilities - Continued

	2010	2009
Total Bruce County Housing Corporation - brought forward	<u>\$ 7,318,002</u>	<u>\$ 7,709,063</u>
County of Bruce		
Debenture payable, 6.73% repayable in blended quarterly instalments of \$597,315, due July 2022	19,324,052	20,372,213
Loan payable, OSIFA, 5.32% repayable in blended semi annual payments of \$311,399, due October 2032	<u>7,977,310</u>	<u>8,168,070</u>
Total County of Bruce	<u>27,301,362</u>	<u>28,540,283</u>
	<u>\$ 34,619,364</u>	<u>\$ 36,249,346</u>

All mortgages are secured by real property.

Principal payments for the next 5 fiscal years and thereafter are as follows:

2011	\$	1,707,907
2012		1,812,992
2013		1,924,763
2014		2,043,655
2015		2,170,134
Thereafter		<u>24,959,913</u>
		<u>\$ 34,619,364</u>

2. Cash and Temporary Investments

	2010	2009
Unrestricted	<u>\$ 18,080,741</u>	<u>\$ 26,012,464</u>

A cash balance of \$13,438,577 is being held in bank accounts as part of a centralized cash control service. Temporary investments of \$2,704,929 consist of investment in money market funds, Canadian short term bond fund, and guaranteed investment certificates. Temporary investments have a market value of \$2,688,647.

The County of Bruce has a demand operating facility agreement with a financial institution. At December 31, 2010, the County of Bruce had undrawn credit capacity of \$3,000,000.

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

December 31, 2010

3. Tangible Capital Assets

	2010								
	Land	Buildings	Equipment	Technology	Vehicles and Machinery	Furniture and Fixtures	Roads, Bridges and Other Infrastructure	Work in progress	Total
Cost, beginning of year	\$ 7,914,079	\$ 68,656,247	\$ 5,365,263	\$ 2,909,119	\$ 6,741,619	\$ 1,801,963	\$ 119,286,782	\$ 3,907,345	\$ 216,582,417
Additions	469,560	1,931,268	444,854	661,645	491,565	26,768	11,739,879	5,234,734	21,000,273
Disposals	(43,434)	(145,261)	(243,770)	(170,868)	(313,830)	-	(4,395,009)	-	(5,312,172)
Reallocation of completed work	-	73,453	-	-	82,525	-	3,290,664	(3,446,642)	-
Cost, end of year	8,340,205	70,515,707	5,566,347	3,399,896	7,001,879	1,828,731	129,922,316	5,695,437	232,270,518
Accumulated amortization, beginning of year	-	19,120,963	3,200,150	2,053,402	5,012,157	1,654,647	36,704,914	-	67,746,233
Amortization	-	2,472,089	476,538	431,224	648,951	76,209	3,978,523	-	8,083,534
Disposals	-	(93,657)	(243,010)	(170,868)	(313,562)	-	(620,423)	-	(1,441,520)
Accumulated amortization, end of year	-	21,499,395	3,433,678	2,313,758	5,347,546	1,730,856	40,063,014	-	74,388,247
Net carrying amount, end of year	\$ 8,340,205	\$ 49,016,312	\$ 2,132,669	\$ 1,086,138	\$ 1,654,333	\$ 97,875	\$ 89,859,302	\$ 5,695,437	\$ 157,882,271

