

The Corporation of the  
County of Bruce  
Consolidated Financial Statements  
For the year ended December 31, 2012

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Consolidated Financial Statements  
For the year ended December 31, 2012

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The Corporation of the County of Bruce

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## Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of the Corporation of the County of Bruce, which comprise the consolidated statement of financial position as at December 31, 2012, 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 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 Bruce as at December 31, 2012 and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario  
April 18, 2013

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

December 31	2012	2011
<b>Financial assets</b>		
Cash and temporary investments (Note 1)	\$ 20,865,866	\$ 18,153,824
Accounts receivable	2,190,604	2,721,331
Inventory held for resale	50,182	52,647
	<u>23,106,652</u>	<u>20,927,802</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	5,735,199	6,600,248
WSIB future benefits (Note 11)	1,276,733	1,314,532
Post-employment benefits (Note 10)	1,112,633	1,083,282
Deferred revenue	159,774	73,865
Long-term liabilities (Note 2)	31,056,649	32,894,538
	<u>39,340,988</u>	<u>41,966,465</u>
<b>Net debt</b>	<u>(16,234,336)</u>	<u>(21,038,663)</u>
<b>Contingencies (Note 9)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 3)	158,641,784	160,473,710
Other	526,719	333,191
	<u>159,168,503</u>	<u>160,806,901</u>
<b>Accumulated surplus (Note 4)</b>	<u>\$ 142,934,167</u>	<u>\$ 139,768,238</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 Operations and Accumulated Surplus**

<b>For the year ended December 31</b>	2012	2012	2011
	Budget (Note 7)	Actual	
<b>Revenue</b>			
Taxation	\$ 36,892,143	\$36,623,116	\$ 35,192,004
Fees and user charges	9,632,415	9,609,702	9,410,794
Government transfers (Note 6)	29,129,068	29,983,878	29,029,847
Investment income	83,700	224,886	261,895
Gain (loss) on disposal of land and other assets	31,207	(402,151)	316,457
Donations and fundraising	117,950	211,544	186,733
Other income	157,914	234,267	259,733
	<u>76,044,397</u>	<u>76,485,242</u>	<u>74,657,463</u>
<b>Expenses</b>			
General government	5,699,866	5,077,212	5,584,643
Protection services	123,207	79,587	89,718
Transportation services	5,690,200	10,584,626	10,458,361
Environmental services	333,800	223,713	242,170
Land ambulance	8,598,822	9,012,913	8,465,333
Health Unit	1,177,077	1,158,991	1,127,884
Social and family services	34,301,229	36,745,320	35,199,363
Recreation and cultural services	4,801,321	5,579,584	5,646,032
Planning and development	3,165,624	2,916,064	2,688,266
Interest on long-term debt	2,006,818	1,941,303	2,016,798
	<u>65,897,964</u>	<u>73,319,313</u>	<u>71,518,568</u>
<b>Annual surplus (Note 7)</b>	10,146,433	3,165,929	3,138,895
<b>Accumulated surplus, beginning of the year</b>	<u>139,768,238</u>	<u>139,768,238</u>	<u>136,629,343</u>
<b>Accumulated surplus, end of the year</b>	<u>\$149,914,671</u>	<u>\$ 142,934,167</u>	<u>\$139,768,238</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**

<u>For the year ended December 31</u>	2012 Budget (Note 7)	2012 Actual	2011 Actual
<b>Annual surplus (Page 6)</b>	<b>\$ 10,146,433</b>	<b>\$ 3,165,929</b>	<b>\$ 3,138,895</b>
Acquisition of tangible capital assets	(11,362,180)	(8,456,040)	(11,788,057)
Amortization of tangible capital assets	-	8,980,853	8,679,979
Loss (gain) on disposal of tangible capital assets	-	402,151	(316,457)
Proceeds on disposal of capital assets	31,207	210,554	833,096
Write-downs of tangible capital assets	-	694,408	-
	<u>(11,330,973)</u>	<u>1,831,926</u>	<u>(2,591,439)</u>
Change in other assets	-	(193,528)	12,650
Decrease (increase) in net debt	(1,184,540)	4,804,327	560,106
Net debt, beginning of the year	<u>(21,038,663)</u>	<u>(21,038,663)</u>	<u>(21,598,769)</u>
<b>Net debt, end of the year</b>	<b><u>\$(22,223,203)</u></b>	<b><u>\$(16,234,336)</u></b>	<b><u>\$ (21,038,663)</u></b>

