

**The Corporation of the  
County of Bruce  
Consolidated Financial Statements  
For the year ended December 31, 2019**

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Consolidated Financial Statements  
For the year ended December 31, 2019**

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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  
of the Corporation of the County of Bruce

### Opinion

We have audited the consolidated financial statements of the Corporation of the County of Bruce (the County), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of operations and accumulated surplus, the consolidated statement of changes in net debt and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the County as at December 31, 2019, and its consolidated results of operations, changes in net financial debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the County in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the County's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the County or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the County's financial reporting process.



### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the County to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the County to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario  
June 4, 2020

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

December 31	2019	2018
Financial assets		
Cash and investments (Note 2)	\$ 29,421,225	\$ 25,123,148
Accounts receivable	3,097,820	3,248,549
Inventory held for resale	36,540	26,596
	<u>32,555,585</u>	<u>28,398,293</u>
Liabilities		
Accounts payable and accrued liabilities	11,149,077	12,379,773
WSIB future benefits (Note 3)	2,802,067	2,646,078
Post-employment benefits (Note 5)	1,181,074	1,179,760
Deferred revenue (Note 4)	868,596	82,896
Long-term liabilities (Note 6)	18,323,364	18,912,843
	<u>34,324,178</u>	<u>35,201,350</u>
Net debt	<u>(1,768,593)</u>	<u>(6,803,057)</u>
Non-financial assets		
Tangible capital assets (Note 7)	177,263,530	173,912,941
Other	1,090,729	1,131,387
	<u>178,354,259</u>	<u>175,044,328</u>
Accumulated surplus (Note 8)	<u>\$176,585,666</u>	<u>\$168,241,271</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

For the year ended December 31	2019 Budget (Note 11)	2019 Actual	2018 Actual
Revenue			
Taxation	\$ 47,923,617	\$47,941,159	\$ 45,861,045
Fees and user charges	10,788,474	10,766,799	10,685,762
Government transfers (Note 10)	42,758,766	39,293,598	37,665,206
Investment income	260,000	342,983	239,647
Gain (loss) on disposal of tangible capital assets	1,650,799	358,319	(1,328,007)
Donations and fundraising	154,084	259,925	402,405
Other income	301,425	578,193	391,838
	<u>103,837,165</u>	<u>99,540,976</u>	<u>93,917,896</u>
Expenses			
General government	9,882,326	9,173,315	7,709,473
Protection services	54,017	48,362	48,362
Transportation services	8,240,563	13,292,556	12,671,255
Environmental services	256,332	418,578	433,795
Land ambulance	10,379,962	10,682,871	10,577,240
Health Unit	1,192,222	1,090,271	1,317,372
Social and family services	43,438,046	45,084,636	44,207,502
Recreation and cultural services	5,686,989	6,428,043	6,443,667
Planning and development	4,435,673	4,008,095	4,207,177
Interest on long-term debt	942,248	969,854	1,109,454
	<u>84,508,378</u>	<u>91,196,581</u>	<u>88,725,297</u>
Annual surplus (Note 11)	19,328,787	8,344,395	5,192,599
Accumulated surplus, beginning of the year	<u>168,241,271</u>	<u>168,241,271</u>	<u>163,048,672</u>
Accumulated surplus, end of the year	<u>\$187,570,058</u>	<u>\$176,585,666</u>	<u>\$168,241,271</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	2019 Budget (Note 11)	2019 Actual	2018 Actual
Annual surplus (Page 5)	\$ 19,328,787	\$ 8,344,395	\$ 5,192,599
Acquisition of tangible capital assets	(32,928,289)	(14,608,506)	(19,681,835)
Amortization of tangible capital assets	-	10,954,610	10,378,631
(Gain) loss on disposal of tangible capital assets	-	(358,319)	1,328,007
Proceeds on disposal of capital assets	1,650,799	661,626	331,322
	<u>(31,277,490)</u>	<u>(3,350,589)</u>	<u>(7,643,875)</u>
Change in other assets	<u>-</u>	<u>40,658</u>	<u>(190,443)</u>
(Increase) decrease in net debt	(11,948,703)	5,034,464	(2,641,719)
Net debt, beginning of the year	<u>(6,803,057)</u>	<u>(6,803,057)</u>	<u>(4,161,338)</u>
Net debt, end of the year	<u>\$ (18,751,760)</u>	<u>\$ (1,768,593)</u>	<u>\$ (6,803,057)</u>