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2010

3. Tangible Capital Assets - continued

	2009								
	Land	Buildings	Equipment	Technology	Vehicles and Machinery	Furniture and Fixtures	Roads, Bridges and Other Infrastructure	Work in progress	Total
Cost, beginning of year	\$ 7,853,917	\$ 67,977,877	\$ 5,095,977	\$ 2,586,799	\$ 6,310,136	\$ 1,781,139	\$ 112,590,917	\$ 2,138,462	\$ 206,335,224
Additions	147,030	873,462	454,000	365,076	622,603	20,824	5,374,217	3,793,599	11,650,811
Disposals	(86,868)	(200,734)	(184,714)	(42,756)	(191,120)	-	(697,426)	-	(1,403,618)
Reallocation of completed work	-	5,642	-	-	-	-	2,019,074	(2,024,716)	-
Cost, end of year	<u>7,914,079</u>	<u>68,656,247</u>	<u>5,365,263</u>	<u>2,909,119</u>	<u>6,741,619</u>	<u>1,801,963</u>	<u>119,286,782</u>	<u>3,907,345</u>	<u>216,582,417</u>
Accumulated amortization, beginning of year	-	16,758,092	2,939,540	1,693,128	4,504,988	1,573,631	33,558,898	-	61,028,277
Amortization	-	2,458,257	443,386	402,672	698,289	81,016	3,588,321	-	7,671,941
Disposals	-	(95,386)	(182,776)	(42,398)	(191,120)	-	(442,305)	-	(953,985)
Accumulated amortization, end of year	-	<u>19,120,963</u>	<u>3,200,150</u>	<u>2,053,402</u>	<u>5,012,157</u>	<u>1,654,647</u>	<u>36,704,914</u>	-	<u>67,746,233</u>
Net carrying amount, end of year	<u>\$ 7,914,079</u>	<u>\$ 49,535,284</u>	<u>\$ 2,165,113</u>	<u>\$ 855,717</u>	<u>\$ 1,729,462</u>	<u>\$ 147,316</u>	<u>\$ 82,581,868</u>	<u>\$ 3,907,345</u>	<u>\$ 148,836,184</u>

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2010

3. Tangible Capital Assets - continued

The net book value of tangible capital assets not being amortized because they are under construction (or development or have been removed from service) is \$5,695,437 (2009 - \$3,907,345).

\$348,134 (2009 - \$Nil) in contributed capital assets were recognized in the financial statements during the year.

The municipality holds various works of art and historical treasures pertaining to County of Bruce Museum. 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.

4. Accumulated Surplus

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

	2010	2009
Invested in tangible capital assets		
Tangible capital assets purchased	\$ 157,882,271	\$ 148,836,184
(Unfinanced capital purchases)		
unexpended capital financing	(2,104,520)	131,048
Capital assets financed by long-term liabilities		
and to be funded in future years	(34,619,364)	(36,249,346)
Total invested in capital assets	121,158,387	112,717,886
Unfunded post-employment benefits	(1,050,921)	(1,050,921)
Unfunded WSIB future benefits	(1,082,841)	(1,082,841)
General surplus	2,183,828	1,357,116
	121,208,453	111,941,240
Reserve funds (Note 5)	15,420,890	18,712,032
Accumulated surplus	\$ 136,629,343	\$ 130,653,272

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2010

5. Reserve Funds Set Aside for Specific Purpose by Council

	<u>2010</u>	<u>2009</u>
Reserve funds		
Working funds	\$ 2,005,973	\$ 2,165,973
WSIB	1,580,545	1,404,049
Current purposes	250,000	250,000
Capital purposes	<u>11,584,372</u>	<u>14,892,010</u>
Reserves funds set aside for specific purpose by Council	<u>\$ 15,420,890</u>	<u>\$ 18,712,032</u>

6. Government Transfers

	<u>Budget</u>	<u>2010</u>	<u>2009</u>
Operating			
Province of Ontario	\$ 23,284,513	\$ 25,481,144	\$ 22,745,528
Government of Canada	1,305,908	1,221,413	1,144,772
Other municipalities	17,175	228,681	626,158
Total operating transfers	<u>24,607,596</u>	<u>26,931,238</u>	<u>24,516,458</u>
Capital			
Province of Ontario	1,438,956	2,352,543	826,334
Government of Canada	3,416,656	4,305,499	2,853,571
Total capital transfers	<u>4,855,612</u>	<u>6,658,042</u>	<u>3,679,905</u>
Total government transfers	<u>\$ 29,463,208</u>	<u>\$ 33,589,280</u>	<u>\$ 28,196,363</u>

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2010

7. Budgets

The budget adopted by Council was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated the use of reserves accumulated in previous years to reduce current year expenses in excess of revenues to \$Nil. In addition, the budget expensed all tangible capital expenses rather than including amortization expense. The following is a reconciliation of the budget approved by Council. The budget figures have not been audited.