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

For the year ended December 31	2012	2011
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus	\$ 3,165,929	\$ 3,138,895
Items not involving cash		
Post-employment benefits	(37,799)	231,691
WSIB future benefits	29,351	32,361
Amortization	8,980,853	8,679,979
Write-down of capital assets	694,408	-
Loss (gain) on disposal of capital assets	402,151	(316,457)
	<b>13,234,893</b>	<b>11,766,469</b>
<b>Changes in non-cash working capital balances</b>		
Accounts receivable	530,727	2,043,182
Inventory	2,465	(1,796)
Accounts payable and accrued liabilities	(865,049)	(1,086,806)
Deferred revenue	85,909	19,171
Other non-financial assets	(193,528)	12,650
	<b>(439,476)</b>	<b>986,401</b>
	<b>12,795,417</b>	<b>12,752,870</b>
<b>Capital transactions</b>		
Cash used to acquire capital assets	(8,456,040)	(11,788,057)
Proceeds on disposal of capital assets	210,554	833,096
	<b>(8,245,486)</b>	<b>(10,954,961)</b>
<b>Financing activities</b>		
Repayment of long-term liabilities	(1,837,889)	(1,724,826)
<b>Net change in cash and cash equivalents</b>	<b>2,712,042</b>	<b>73,083</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>18,153,824</b>	<b>18,080,741</b>
<b>Cash and cash equivalents, end of the year</b>	<b>\$20,865,866</b>	<b>\$ 18,153,824</b>

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



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

December 31, 2012

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<b>Basis of Accounting</b>	<p>The consolidated financial statements of the Corporation of the County of Bruce 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>
<b>Use of Estimates</b>	<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 and post-employment and WSIB future benefits liabilities.</p>
<b>Basis of Consolidation</b>	<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>Bruce County Library Board Bruce County Housing Corporation</p>
<b>Cash and Cash Equivalents</b>	<p>Cash and cash equivalents include all cash balances and short term highly liquid investments that are readily convertible into cash.</p>
<b>Temporary Investments</b>	<p>Temporary investments are recorded at the lower of cost and market value.</p>

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

December 31, 2012

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**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.

**Non-Financial Assets** Tangible capital and other non-financial assets are accounted for as assets by the organization because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the organization unless they are sold.

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

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.

**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 included under Schedule 2 of the Workplace Safety and Insurance Act, it self-ensures the entire risk of its own WSIB claims and is individually liable for reimbursing the WSIB for all costs relating to its workers' WSIB claims. The cost of the claims are determined using management's best estimate and are expensed as incidents occur.

The contributions to the Ontario Municipal Employers Retirement System ("OMERS"), a multi-employer defined benefit plan are expensed when contributions are due.

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

December 31, 2012

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<b>Trust Funds</b>	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.
<b>Revenue Recognition</b>	<p>Revenues are reported on the accrual basis of accounting. Revenues are recognized as follows:</p> <ul style="list-style-type: none"><li>a) Tax levies are recognized as revenues when the amounts are levied.</li><li>b) Fines and donations are recognized when collected.</li><li>c) Other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.</li><li>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.</li><li>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.</li></ul>
<b>Provincial Subsidies</b>	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.

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The Corporation of the County of Bruce  
Notes to Financial Statements

December 31, 2012

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1. Cash and Temporary Investments

	<u>2012</u>	<u>2011</u>
Unrestricted	<u>\$20,865,866</u>	<u>\$ 18,153,824</u>

A cash balance of \$19,375,643 is being held in bank accounts as part of a centralized cash control service. A cash balance of \$167,871 is being held in another bank account. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor.