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

For the year ended December 31	2019	2018
Cash provided by (used in)		
Operating activities		
Annual surplus (Page 5)	\$ 8,344,395	\$ 5,192,599
Items not involving cash		
WSIB future benefits	155,989	153,329
Post-employment benefits	1,314	(8,079)
Amortization	10,954,610	10,378,631
Donation of capital assets	-	(53,530)
(Gain) loss on disposal of capital assets	(358,319)	1,328,007
	<u>19,097,989</u>	<u>16,990,957</u>
Changes in non-cash working capital balances		
Accounts receivable	150,729	(1,119,019)
Inventory held for resale	(9,944)	(108)
Accounts payable and accrued liabilities	(1,230,696)	1,675,995
Deferred revenue	785,700	(478,659)
Other non-financial assets	40,658	(190,443)
	<u>(263,553)</u>	<u>(112,234)</u>
	<u>18,834,436</u>	<u>16,878,723</u>
Capital transactions		
Cash used to acquire capital assets	(14,608,506)	(19,628,305)
Proceeds on disposal of capital assets	661,626	331,322
	<u>(13,946,880)</u>	<u>(19,296,983)</u>
Financing and investing activities		
Repayment of long-term liabilities	(2,815,928)	(2,695,203)
Proceeds of long-term liabilities	2,226,449	-
Purchase of investments	-	(18,000,000)
	<u>(589,479)</u>	<u>(20,695,203)</u>
Net change in cash and cash equivalents	4,298,077	(23,113,463)
Cash and cash equivalents, beginning of the year	<u>7,123,148</u>	<u>30,236,611</u>
Cash and cash equivalents, end of the year	<u>\$11,421,225</u>	<u>\$ 7,123,148</u>
Cash and investments (Note 2) include		
Cash	\$ 8,281,575	\$ 4,075,386
Temporary investments	<u>3,139,650</u>	<u>3,047,762</u>
Total cash and cash equivalents	11,421,225	7,123,148
Long-term investments	<u>18,000,000</u>	<u>18,000,000</u>
Total cash and investments	<u>\$29,421,225</u>	<u>\$ 25,123,148</u>

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

### Notes to Financial Statements

December 31, 2019

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#### 1. Summary of Significant Accounting Policies

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

**Basis of Accounting** The consolidated financial statements of the Corporation of the County of 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 Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing.

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

**Use of Estimates** The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future. Estimates are used when accounting for items such as accrued liabilities, useful lives of capital assets, post-employment and WSIB future benefit liabilities and taxation revenue.

**Basis of Consolidation** The consolidated statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenses have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

Bruce County Library Board  
Bruce County Housing Corporation

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

**December 31, 2019**

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**1. Summary of Significant Accounting Policies - (continued)**

**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.

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

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

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

**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	5 to 10 years
Technology	4 to 5 years
Vehicles and machinery	5 to 10 years
Furniture and fixtures	5 years
Roads	8 to 75 years
Bridges	25 to 75 years
Other infrastructure	10 to 50 years

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

**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 receipts and disbursements and statement of financial position.

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## The Corporation of the County of Bruce

### Notes to Financial Statements

December 31, 2019

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#### Revenue Recognition

Revenues are reported on the accrual basis of accounting. 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. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.
- 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 County 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 statements 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.
- f) Investment income earned on surplus funds is reported as revenue in the period earned. Investment income earned on obligatory funds such as gas tax funding is added to the associated funds and forms part of the respective deferred revenue balances.

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

**December 31, 2019**

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**1. Summary of Significant Accounting Policies - (continued)**

**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-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. 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.

**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.

**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.

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

**December 31, 2019**

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**2. Cash and Investments**

	<u>2019</u>	<u>2018</u>
Unrestricted	<u>\$29,421,225</u>	<u>\$ 25,123,148</u>

A cash balance of \$8,587,364 is being held in bank accounts at one Canadian chartered bank as part of a centralized cash control service. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor.

The cash balance includes \$1,198 (2018 - \$1,198) denominated in U.S. dollars.

