

**The Corporation of the
County of Bruce
Financial Information
For the year ended December 31, 2020**

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For the year ended December 31, 2020**

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The County of Bruce Library Board

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County of Bruce
Consolidated Financial Statements
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Independent Auditor's Report

**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, 2020, 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, 2020, and its consolidated results of operations, changes in net 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.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
May 7, 2021

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

December 31	2020	2019
Financial assets		
Cash and investments (Note 2)	\$ 37,563,704	\$ 29,421,225
Accounts receivable	5,452,730	3,097,820
Inventory held for resale	31,139	36,540
Sustainability long-term receivable	584,061	-
	<u>43,631,634</u>	<u>32,555,585</u>
Liabilities		
Temporary borrowings (Note 3)	6,382,646	-
Accounts payable and accrued liabilities	13,902,451	11,149,077
WSIB future benefits (Note 4)	2,453,602	2,802,067
Post-employment benefits (Note 6)	1,171,861	1,181,074
Deferred revenue (Note 5)	2,082,002	868,596
Long-term liabilities (Note 7)	19,863,494	18,323,364
	<u>45,856,056</u>	<u>34,324,178</u>
Net debt	<u>(2,224,422)</u>	<u>(1,768,593)</u>
Non-financial assets		
Tangible capital assets (Note 8)	187,617,167	177,263,530
Other	1,013,421	1,090,729
	<u>188,630,588</u>	<u>178,354,259</u>
Accumulated surplus (Note 9)	<u>\$ 186,406,166</u>	<u>\$ 176,585,666</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	2020 Budget (Note 12)	2020 Actual	2019 Actual
Revenue			
Taxation	\$ 50,984,115	\$50,764,749	\$ 47,941,159
Fees and user charges	11,083,493	10,460,916	10,766,799
Government transfers (Note 11)	49,734,652	46,278,258	39,293,598
Investment income	200,000	322,292	342,983
Gain (loss) on disposal of tangible capital assets	-	(657,926)	358,319
Donations and fundraising	148,536	202,479	259,925
Other income	365,127	414,495	578,193
	112,515,923	107,785,263	99,540,976
Expenses			
General government	11,304,869	10,045,525	9,173,315
Protection services	54,017	46,800	48,362
Transportation services	8,057,936	13,890,137	13,292,556
Environmental services	513,725	429,086	418,578
Land ambulance	11,371,011	11,590,773	10,682,871
Health Unit	1,188,077	1,188,077	1,090,271
Social and family services	50,727,340	48,883,808	45,084,636
Recreation and cultural services	6,023,025	5,936,891	6,428,043
Planning and development	6,811,539	5,056,670	4,008,095
Interest on long-term debt	1,044,356	896,996	969,854
	97,095,895	97,964,763	91,196,581
Annual surplus (Note 12)	15,420,028	9,820,500	8,344,395
Accumulated surplus, beginning of the year	176,585,666	176,585,666	168,241,271
Accumulated surplus, end of the year	\$192,005,694	\$ 186,406,166	\$176,585,666

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	2020 Budget (Note 12)	2020 Actual	2019 Actual
Annual surplus (Page 5)	\$ 15,420,028	\$ 9,820,500	\$ 8,344,395
Acquisition of tangible capital assets	(37,922,404)	(22,620,358)	(14,608,506)
Amortization of tangible capital assets	-	11,214,804	10,954,610
(Gain) loss on disposal of tangible capital assets	-	657,926	(358,319)
Proceeds on disposal of capital assets	1,568,901	393,991	661,626
	(36,353,503)	(10,353,637)	(3,350,589)
Change in other assets	-	77,308	40,658
(Increase) decrease in net debt	(20,933,475)	(455,829)	5,034,464
Net debt, beginning of the year	(1,768,593)	(1,768,593)	(6,803,057)
Net debt, end of the year	\$(22,702,068)	\$(2,224,422)	\$ (1,768,593)