Temporary investments of \$2,812,793 consist of investments in Canadian short term bond funds, and guaranteed investment certificates. The fair market value of the investments is \$2,814,204.

The cash balance includes \$158,904 denominated in U.S. dollars.

The County of Bruce has a demand operating facility agreement with a financial institution. At December 31, 2012, the County of Bruce had undrawn credit capacity of \$3,000,000. Interest is calculated at bank prime rate minus 0.5%.

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

**December 31, 2012**

**2. Long-Term Liabilities**

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

	2012	2011
<b>Bruce County Housing Corporation</b>		
Mortgage payable, Canada Mortgage & Housing Company, 4.37%, repayable in blended monthly instalments of \$2,631, due February 2018	\$ 145,942	\$ 170,614
Mortgage payable, Canada Mortgage & Housing Company, 3.65%, repayable in blended monthly instalments of \$3,448, due May 2018	203,238	236,596
Mortgage payable, Canada Mortgage & Housing Company, 3.54%, repayable in blended monthly instalments of \$7,958, due July 2018	483,484	560,511
Mortgage payable, Canada Mortgage & Housing Company, 4.39%, repayable in blended monthly instalments of \$7,032, due June 2015	518,765	579,150
Mortgage payable, Canada Mortgage & Housing Company, 4.32%, repayable in blended monthly instalments of \$12,643, due February 2016	1,878,121	1,947,798
Mortgage payable, Scotia Bank, 3.938%, repayable in blended monthly instalments of \$5,014, due June 2021	517,534	556,651
Mortgage payable, TD Canada Trust, 6.117%, repayable in blended monthly instalments of \$7,406, due April 2024	841,554	878,379
Mortgage payable, Scotiabank, 5.189%, repayable in blended monthly instalments of \$7,074, due September 2014	853,298	893,260
Mortgage payable, TD Canada Trust, 3.692%, repayable in blended monthly instalments of \$7,523, due May 2015	1,031,875	1,083,317
<b>Total Bruce County Housing Corporation</b>	<b>\$ 6,473,811</b>	<b>\$ 6,906,276</b>

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

December 31, 2012

2. Long-Term Liabilities - Continued

	2012	2011
Total Bruce County Housing Corporation - brought forward	\$ 6,473,811	\$ 6,906,276
<b>County of Bruce</b>		
Debenture payable, 6.73% repayable in blended quarterly instalments of \$597,315, due July 2022	17,018,452	18,211,756
Loan payable, OSIFA, 5.32% repayable in blended semi annual payments of \$311,399, due October 2032	7,564,386	7,776,506
Total County of Bruce	24,582,838	25,988,262
	<b>\$31,056,649</b>	<b>\$ 32,894,538</b>

All mortgages are secured by real property.

The gross interest paid relating to the above long-term debt was \$1,922,942

The gross interest expensed during the year was \$1,941,304

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

2013	\$	1,929,006
2014		2,047,151
2015		2,173,792
2016		2,306,419
2017		2,448,551
Thereafter		20,151,730
		<b>\$ 31,056,649</b>