Temporary investments included in the balance above consists of:

	<u>2019</u>	<u>2018</u>
Canadian short-term bond fund (market value)	<u>\$ 3,139,650</u>	<u>\$ 3,047,762</u>

Long-term investments included in the balance above consist of:

	<u>2019</u>	<u>2018</u>
Principal protected notes (cost)	<u>\$18,000,000</u>	<u>\$ 18,000,000</u>

The notes are a diversified mix of interest paying notes (both quarterly and annually) as well as growth focused notes. This ensures a mix of return exposures that helps manage risk levels. The notes are designed to replicate investing strategies from rolling short term t-bills, annual pay variable rate bonds and longer term equity market growth in both Canada and international developed economy markets. Therefore they are diversified in income type, frequency of the return distribution, as well as the different geographical markets in the developed world. There is no market value for these notes as there is no active secondary market where these notes are traded. These notes have full principal protection at maturity. The maturity dates for the notes range from 2023 to 2024.

The County of Bruce has a demand operating facility agreement with a financial institution. At December 31, 2019, the County of Bruce had undrawn credit capacity of \$5,000,000. 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, 2019**

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**3. WSIB Future Benefit and Commitment**

As 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.

	<u>2019</u>	<u>2018</u>
WSIB future benefit	<u>\$ 2,802,067</u>	<u>\$ 2,646,078</u>

Actuarial valuations for accounting purposes are performed using the projected benefit method. The most recent actuarial report was prepared for the year ended December 31, 2016 as of February 23, 2018.

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 3.75% (2018 - 3.75%), average lost time injury payment rate of 85% (2018 - 85%), a WSIB administrative rate of 36% (2018 - 36%) and an average lost time injury count of 12 (2018 - 12).

	<u>2019</u>	<u>2018</u>
Current period benefit cost	\$ 362,475	\$ 352,040
Interest costs	<u>100,273</u>	<u>94,580</u>
Total expense for the year	<u>\$ 462,748</u>	<u>\$ 446,620</u>

At December 31, 2019 the County provided \$1,801,766 (2018 -\$1,663,051) in a reserve to offset this liability.

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. As of December 31, 2018 this liability was estimated at \$141,254. An estimate as of December 31, 2019 has not yet been received. 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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**4. Deferred revenue**

	<u>2019</u>	<u>2018</u>
Gas tax funding	\$ 622,823	\$ -
Museum	47,929	44,244
Other	<u>197,844</u>	<u>38,652</u>
	<u>\$ 868,596</u>	<u>\$ 82,896</u>

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

**December 31, 2019**

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**5. 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.

	<u>2019</u>	<u>2018</u>
Retirement benefits	\$ 1,200,391	\$ 1,195,125
Unamortized actuarial loss	<u>(19,317)</u>	<u>(15,365)</u>
Post-employment benefits	<u>\$ 1,181,074</u>	<u>\$ 1,179,760</u>

Actuarial valuations for accounting purposes are performed using the projected benefit method. The most recent actuarial report was prepared for the year ended December 31, 2016 as of February 27, 2018.

As at January 1, 2017 the benefit plan was amended in regards to changes in the cost-sharing provision for retiree travel and other benefits.

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% (2018 - 4%). For extended health care costs, a 4.33% (2018 - 4.67%) annual rate of increase was assumed for 2014, decreasing to an ultimate rate of 3.75% (2018 - 3.75%) per year until 2026 (2018 - 2026). For dental costs, a 3.75% (2018 - 3.75%) annual rate of increase was assumed.

	<u>2019</u>	<u>2018</u>
Current period benefit cost	\$ 56,143	\$ 52,925
Amortization of actuarial gain	<u>(3,952)</u>	<u>(3,952)</u>
Retirement benefit expense	52,191	48,973
Interest costs	<u>46,971</u>	<u>46,949</u>
Total expense for the year	<u>\$ 99,162</u>	<u>\$ 95,922</u>