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 Cash Flows

For the year ended December 31	2020	2019
Cash provided by (used in)		
Operating activities		
Annual surplus (Page 5)	\$ 9,820,500	\$ 8,344,395
Items not involving cash		
WSIB future benefits	(348,465)	155,989
Post-employment benefits	(9,213)	1,314
Amortization	11,214,804	10,954,610
Donation of capital assets	-	-
(Gain) loss on disposal of capital assets	<u>657,926</u>	<u>(358,319)</u>
	21,335,552	19,097,989
Changes in non-cash working capital balances		
Accounts receivable	(2,354,910)	150,729
Inventory held for resale	5,401	(9,944)
Accounts payable and accrued liabilities	2,753,374	(1,230,696)
Deferred revenue	1,213,406	785,700
Other non-financial assets	<u>77,308</u>	<u>40,658</u>
	23,030,131	18,834,436
Capital transactions		
Cash used to acquire capital assets	(22,620,358)	(14,608,506)
Proceeds on disposal of capital assets	<u>393,991</u>	<u>661,626</u>
	(22,226,367)	(13,946,880)
Investing activities		
Increase in sustainability long-term receivables	<u>(584,061)</u>	-
Financing and investing activities		
Increase in temporary borrowings	6,382,646	-
Repayment of long-term liabilities	(3,275,870)	(2,815,928)
Proceeds of long-term liabilities	<u>4,816,000</u>	<u>2,226,449</u>
	7,922,776	(589,479)
Net change in cash and cash equivalents	8,142,479	4,298,077
Cash and cash equivalents, beginning of the year	11,421,225	7,123,148
Cash and cash equivalents, end of the year	\$19,563,704	\$ 11,421,225
Cash and cash equivalents (Note 2) include:		
Cash	\$16,290,103	\$ 8,281,575
Temporary investments	<u>3,273,601</u>	<u>3,139,650</u>
Total cash and cash equivalents	\$19,563,704	\$ 11,421,225

The Corporation of the County of Bruce

Notes to Financial Statements

December 31, 2020

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 Chartered Professional Accountants 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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Notes to Financial Statements

December 31, 2020

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.

The Corporation of the County of Bruce Notes to Financial Statements

December 31, 2020

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.

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2020

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.

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2020

2. Cash and Investments

	<u>2020</u>	<u>2019</u>
Unrestricted	\$37,563,704	\$ 29,421,225

A cash balance of \$16,524,882 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 (2019 - \$1,198) denominated in U.S. dollars.

Temporary investments included in the balance above consists of:

	<u>2020</u>	<u>2019</u>
Canadian short-term bond fund (market value)	\$ 3,273,601	\$ 3,139,650

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

	<u>2020</u>	<u>2019</u>
Principal protected notes (cost)	\$18,000,000	\$ 18,000,000

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.

3. Temporary Borrowings

The County of Bruce has a demand operating facility agreement with a financial institution. At December 31, 2020, the County of Bruce had undrawn credit capacity of \$7,500,000. Interest is calculated at bank prime rate minus 0.75%.

The County has a \$11,650,000 demand bridge loan facility to provide interim bridge financing during the construction phase of the Kincardine Housing Project until long term financing is formalized. Interest is calculated at bank prime rate minus 0.75%. As of December 31, the County had utilized \$6,382,646 with \$5,267,354 remaining undrawn capacity.

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2020

4. 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.

	2020	2019
WSIB future benefit	\$ 2,453,602	\$ 2,802,067

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, 2019 as of June 20, 2020.

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% (2019 - 3.75%), average lost time injury payment rate of 75% (2019 - 85%), a WSIB administrative rate of 26% (2019 - 36%) and an average lost time injury count of 11 (2019 - 12).

	2020	2019
Current period benefit cost	\$ 299,141	\$ 362,475
Interest costs	82,386	100,273
Total expense for the year	\$ 381,527	\$ 462,748

At December 31, 2020 the County provided \$1,878,505 (2019 - \$1,801,766) 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, 2019 this liability was estimated at \$105,076. An estimate as of December 31, 2020 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.

5. Deferred revenue

	2020	2019
Gas tax funding	\$ 622,823	\$ 622,823
Museum	128,043	47,929
Library	1,550	-
Covid 19 Restart grants	1,033,407	-
Other	296,179	197,844
	\$ 2,082,002	868,596

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2020

6. 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.