The Corporation of the County of Bruce  
Notes to Financial Statements

December 31, 2012

3. Tangible Capital Assets

	2012								
	Land	Buildings	Equipment	Technology	Vehicles and Machinery	Furniture and Fixtures	Roads, Bridges and Other Infrastructure	Work in Progress	Total
Cost, beginning of the year	\$ 8,503,413	\$ 79,358,710	\$ 5,670,087	\$ 3,641,597	\$ 7,337,491	\$ 1,845,162	\$ 132,966,097	\$ 3,172,643	\$ 242,495,200
Additions	4,307	1,338,235	404,869	227,075	968,468	24,548	2,997,796	2,490,742	8,456,040
Disposals	(65,364)	(360,867)	(652,084)	(144,997)	(492,125)	-	(681,907)	-	(2,397,344)
Write-downs	(22,947)	(671,426)	-	(35)	-	-	-	-	(694,408)
Reallocation of completed work	10,809	189,225	-	-	-	-	3,479,969	(3,680,003)	-
Cost, end of the year	8,430,218	79,853,877	5,422,872	3,723,640	7,813,834	1,869,710	138,761,955	1,983,382	247,859,488
Accumulated amortization, beginning of the year	-	23,936,929	3,616,997	2,625,090	5,621,665	1,779,042	44,441,767	-	82,021,490
Amortization	-	2,840,640	509,086	389,947	601,917	30,885	4,608,378	-	8,980,853
Disposals	-	(181,936)	(647,631)	(144,926)	(491,268)	-	(318,878)	-	(1,784,639)
Accumulated amortization, end of the year	-	26,595,633	3,478,452	2,870,111	5,732,314	1,809,927	48,731,267	-	89,217,704
Net carrying amount, end of the year	\$ 8,430,218	\$ 53,258,244	\$ 1,944,420	\$ 853,529	\$ 2,081,520	\$ 59,783	\$ 90,030,688	\$ 1,983,382	\$ 158,641,784

The Corporation of the County of Bruce  
Notes to Financial Statements

December 31, 2012

3. Tangible Capital Assets - continued

	2011								
	Land	Buildings	Equipment	Technology	Vehicles and Machinery	Furniture and Fixtures	Roads, Bridges and Other Infrastructure	Work in Progress	Total
Cost, beginning of the year	\$ 8,340,204	\$ 70,516,061	\$ 5,571,464	\$ 3,392,343	\$ 7,001,879	\$ 1,828,731	\$ 129,924,399	\$ 5,695,437	\$ 232,270,518
Additions	333,763	4,365,273	423,759	439,112	829,432	22,487	3,048,121	2,326,110	11,788,057
Disposals	(170,554)	(315,361)	(325,136)	(189,858)	(493,820)	(6,056)	(62,590)	-	(1,563,375)
Reallocation of completed work	-	4,792,737	-	-	-	-	56,167	(4,848,904)	-
Cost, end of the year	<u>8,503,413</u>	<u>79,358,710</u>	<u>5,670,087</u>	<u>3,641,597</u>	<u>7,337,491</u>	<u>1,845,162</u>	<u>132,966,097</u>	<u>3,172,643</u>	<u>242,495,200</u>
Accumulated amortization, beginning of the year	-	21,499,395	3,433,678	2,313,758	5,347,546	1,730,856	40,063,014	-	74,388,247
Amortization	-	2,617,245	493,318	501,032	572,799	54,242	4,441,343	-	8,679,979
Disposals	-	(179,711)	(309,999)	(189,700)	(298,680)	(6,056)	(62,590)	-	(1,046,736)
Accumulated amortization, end of the year	<u>-</u>	<u>23,936,929</u>	<u>3,616,997</u>	<u>2,625,090</u>	<u>5,621,665</u>	<u>1,779,042</u>	<u>44,441,767</u>	<u>-</u>	<u>82,021,490</u>
Net carrying amount, end of the year	<u>\$ 8,503,413</u>	<u>\$ 55,421,781</u>	<u>\$ 2,053,090</u>	<u>\$ 1,016,507</u>	<u>\$ 1,715,826</u>	<u>\$ 66,120</u>	<u>\$ 88,524,330</u>	<u>\$ 3,172,643</u>	<u>\$ 160,473,710</u>



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

**December 31, 2012**

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**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 \$1,983,382 (2011 - \$3,172,643).

\$Nil (2011 - \$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.