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

**December 31, 2019**

**6. Long-Term Liabilities**

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

	<u>2019</u>	<u>2018</u>
Mortgage payable, Canada Mortgage & Housing Company, 1.39%, repayable in blended monthly instalments of \$6,566, due February 2020	\$ 13,117	\$ 91,141
Mortgage payable, People's Trust, 1.79%, repayable in blended monthly instalments of \$6,734, due May 2020	590,430	660,044
Mortgage payable, Canada Mortgage & Housing Company, 1.01%, repayable in blended monthly instalments of \$10,113, due February 2021	1,226,801	1,335,199
Mortgage payable, Scotia Bank, 3.938%, repayable in blended monthly instalments of \$5,014, due June 2021	196,518	247,913
Mortgage payable, TD Canada Trust, 6.117%, repayable in blended monthly instalments of \$7,406, due April 2024	511,138	567,285
Mortgage payable, People's Trust, 2.66%, repayable in blended monthly instalments of \$6,133, due September 2024	480,016	540,056
Mortgage payable, Canada Mortgage & Housing Company, 2.61%, repayable in blended monthly instalments of 14,442, due December 2023	<u>1,389,575</u>	<u>1,524,891</u>
<b>Total Bruce County Housing Corporation (carried forward)</b>	<b>\$ 4,407,595</b>	<b>\$ 4,966,529</b>



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

**December 31, 2019**

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**6. Long-Term Liabilities - (continued)**

	<u>2019</u>	<u>2018</u>
<b>Total Bruce County Housing Corporation</b> (brought forward)	<b>\$ 4,407,595</b>	<b>\$ 4,966,529</b>
<b>County of Bruce</b>		
Debenture payable, 6.73%, repayable in blended quarterly instalments of \$597,315, due July 2022	6,011,923	7,915,827
Debenture payable, OILC, 2.33%, repayable in declining blended semi-annual instalments of \$111,322, due October 2029	2,179,351	-
Loan payable, OSIFA, 5.32%, repayable in blended semi-annual payments of \$311,399, due October 2032	5,724,495	6,030,487
<b>Total County of Bruce</b>	<b>13,915,769</b>	<b>13,946,314</b>
	<b><u>\$18,323,364</u></b>	<b><u>\$ 18,912,843</u></b>

All mortgages are secured by real property.

The gross interest paid relating to the above long-term debt was \$951,300 (2018 - \$1,102,399).

The gross interest expensed during the year was \$969,854 (2018 - \$1,109,454).

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

2020	\$ 2,510,751
2021	3,210,263
2022	3,390,359
2023	1,101,590
2024	1,104,625
Thereafter	<u>7,005,776</u>
	<b><u>\$ 18,323,364</u></b>

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The Corporation of the County of Bruce  
Notes to Financial Statements

December 31, 2019

7. Tangible Capital Assets

2019

	Land	Buildings	Equipment	Technology	Vehicles and Machinery	Furniture and Fixtures	Roads, Bridges and Other Infrastructure	Work in Progress	Total
Cost, beginning of the year	\$ 10,267,574	\$ 99,141,636	\$ 5,773,567	\$ 4,565,152	\$ 9,192,401	\$ 860,207	\$ 164,720,172	\$ 7,550,545	\$ 302,071,254
Additions	346,855	1,576,346	602,263	352,409	1,238,689	61,131	7,868,064	2,562,749	14,608,506
Disposals	(62,096)	(328,456)	(307,683)	(68,523)	(1,015,497)	-	(1,129,873)	(5,838)	(2,917,966)
Reallocation of completed work	-	504,038	-	7,225	-	-	6,049,534	(6,560,797)	-
Cost, end of the year	10,552,333	100,893,564	6,068,147	4,856,263	9,415,593	921,338	177,507,897	3,546,659	313,761,794
Accumulated amortization, beginning of the year	-	42,389,770	3,058,157	2,416,739	6,348,324	699,193	73,246,130	-	128,158,313
Amortization	-	3,287,233	615,130	693,881	938,844	54,942	5,364,580	-	10,954,610
Disposals	-	(254,187)	(268,137)	(64,899)	(1,004,927)	-	(1,022,509)	-	(2,614,659)
Accumulated amortization, end of the year	-	45,422,816	3,405,150	3,045,721	6,282,241	754,135	77,588,201	-	136,498,264
Net carrying amount, end of the year	\$ 10,552,333	\$ 55,470,748	\$ 2,662,997	\$ 1,810,542	\$ 3,133,352	\$ 167,203	\$ 99,919,696	\$ 3,546,659	\$ 177,263,530