	2010 Budget	2010 Actual	2009 Actual
Annual surplus	\$ 12,697,319	\$ 5,976,071	\$ 4,508,192
Transfers to reserves	(2,822,515)	(5,462,621)	(5,450,131)
Transfers from reserves	8,479,385	8,753,763	5,937,536
	<u>5,656,870</u>	<u>3,291,142</u>	<u>487,405</u>
Capital acquisitions, disposals and write-down	(17,703,883)	(17,129,621)	(11,201,178)
Amortization	-	8,083,534	7,671,941
	<u>(17,703,883)</u>	<u>(9,046,087)</u>	<u>(3,529,237)</u>
Debt principal repayments	(1,390,242)	(1,629,982)	(1,531,275)
Change in unfunded liabilities	-	-	564,285
Prior year capital projects funded			
Capital projects not funded	131,048	2,235,568	26,815
Change in general surplus in the year	(608,888)	826,712	1,357,116
Prior year general surplus	608,888	1,357,116	830,931
	<u>\$ -</u>	<u>\$ 2,183,828</u>	<u>\$ 1,357,116</u>

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2010

8. Prior Period Adjustment

An error occurred on January 1, 2009 when the organization adopted the revised accounting standard Section 3150 - Tangible Capital Assets. The opening balance of accumulated amortization of tangible capital assets as at January 1, 2008 was overstated and the amortization of tangible capital assets in 2008 and 2009 was understated. These opening balances and comparative figures have been restated to correct this error from prior periods.

The impact of the adjustment is as follows:

	<u>2009</u>
Statement of Financial Position:	
Increase in non-financial assets - tangible capital assets	<u>\$ 3,917,106</u>
Increase in accumulated surplus	<u>\$ 3,917,106</u>
Statement of Operations:	
Increase in loss on disposal of land and other assets	\$ 1,015
Increase in operating expenses:	
General government	43,915
Transportation services	166,288
Land ambulance	52,332
Social and family services	21,321
Recreational and cultural services	65,224
Planning and development	<u>11,468</u>
Decrease in annual surplus	(361,563)
Increase in opening accumulated surplus	<u>4,278,669</u>
	<u>\$ 3,917,106</u>

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2010

9. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 478 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The amount contributed to OMERS for 2010 was \$1,481,493 (2009 - \$1,481,493). The contribution rate for 2010 was 6.4% or 9.7% depending on income level (2009 - 6.3% or 9.5%).

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 December 31, 2010. The plan reported a \$4.4 billion actuarial deficit (2009 - \$1.5 billion) at that time, based on actuarial liabilities of \$60. billion (2009 - \$54.3 billion) and actuarial assets of \$55.6 billion (2009 - \$52.7 billion). Ongoing adequacy of the current contribution rates will need to be monitored and the recent severe decline in the financial markets may lead to increased future funding requirements.

10. Post-Employment Benefits

	<u>2010</u>	<u>2009</u>
Post-employment benefits	<u>\$ 1,050,921</u>	<u>\$ 1,050,921</u>

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. The amounts recorded are determined by management using a discount rate of 5.0% and benefit costs were assumed to increase by an inflationary amount of 2.0% per year. The County also participates in a retirement gift program, based on years of service. The amounts are based on an actuarial valuation as of December 31, 2009.

11. Trust Funds

The trust funds administered by the municipality amounting to \$68,903 (2009 - \$62,086) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities.

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2010

12. Contingencies

- (a) The County has been served with various Statements of Claim as a result of motor vehicle accidents and other incidents. The County is not aware of any possible settlements in excess of its liability insurance coverage.

The outcomes of the lawsuits, now pending, are not determinable at this time. In the event damages are awarded in excess of the insurance coverage they will be recorded as an expense in the year of resolution.