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**4. Accumulated Surplus**

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

	2012	2011
Invested in tangible capital assets		
Tangible capital assets purchased	\$ 158,641,784	\$ 160,473,710
Unfinanced capital assets	(2,768,904)	(4,637,384)
Capital assets financed by long-term liabilities and to be funded in future years	(31,056,649)	(32,894,538)
Total invested in capital assets	124,816,231	122,941,788
Unfunded post-employment benefits	(1,112,633)	(1,083,282)
Unfunded WSIB future benefits	(1,276,733)	(1,314,532)
General surplus (deficit) (Note 7)	(299,953)	1,848,904
	122,126,912	122,392,878
Reserve funds (Note 5)	20,807,255	17,375,360
Accumulated surplus	<b>\$ 142,934,167</b>	<b>\$ 139,768,238</b>

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

**December 31, 2012**

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**5. Reserve Funds Set Aside for Specific Purpose by Council**

	2012	2011
<b>Reserve funds</b>		
Working funds	\$ 1,990,954	\$ 1,670,511
Tax stabilization	816,332	-
WSIB	1,910,670	1,782,736
Current purposes	250,000	250,000
Capital purposes	15,839,299	13,672,113
<b>Reserves funds set aside for specific purpose by Council</b>	<b>\$20,807,255</b>	<b>\$ 17,375,360</b>

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**6. Government Transfers**

	Budget	2012	2011
<b>Operating</b>			
Province of Ontario	\$ 25,645,001	\$25,216,395	\$ 25,034,261
Government of Canada	630,330	893,794	752,153
Other municipalities	724,249	713,223	875,423
<b>Total operating transfers</b>	<b>26,999,580</b>	<b>26,823,412</b>	<b>26,661,837</b>
<b>Capital</b>			
Province of Ontario	119,114	596,252	216,561
Government of Canada	2,010,374	2,564,214	2,151,449
<b>Total capital transfers</b>	<b>2,129,488</b>	<b>3,160,466</b>	<b>2,368,010</b>
<b>Total government transfers</b>	<b>\$ 29,129,068</b>	<b>\$29,983,878</b>	<b>\$ 29,029,847</b>

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The Corporation of the County of Bruce  
Notes to Financial Statements

December 31, 2012

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7. Budgets

Under Canadian public sector accounting principles, budget amounts are to be reported on the consolidated statement of operations and changes in net debt for comparative purposes. The 2012 budget amounts for the Corporation of the County of Bruce approved by Council have been reclassified to conform to the presentation of the consolidated statements of operations and changes in net debt. The following is a reconciliation of the budget approved by Council.

	2012 Budget	2012 Actual	2011 Actual
Annual surplus (Page 6)	\$ 10,146,433	\$ 3,165,929	\$ 3,138,895
Transfers to reserves	(4,376,434)	(6,814,471)	(5,333,595)
Transfers from reserves	6,394,647	4,231,474	3,379,125
Transfers of surplus to reserves	-	(848,898)	-
	<u>2,018,213</u>	<u>(3,431,895)</u>	<u>(1,954,470)</u>
Capital acquisitions, disposals and write-down	(11,362,180)	(7,148,927)	(11,271,418)
Amortization	-	8,980,853	8,679,979
	<u>(11,362,180)</u>	<u>1,831,926</u>	<u>(2,591,439)</u>
Debt principal repayments	<u>(1,802,466)</u>	<u>(1,837,889)</u>	<u>(1,724,826)</u>
Change in unfunded liabilities	<u>-</u>	<u>(8,448)</u>	<u>264,052</u>
Capital projects not funded (funded)	<u>-</u>	<u>(1,868,480)</u>	<u>2,532,864</u>
Change in general surplus in the year	(1,000,000)	(2,148,857)	(334,924)
Prior year general surplus	<u>1,000,000</u>	<u>1,848,904</u>	<u>2,183,828</u>
General surplus (deficit) (Note 4)	<u>\$ -</u>	<u>\$ (299,953)</u>	<u>\$ 1,848,904</u>

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

**December 31, 2012**

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**8. Pension Agreements**

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 516 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 municipality for 2012 was \$2,230,844 (2011 - \$1,955,889). The contribution rate for 2012 was 8.3% or 12.8% depending on income level (2011 - 7.4% or 10.7%).