The Corporation of the County of Bruce  
Notes to Financial Statements

December 31, 2019

7. Tangible Capital Assets - (continued)

2018

	Land	Buildings	Equipment	Technology	Vehicles and Machinery	Furniture and Fixtures	Roads, Bridges and Other Infrastructure	Work in Progress	Total
Cost, beginning of the year	\$ 9,694,268	\$ 96,320,151	\$ 5,737,660	\$ 4,133,620	\$ 8,988,515	\$ 817,893	\$ 158,357,844	\$ 6,153,552	\$ 290,203,503
Additions	571,949	1,720,545	826,426	1,062,752	1,129,547	60,408	4,986,132	9,324,076	19,681,835
Reclassification of assets	-	39,837	-	(37,429)	-	(2,408)	-	-	-
Disposals	-	(2,488,388)	(849,032)	(966,906)	(925,661)	(15,686)	(2,553,114)	(15,297)	(7,814,084)
Reallocation of completed work	1,357	3,549,491	58,513	373,115	-	-	3,929,310	(7,911,786)	-
Cost, end of the year	10,267,574	99,141,636	5,773,567	4,565,152	9,192,401	860,207	164,720,172	7,550,545	302,071,254
Accumulated amortization, beginning of the year	-	41,014,897	3,226,779	2,761,720	6,410,875	666,230	69,853,936	-	123,934,437
Reclassification of accumulated amortization	-	38,867	(256)	(37,429)	-	(1,182)	-	-	-
Amortization	-	3,150,258	621,423	610,155	850,655	49,831	5,096,309	-	10,378,631
Disposals	-	(1,814,252)	(789,789)	(917,707)	(913,206)	(15,686)	(1,704,115)	-	(6,154,755)
Accumulated amortization, end of the year	-	42,389,770	3,058,157	2,416,739	6,348,324	699,193	73,246,130	-	128,158,313
Net carrying amount, end of the year	\$ 10,267,574	\$ 56,751,866	\$ 2,715,410	\$ 2,148,413	\$ 2,844,077	\$ 161,014	\$ 91,474,042	\$ 7,550,545	\$ 173,912,941

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

**December 31, 2019**

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**7. Tangible Capital Assets - (continued)**

The net book value of tangible capital assets not being amortized because they are under construction (or development) is \$3,546,659 (2018 - \$7,550,545).

The County holds various works of art and historical treasures pertaining to the 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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**8. Accumulated Surplus**

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

	<u>2019</u>	<u>2018</u>
Invested in tangible capital assets		
Tangible capital assets purchased	\$177,263,530	\$173,912,941
Unfinanced capital assets	(5,871,188)	(6,885,442)
Capital assets financed by long-term liabilities and to be funded in future years	<u>(18,323,364)</u>	<u>(18,912,843)</u>
Total invested in capital assets	153,068,978	148,114,656
Unfunded post-employment benefits	(1,181,074)	(1,179,760)
Unfunded WSIB future benefits	<u>(2,802,067)</u>	<u>(2,646,078)</u>
	149,085,837	144,288,818
Reserves (Note 9)	<u>27,499,829</u>	<u>23,952,453</u>
Accumulated surplus	<u>\$176,585,666</u>	<u>\$168,241,271</u>

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

**December 31, 2019**

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**9. Reserves Set Aside for Specific Purpose by Council**

	<u>2019</u>	<u>2018</u>
<b>Reserves</b>		
Working funds	\$ 653,233	\$ 395,431
Tax stabilization - general	1,275,683	1,385,915
WSIB	1,801,766	1,663,051
Current purposes	250,000	250,000
Capital purposes	<u>23,519,147</u>	<u>20,258,056</u>
<b>Reserves set aside for specific purpose by Council</b>	<u><b>\$27,499,829</b></u>	<u><b>\$ 23,952,453</b></u>

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**10. Government Transfers**

	<u>2019</u>	<u>2019</u>	<u>2018</u>
	Budget	Actual	Actual
<b>Operating</b>			
Province of Ontario	\$ 34,208,225	\$33,516,684	\$ 32,955,924
Government of Canada	1,460,860	1,043,890	1,219,616
Other Municipalities	<u>566,647</u>	<u>596,759</u>	<u>541,507</u>
<b>Total operating transfers</b>	<u>36,235,732</u>	<u>35,157,333</u>	<u>34,717,047</u>
<b>Capital</b>			
Province of Ontario	1,953,695	688,831	509,491
Government of Canada	4,534,339	3,421,847	2,438,668
Other Municipalities	<u>35,000</u>	<u>25,587</u>	<u>-</u>
<b>Total capital transfers</b>	<u>6,523,034</u>	<u>4,136,265</u>	<u>2,948,159</u>
<b>Total government transfers</b>	<u><b>\$ 42,758,766</b></u>	<u><b>\$39,293,598</b></u>	<u><b>\$ 37,665,206</b></u>