- (b) The Counties of Bruce and Grey, the Province of Ontario and the Dominion of Canada as well as several lower tier municipalities in the Bruce Peninsula have been named as defendants in a land claim action filed by the Chippewas of Nawash and Saugeen, for damages alleged to total \$92,000,000,000. No breakdown as to each municipality's relative share of the damages has been provided. The likelihood of the success of this action is undeterminable at this time.
- (c) At December 31, 2010, an agreement had not been reached between the County of Bruce and the Ontario Nurses Association (ONA), regarding their union contract which expired on March 31, 2008. Management has provided an amount in the financial statements based on their best estimate of any retroactive payments covering April 1, 2008 to December 31, 2010. Any differences in the amounts recorded to the actual adjustments will be reflected in operations in the period in which they become determinable.
- (d) A number of assessment appeals relating to properties in the County are currently in process. The impact on taxation revenue as a result of settlement of these appeals is not determinable at this time. The effect on taxation of the settlement of these appeals will be recorded in the fiscal year in which they can be determined.

A number of applications for property tax rebates for vacant commercial and industrial buildings are currently in process. The impact on taxation revenue as a result of these rebates is not determinable at this time. The effect on taxation of these rebates will be recorded in the fiscal year in which they can be determined.

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2010

13. Contractual Commitments

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 Bruce County Housing Corporation under authority of the Social Housing Reform Act, 2000.

Information received from OHC as at December 31, 2010 indicates the following:

Principal payments on debentures during the year	\$ 217,104
Interest payments on debentures during the year	<u>250,209</u>
Total	<u>\$ 467,313</u>
Debentures outstanding at year end	<u>\$ 3,904,516</u>

The principal and interest repayments are recovered by the Province from Federal Social Housing Funding provided to the Province and the balance is recovered from the Consolidated Municipal Service Manager (Bruce County).

14. WSIB Commitment

In addition to the amounts recorded in the financial statements, the County has a commitment for future benefit costs for injured workers which occurred in the past while a Schedule 2 employer. This liability is estimated at \$180,199. Management believes this liability will be fully funded for by a private insurer and, accordingly, is not recorded in these financial statements.

15. Segmented Information

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

General Government

General Government consists of the revenues and expenses that relate to the governance and operations of the County itself and cannot be directly attributed to a specific segment.

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

December 31, 2010

15. Segmented Information - continued

Protection Services

Protection Services is comprised of emergency measures programs and services.

Transportation Services

Transportation Services is responsible for construction and maintenance of the County's roadways and bridges.

Environmental Services

Environmental Services consists of providing household hazardous waste programs.

Health Services

Health Services includes contributions to support local health units and the operating costs for ambulance services.

Social and Family Services

Social and Family Services provides services that are meant to help the less fortunate in society and includes social assistance through the Ontario Works program and Child Care. Social Housing is provided to help shelter families and elderly in need. The County operates two long-term care facilities, Brucelea Haven and Gateway Haven.

Recreation and Cultural Services

Recreation and Cultural Services provides services to improve the health and development of the County's citizens. The County operates and maintains a museum and provides library services.

Planning and Development

This department is responsible for planning and zoning including the Official plan. This service area also includes tourist information and promotion, agricultural and reforestation services.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Amounts that are directly attributable to a number of segment have been allocated on a reasonable basis as follows:

Taxation, payments-in-lieu and penalties and interest

Allocated to those segments that are funded by these amounts based on budgeted amounts.