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, 2012. The plan reported a \$9.9 billion actuarial deficit (2011 - \$7.3 billion deficit) at that time, based on actuarial liabilities of \$69.1 billion (2011 - \$64.5 billion) and actuarial assets of \$59.2 billion (2011 - \$57.2 billion). Ongoing adequacy of the current contribution rates will need to be monitored and the decline in the financial markets may lead to increased future funding requirements.

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**9. Contingencies**

- (a) The County has been served with statements of claim as a result of an incident at the Mountain Bike Adventure Park, motor vehicle accidents and other claims. The County is not aware of any possible settlements in excess of its liability insurance coverage.
  - (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.
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The Corporation of the County of Bruce  
Notes to Financial Statements

December 31, 2012

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10. Post-Employment Benefits

The County pays certain life insurance, health and dental benefits on behalf of its retired employees. The County also participates in a retirement gift program, based on years of service. The County recognizes these post-retirement costs in the period in which the employees render the services.

	2012	2011
Retirement benefits	\$ 1,020,494	\$ 983,465
Unamortized actuarial gain	92,139	99,817
Post-employment benefits	\$ 1,112,633	\$ 1,083,282

Actuarial valuations for accounting purposes are performed using the projected benefit method. The most recent actuarial report was prepared as at December 31, 2010.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, medical inflation rates, wage increases, employee turnover and remaining service life. The assumptions used reflect management's best estimates. The post-employment benefit liability was determined using a discount rate of 4.75%. For extended health care costs, a 6.67% annual rate of increase was assumed for 2011, decreasing to an ultimate rate of 4% per year for 2020. For dental costs, a 4% annual rate of increase was assumed.

	2012	2011
Current period benefit cost	\$ 44,988	\$ 42,105
Amortization of actuarial gain	(7,678)	(7,678)
Retirement benefit expense	37,310	34,427
Interest costs	46,490	44,702
Total expense for the year	\$ 83,800	\$ 79,129

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The Corporation of the County of Bruce  
Notes to Financial Statements

December 31, 2012

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11. WSIB Future Benefit and Commitment

As the County is an employer included under Schedule 2 of the Workplace Safety and Insurance Act, it self-insures the entire risk of its own WSIB claims and is individually liable for reimbursing the WSIB for all costs relating to its workers' WSIB claims.

	<u>2012</u>	<u>2011</u>
WSIB future benefit	<u>\$ 1,276,733</u>	<u>\$ 1,314,532</u>

Actuarial valuations for accounting purposes are performed using the projected benefit method. The most recent actuarial report was prepared as at December 31, 2011.

The actuarial valuation was based on a number of assumptions such as, discount rates, wage increases, and WSIB payment rates. The assumptions used reflect management's best estimates. The WSIB benefit liability was determined using a discount rate of 4.25%, average lost time injury payment rate of 65%, a WSIB administrative rate of 28% and a average lost time injury count of 12.

	<u>2012</u>	<u>2011</u>
Current period benefit cost	\$ 252,757	\$ 304,058
Interest costs	<u>51,570</u>	<u>61,280</u>
Total expense for the year	<u>\$ 304,327</u>	<u>\$ 365,338</u>

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 \$195,985. Management believes this liability will be fully funded for by a private insurer and, accordingly, is not recorded in these financial statements.

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12. Trust Funds

The trust funds administered by the municipality amounting to \$75,659 (2011 - \$87,978) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities.

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13. Comparative Amounts

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

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

December 31, 2012

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**14. 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, 2012 indicates the following:

Principal payments on debentures during the year	\$ 242,006
Interest payments on debentures during the year	<u>220,812</u>
Total	<u>\$ 462,818</u>
Debentures outstanding at year end	<u>\$ 3,227,415</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).

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**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.

**Protection Services**

Protection Services is comprised of emergency measures programs and services and provincial offenses act revenues.