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

**December 31, 2019**

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**11. Budgets**

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations and accumulated surplus and changes in net debt for comparative purposes. The 2019 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 accumulated surplus and changes in net debt. The following is a reconciliation of the budget approved by Council.

	2019 Budget	2019 Actual	2018 Actual
Annual surplus (Page 5)	\$ 19,328,787	\$ 8,344,395	\$ 5,192,599
Amortization	-	10,954,610	10,378,631
	<u>19,328,787</u>	<u>19,299,005</u>	<u>15,571,230</u>
Transfers to reserves	(5,879,807)	(10,831,011)	(9,189,950)
Transfers from reserves	10,184,736	7,972,290	11,928,647
	<u>4,304,929</u>	<u>(2,858,721)</u>	<u>2,738,697</u>
Capital acquisitions, disposals and write-down	(32,928,289)	(14,305,199)	(18,022,506)
Unfunded capital projects	(293,693)	(1,014,254)	3,038,952
Proceeds of long-term liabilities	12,604,120	2,226,449	-
	<u>(20,617,862)</u>	<u>(13,093,004)</u>	<u>(14,983,554)</u>
Debt principal repayments	(3,015,854)	(2,815,928)	(2,695,203)
Change in unfunded liabilities	-	157,303	145,250
Change in general surplus in the year	-	688,655	776,420
Transfer of current year surplus to reserves	-	(688,655)	(776,420)
General surplus	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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## The Corporation of the County of Bruce

### Notes to Financial Statements

December 31, 2019

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#### 12. Pension Agreements

The County makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 571 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 2019 was \$3,157,033 (2018 - \$3,044,184). The contribution rate for 2019 was 9.0% or 15.8% depending on income level (2018 - 9.0% or 15.8%).

OMERS is a multi-employer plan, therefore, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the County does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2019. The plan reported a \$3.4 billion actuarial deficit (2018 - \$4.2 billion deficit) at that time, based on actuarial liabilities of \$106.4 billion (2018 - \$99.1 billion) and actuarial assets of \$103.0 billion (2018 - \$94.9 billion). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in the financial markets may lead to increased future funding requirements.

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#### 13. Contingencies

- (a) The County has been served with statements of claims as a result of motor vehicle accidents and other claims. The likelihood of the success of these actions is undeterminable at this time. 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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#### 14. Trust Funds

The trust funds administered by the County amounting to \$58,230 (2018 - \$67,513) 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.

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## The Corporation of the County of Bruce

### Notes to Financial Statements

December 31, 2019

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

Information received from OHC as at December 31, 2019 indicates the following:

Principal payments on debentures during the year	\$ 365,190
Interest payments on debentures during the year	<u>86,782</u>
Total	<u>\$ 451,972</u>
Debentures outstanding at year-end	<u>\$ 1,080,053</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).

- (b) As at December 31, 2019, the County has committed to capital projects at an approximate cost of \$14,285,000. The County has paid costs totaling approximately \$1,949,000 relating to these commitments. Subsequent to year end the County received approval to obtain financing up to the amount of \$11,650,000 to assist with financing a specific project included above.
- (c) Subsequent to year end the County obtained financing from the Ontario Infrastructure and Lands Corporation, committing to the amount of \$3,066,000 at 2.45% per annum to be paid semi-annually in blended installments of \$97,416.11, maturing on February 18, 2040.

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#### 16. Subsequent Event

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



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## The Corporation of the County of Bruce

### Notes to Financial Statements

December 31, 2019

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#### 17. 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.