	2020	2019
Retirement benefits	\$ 1,350,121	\$ 1,200,391
Unamortized actuarial loss	<u>(178,260)</u>	<u>(19,317)</u>
Post-employment benefits	<u>\$ 1,171,861</u>	<u>\$ 1,181,074</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, 2019 as of October 21, 2020.

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 3.75% (2019 - 4%). For extended health care costs, a 4.08% (2019 - 4.33%) annual rate of increase was assumed for 2020, decreasing to an ultimate rate of 3.75% (2019 - 3.75%) per year until 2026 (2019 - 2026). For dental costs, a 3.75% (2019 - 3.75%) annual rate of increase was assumed.

	2020	2019
Current period benefit cost	\$ 58,704	\$ 56,143
Amortization of actuarial gain	<u>7,870</u>	<u>(3,952)</u>
Retirement benefit expense	66,574	52,191
Interest costs	<u>50,014</u>	<u>46,971</u>
Total expense for the year	<u>\$ 116,588</u>	<u>\$ 99,162</u>

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2020

7. Long-Term Liabilities

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

	<u>2020</u>	<u>2019</u>
Mortgage payable, Canada Mortgage & Housing Company, 1.39%, repayable in blended monthly instalments of \$6,566, due February 2020	\$ -	\$ 13,117
Mortgage payable, People's Trust, 2.42%, repayable in blended monthly instalments of \$6,890, due May 2025	520,463	590,430
Mortgage payable, Canada Mortgage & Housing Company, 1.01%, repayable in blended monthly instalments of \$10,113, due February 2021	1,117,307	1,226,801
Mortgage payable, Scotia Bank, 3.938%, repayable in blended monthly instalments of \$5,014, due June 2021	143,079	196,518
Mortgage payable, TD Canada Trust, 6.117%, repayable in blended monthly instalments of \$7,406, due April 2024	451,506	511,138
Mortgage payable, People's Trust, 2.66%, repayable in blended monthly instalments of \$6,133, due September 2024	418,368	480,016
Mortgage payable, Canada Mortgage & Housing Company, 2.61%, repayable in blended monthly instalments of 14,442, due December 2023	<u>1,250,702</u>	<u>1,389,575</u>
Total Bruce County Housing Corporation (carried forward)	<u>\$ 3,901,425</u>	<u>\$ 4,407,595</u>

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2020

7. Long-Term Liabilities - (continued)

	2020	2019
Total Bruce County Housing Corporation (brought forward)	\$ 3,901,425	\$ 4,407,595
County of Bruce		
Debenture payable, 6.73%, repayable in blended quarterly instalments of \$597,315, due July 2022	3,976,615	6,011,923
Debenture payable, OILC, 2.33%, repayable in declining blended semi-annual instalments of \$111,322, due October 2029	1,956,706	2,179,351
Loan payable, OSIFA, 5.32%, repayable in blended semi-annual payments of \$311,399, due October 2032	5,402,008	5,724,495
Debenture payable, OILC, 2.45%, repayable in declining blended semi-annual instalments of \$97,416 due February 2040	2,961,687	-
Demand installment loan, CIBC, 1.808%, repayable in declining blended quarterly payments of \$91,718, due October 2025 if demand is not made	1,665,053	-
Total County of Bruce	15,962,069	13,915,769
	\$19,863,494	\$ 18,323,364

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2020

7. Long-Term Liabilities - (continued)

All mortgages are secured by real property.

The gross interest paid relating to the above long-term debt was \$881,968 (2019 -\$951,300).

The gross interest expensed during the year was \$896,996 (2019 - \$969,854).