**Transportation Services**

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

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

**December 31, 2012**

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**15. Segmented Information - continued**

**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 segments 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.

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

**December 31, 2012**

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	2012 Total
<b>Revenue</b>									
Taxation	\$ 5,121,328	\$ 86,166	\$ 10,827,817	\$ 137,000	\$ 5,726,321	\$ 7,950,571	\$ 4,404,988	\$ 2,368,925	\$ 36,623,116
Fees and user charges	627,087	-	18,293	-	5,754	8,421,206	244,402	292,960	9,609,702
Government transfers	926,435	527,771	2,105,138	139,170	4,432,938	21,328,327	453,697	70,402	29,983,878
Investment income	200,921	-	-	-	-	23,965	-	-	224,886
Other revenue	8,156	-	14,795	-	422	63,987	56,013	90,894	234,267
Donations	800	-	-	-	59,985	27,615	99,144	24,000	211,544
Gain or loss on sale	(17,525)	-	(323,721)	-	3,205	(64,203)	93	-	(402,151)
	<u>6,867,202</u>	<u>613,937</u>	<u>12,642,322</u>	<u>276,170</u>	<u>10,228,625</u>	<u>37,751,468</u>	<u>5,258,337</u>	<u>2,847,181</u>	<u>76,485,242</u>
<b>Expenses</b>									
Salaries and benefits	2,717,928	-	2,307,511	33,004	8,703,785	19,376,122	3,318,390	1,765,394	38,222,134
Interest on debt	1,607,351	-	-	-	-	333,952	-	-	1,941,303
Materials and supplies	111,349	17,760	2,462,135	23,527	803,697	5,236,605	729,098	565,261	9,949,432
Contracted services	1,899,535	61,827	569,207	167,182	108,519	2,273,120	127,399	206,467	5,413,256
Other transfers	14,500	-	-	-	50,000	7,434,167	333,591	289,104	8,121,362
Rents and financial expenses	4	-	186,004	-	161,388	183,857	103,767	55,954	690,974
Amortization	333,896	-	5,059,769	-	344,515	2,241,449	967,339	33,884	8,980,852
	<u>6,684,563</u>	<u>79,587</u>	<u>10,584,626</u>	<u>223,713</u>	<u>10,171,904</u>	<u>37,079,272</u>	<u>5,579,584</u>	<u>2,916,064</u>	<u>73,319,313</u>
<b>Annual surplus (deficit)</b>	<b>\$ 182,639</b>	<b>\$ 534,350</b>	<b>\$ 2,057,696</b>	<b>\$ 52,457</b>	<b>\$ 56,721</b>	<b>\$ 672,196</b>	<b>\$ (321,247)</b>	<b>\$ (68,883)</b>	<b>\$ 3,165,929</b>