##### **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.

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

**December 31, 2019**

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**17. Segmented Information - (continued)**

**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, 2019

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	2019 Total
Revenue									
Taxation	\$ 4,851,230	\$ 48,362	\$ 12,953,564	\$ 301,471	\$ 7,175,457	\$ 13,099,469	\$ 6,062,170	\$ 3,449,436	\$ 47,941,159
Fees and user charges	749,371	-	31,087	-	60	9,469,818	203,218	313,245	10,766,799
Government transfers	1,728,746	335,016	4,322,988	86,210	5,695,974	26,468,373	304,027	352,264	39,293,598
Investment income	266,752	-	-	-	-	76,231	-	-	342,983
Other revenue	61,280	-	193,069	-	60	21,678	64,596	237,510	578,193
Donations	20,000	-	-	-	-	52,750	184,175	3,000	259,925
Gain or loss on disposal of assets	(12,288)	-	(15,716)	-	44,014	378,675	(36,308)	(58)	358,319
	7,665,091	383,378	17,484,992	387,681	12,915,565	49,566,994	6,781,878	4,355,397	99,540,976
Expenses									
Salaries and benefits	3,927,979	-	3,849,811	93,403	10,147,353	24,195,344	4,294,016	2,626,192	49,134,098
Interest on debt	969,854	-	-	-	-	-	-	-	969,854
Materials and supplies	963,375	-	2,364,036	43,443	848,418	5,332,700	732,815	601,540	10,886,327
Contracted services	3,409,735	48,362	912,953	250,817	94,521	3,105,480	148,333	535,682	8,505,883
Other transfers	197,957	-	-	-	55,000	9,532,716	338,042	208,314	10,332,029
Rents and financial expenses	1,080	-	70,357	18	169,118	132,049	32,658	8,500	413,780
Amortization	673,189	-	6,095,399	30,897	458,732	2,786,347	882,179	27,867	10,954,610
	10,143,169	48,362	13,292,556	418,578	11,773,142	45,084,636	6,428,043	4,008,095	91,196,581
Annual surplus (deficit)	\$(2,478,078)	\$ 335,016	\$ 4,192,436	\$ (30,897)	\$ 1,142,423	\$ 4,482,358	\$ 353,835	\$ 347,302	\$ 8,344,395

The Corporation of the County of Bruce  
Notes to Financial Statements

December 31, 2019

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	2018 Total
Revenue									
Taxation	\$ 9,731,995	\$ 48,362	\$ 12,364,163	\$ 283,883	\$ 6,259,366	\$ 8,881,050	\$ 5,072,004	\$ 3,220,222	\$ 45,861,045
Fees and user charges	719,310	-	21,624	-	60	9,426,048	220,488	298,232	10,685,762
Government transfers	948,626	318,264	2,964,069	89,015	5,668,814	26,777,631	368,667	530,120	37,665,206
Investment income	210,321	-	-	-	-	29,326	-	-	239,647
Other revenue	29,180	-	78,366	-	185	62,253	73,553	148,301	391,838
Donations	20,000	-	-	-	5,000	42,979	274,896	6,000	348,875
Gain or loss on disposal of assets	(47,024)	-	(790,937)	-	(1,840)	(385,760)	(97,991)	(4,455)	(1,328,007)
Donated capital asset	-	-	53,530	-	-	-	-	-	53,530
	11,612,408	366,626	14,690,815	372,898	11,931,585	44,833,527	5,911,617	4,198,420	93,917,896
Expenses									
Salaries and benefits	3,846,659	-	3,634,612	109,867	10,240,091	22,881,370	4,164,389	2,495,198	47,372,186
Interest on debt	1,109,454	-	-	-	-	-	-	-	1,109,454
Materials and supplies	209,098	-	2,401,498	49,787	854,287	5,501,379	800,291	447,415	10,263,755
Contracted services	2,908,710	48,362	780,209	235,887	124,217	2,799,010	132,916	819,503	7,848,814
Other transfers	190,009	-	-	-	55,000	10,144,676	344,312	296,000	11,029,997
Rents and financial expenses	4,176	-	107,110	7,357	169,753	222,249	96,765	115,050	722,460
Amortization	550,821	-	5,747,826	30,897	451,264	2,658,818	904,994	34,011	10,378,631
	8,818,927	48,362	12,671,255	433,795	11,894,612	44,207,502	6,443,667	4,207,177	88,725,297
Annual surplus (deficit)	\$ 2,793,481	\$ 318,264	\$ 2,019,560	\$ (60,897)	\$ 36,973	\$ 626,025	\$ (532,050)	\$ (8,757)	\$ 5,192,599