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

December 31, 2010

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2010 Total
Revenue									
Taxation	\$ 6,036,335	\$ 104,339	\$ 10,145,292	\$ 103,244	\$ 5,220,728	\$ 7,602,253	\$ 3,950,185	\$ 1,962,641	\$ 35,125,017
Fees and user charges	647,617	-	13,079	-	1,000	8,204,256	272,477	238,599	9,377,028
Government transfers	244,888	627,010	4,375,938	93,976	3,805,402	23,713,386	511,239	217,441	33,589,280
Sale of land and other assets	-	-	16,615	-	12,458	180,830	-	-	209,903
Investment Income	139,019	-	-	-	-	65,615	28	-	204,662
Other revenue	6,771	471	137,382	-	-	50,586	81,906	155,722	432,838
Donations	5,000	-	-	-	13,195	374,203	105,071	8,400	505,869
Gain or loss on sale	(294)	-	(3,774,854)	-	(760)	(94,744)	-	-	(3,870,652)
	<u>7,079,336</u>	<u>731,820</u>	<u>10,913,452</u>	<u>197,220</u>	<u>9,052,023</u>	<u>40,096,385</u>	<u>4,920,906</u>	<u>2,582,803</u>	<u>75,573,945</u>
Expenses									
Salaries and benefits	2,081,685	5,334	2,125,393	42,926	6,528,444	17,232,317	3,025,273	1,581,789	32,623,161
Interest on debt	1,773,135	-	-	-	-	345,104	-	-	2,118,239
Materials and supplies	253,761	15,712	2,626,442	20,458	847,066	4,088,317	841,666	580,645	9,274,067
Contracted services	1,912,389	80,515	430,285	118,836	26,713	2,397,910	133,992	108,629	5,209,269
Other transfers	16,398	-	-	-	1,128,594	10,098,119	308,364	265,162	11,816,637
Rents and financial	-	-	19,011	-	147,150	150,041	100,000	56,766	472,968
Amortization	312,133	-	4,481,664	-	342,501	1,923,968	964,481	58,786	8,083,533
	<u>6,349,501</u>	<u>101,561</u>	<u>9,682,795</u>	<u>182,220</u>	<u>9,020,468</u>	<u>36,235,776</u>	<u>5,373,776</u>	<u>2,651,777</u>	<u>69,597,874</u>
Annual surplus (deficit)	\$ 729,835	\$ 630,259	\$ 1,230,657	\$ 15,000	\$ 31,555	\$ 3,860,609	\$ (452,870)	\$ (68,974)	\$ 5,976,071

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

December 31, 2010

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2009 Total
Revenue									
Taxation	\$ 5,953,298	\$ 121,611	\$ 9,870,924	\$ 120,000	\$ 4,834,728	\$ 7,590,272	\$ 3,944,006	\$ 1,969,250	\$ 34,404,089
Fees and user charges	653,212	-	32,438	-	-	8,827,267	361,121	294,240	10,168,278
Government transfers	583,468	(5)	3,697,999	54,482	3,610,748	19,653,804	450,529	145,338	28,196,363
Investment income	221,890	-	-	-	-	77,513	-	-	299,403
Other revenue	58,207	-	183,303	-	41,071	102,191	183,609	145,134	713,515
Loss on sale of land and other assets	(3,094)	-	(256,137)	-	-	139,374	-	-	(119,857)
	7,466,981	121,606	13,528,527	174,482	8,486,547	36,390,421	4,939,265	2,553,962	73,661,791
Expenses									
Salaries and benefits	2,628,185	2,386	2,190,527	26,447	5,962,975	16,488,034	2,911,147	1,493,913	31,703,614
Interest on debt	1,854,273	-	-	-	-	364,040	-	-	2,218,313
Materials and supplies	489,895	22,207	2,256,022	100,556	701,695	4,336,287	814,886	593,559	9,315,107
Contracted services	712,171	72,745	789,374	1,673	68,108	1,299,631	75,897	99,046	3,118,645
Other transfers	1,437,370	17,420	-	-	1,060,845	11,694,241	301,934	188,765	14,700,575
Rents and financial expenses	(149,171)	-	19,011	-	149,908	181,568	170,208	53,879	425,403
Amortization	630,985	-	3,946,613	-	295,648	1,866,950	888,504	43,242	7,671,942
	7,603,708	114,758	9,201,547	128,676	8,239,179	36,230,751	5,162,576	2,472,404	69,153,599
Annual surplus (deficit)	\$ (136,727)	\$ 6,848	\$ 4,326,980	\$ 45,806	\$ 247,368	\$ 159,670	\$ (223,311)	\$ 81,558	\$ 4,508,192