The Corporation of the County of Bruce  
Notes to Financial Statements

December 31, 2012

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	2011 Total
<b>Revenue</b>									
Taxation	\$ 5,427,267	\$ -	\$ 10,308,501	\$ 137,000	\$ 5,403,320	\$ 7,669,329	\$ 4,186,602	\$ 2,059,985	\$ 35,192,004
Fees and user charges	654,191	-	16,657	-	-	8,184,192	246,702	309,052	9,410,794
Government transfers	1,509,725	668,939	2,152,129	187,132	4,190,974	19,702,384	425,197	193,367	29,029,847
Investment income	203,595	-	-	-	-	58,300	-	-	261,895
Other revenue	8,861	50	10,297	-	233	20,910	60,311	159,071	259,733
Donations	5,000	-	-	-	3,500	58,934	117,299	2,000	186,733
Gain or loss on sale	(460)	-	(53,457)	-	(7,420)	382,746	(4,952)	-	316,457
	<u>7,808,179</u>	<u>668,989</u>	<u>12,434,127</u>	<u>324,132</u>	<u>9,590,607</u>	<u>36,076,795</u>	<u>5,031,159</u>	<u>2,723,475</u>	<u>74,657,463</u>
<b>Expenses</b>									
Salaries and benefits	2,757,858	-	2,266,077	46,066	7,149,228	18,384,483	3,211,886	1,646,686	35,462,284
Interest on debt	1,698,235	-	-	-	-	318,563	-	-	2,016,798
Materials and supplies	178,681	18,674	2,625,945	28,871	688,309	5,275,811	772,778	511,199	10,100,268
Contracted services	2,286,088	71,045	584,682	149,337	53,766	2,351,643	147,850	120,217	5,764,628
Other transfers	14,598	-	-	-	1,177,884	6,952,094	325,660	307,609	8,777,845
Rents and financial expenses	1,027	-	133,783	-	152,227	183,517	190,934	55,277	716,765
Amortization	346,389	-	4,847,873	17,896	371,804	2,051,816	996,924	47,278	8,679,980
	<u>7,282,876</u>	<u>89,719</u>	<u>10,458,360</u>	<u>242,170</u>	<u>9,593,218</u>	<u>35,517,927</u>	<u>5,646,032</u>	<u>2,688,266</u>	<u>71,518,568</u>
<b>Annual surplus (deficit)</b>	<b>\$ 525,303</b>	<b>\$ 579,270</b>	<b>\$ 1,975,767</b>	<b>\$ 81,962</b>	<b>\$ (2,611)</b>	<b>\$ 558,868</b>	<b>\$ (614,873)</b>	<b>\$ 35,209</b>	<b>\$ 3,138,895</b>

The Corporation of the  
County of Bruce  
Trust Funds  
Financial Information  
For the year ended December 31, 2012



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## Independent Auditor's Report

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

We have audited the accompanying financial information for the trust funds of the County of Bruce, which comprise the statement of financial position as at December 31, 2012, the statement of continuity for the year then ended, and a summary of significant accounting policies.

#### Management's Responsibility for the Financial Information

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on this financial information 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 financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial information, 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 financial information 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 financial information.

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



### **Basis for Qualified Opinion**

The trust funds of the County derive receipts from and make disbursements to residents of the Bruce County Homes for the Aged which are not susceptible to complete audit verification. Accordingly, our verification of such receipts and disbursements was limited to accounting for the amounts recorded in the records of the trust funds and we were not able to determine whether any adjustments might be necessary to receipts, assets and liabilities.

### **Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial information presents fairly, in all material respects, the statement of financial position for the trust funds of the County of Bruce as at December 31, 2012 and the statement of continuity for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario  
April 18, 2013

The Corporation of the County of Bruce  
Trust Funds  
Statement of Financial Position

December 31, 2012

Assets	Total	Gateway Haven Residents	Brucelea Haven Residents
Cash	\$ 75,659	\$ 28,524	\$ 47,135
<b>Fund balance</b>	<b>\$ 75,659</b>	<b>\$ 28,524</b>	<b>\$ 47,135</b>

Statement of Continuity

For the year ended December 31, 2012

	Total	Gateway Haven Residents	Brucelea Haven Residents
Balance, beginning of the year	\$ 87,978	\$ 33,104	\$ 54,874
<b>Receipts</b>			
Residents' contributions	372,990	203,762	169,228
	460,968	236,866	224,102
<b>Expenses</b>			
Residents' withdrawals	385,309	208,342	176,967
<b>Balance, end of the year</b>	<b>\$ 75,659</b>	<b>\$ 28,524</b>	<b>\$ 47,135</b>

The accompanying notes are an integral part of these financial statements.

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**The Corporation of the County of Bruce**  
**Trust Funds**  
**Note to Financial Statements**

December 31, 2012

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**1. Summary of Significant Accounting Policies**

**Management Responsibility**      The consolidated financial statements of the Corporation of the County of Bruce Trust Funds are the representation of management. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

Revenue 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 information 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 information, 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**              These trust funds have not been consolidated with the financial statements of the municipality.