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

2021	4,374,814
2022	3,514,505
2023	1,229,264
2024	1,235,923
2025	1,273,970
Thereafter	<u>8,235,018</u>
	<u>\$ 19,863,494</u>

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2020

8. Tangible Capital Assets

2020

	Land	Buildings	Equipment	Technology	Vehicles and Machinery	Furniture and Fixtures	Roads, Bridges and Other Infrastructure	Work in Progress	Total
Cost, beginning of the year	\$ 10,552,333	\$ 100,893,564	\$ 6,068,147	\$ 4,856,263	\$ 9,415,593	\$ 921,338	\$ 177,507,897	\$ 3,546,659	\$ 313,761,794
Additions	213	967,808	450,443	351,765	862,002	23,571	7,208,028	12,756,528	22,620,358
Reclassification of assets	-	-	(17,028)	-	17,028	-	-	-	-
Disposals	(61,475)	(583,926)	(149,851)	(26,148)	(593,074)	-	(1,920,738)	-	(3,335,212)
Reallocation of completed work	-	1,526,395	-	-	98,645	-	69,784	(1,694,824)	-
Cost, end of the year	<u>10,491,071</u>	<u>102,803,841</u>	<u>6,351,711</u>	<u>5,181,880</u>	<u>9,800,194</u>	<u>944,909</u>	<u>182,864,971</u>	<u>14,608,363</u>	<u>333,046,940</u>
Accumulated amortization, beginning of the year	-	45,422,816	3,405,150	3,045,721	6,282,241	754,135	77,588,201	-	136,498,264
Reclassification of accumulated amortization	-	-	(5,960)	-	5,960	-	-	-	-
Amortization	-	3,339,948	629,347	684,109	993,302	58,405	5,509,693	-	11,214,804
Disposals	-	(331,066)	(138,159)	(24,597)	(590,384)	-	(1,199,089)	-	(2,283,295)
Accumulated amortization, end of the year	<u>-</u>	<u>48,431,698</u>	<u>3,890,378</u>	<u>3,705,233</u>	<u>6,691,119</u>	<u>812,540</u>	<u>81,898,805</u>	<u>-</u>	<u>145,429,773</u>
Net carrying amount, end of the year	<u>\$ 10,491,071</u>	<u>\$ 54,372,143</u>	<u>\$ 2,461,333</u>	<u>\$ 1,476,647</u>	<u>\$ 3,109,075</u>	<u>\$ 132,369</u>	<u>\$ 100,966,166</u>	<u>\$ 14,608,363</u>	<u>\$ 187,617,167</u>

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2020

8. Tangible Capital Assets - (continued)

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, 2020

8. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction (or development) is \$14,608,363 (2019 - \$3,546,659).

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.

9. Accumulated Surplus

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

	2020	2019
Invested in tangible capital assets		
Tangible capital assets purchased	\$ 187,617,167	\$ 177,263,530
Unfinanced capital assets	(5,839,113)	(5,871,188)
Temporary financing bridge loan	(6,382,646)	-
Capital assets financed by long-term liabilities and to be funded in future years	(18,198,441)	(18,323,364)
Total invested in capital assets	157,196,967	153,068,978
Unfunded post-employment benefits	(1,171,861)	(1,181,074)
Unfunded WSIB future benefits	(2,453,602)	(2,802,067)
Unfinanced economic recovery program	(677,178)	-
	152,894,326	149,085,837
Reserves (Note 10)	33,511,840	27,499,829
Accumulated surplus	\$ 186,406,166	\$ 176,585,666

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2020

10. Reserves Set Aside for Specific Purpose by Council

	2020	2019
Reserves		
Working funds	\$ 808,540	\$ 653,233
Tax stabilization - general	3,658,361	1,275,683
WSIB	1,878,505	1,801,766
Current purposes	250,000	250,000
Capital purposes	26,916,434	23,519,147
Reserves set aside for specific purpose by Council	\$33,511,840	\$ 27,499,829

11. Government Transfers

	2020 Budget	2020 Actual	2019 Actual
Operating			
Province of Ontario	\$ 41,428,818	\$38,842,569	\$ 33,516,684
Government of Canada	2,564,787	2,174,615	1,043,890
Other Municipalities	621,144	572,940	596,759
Total operating transfers	44,614,749	41,590,124	35,157,333
Capital			
Province of Ontario	1,732,477	1,684,299	688,831
Government of Canada	3,320,972	3,003,835	3,421,847
Other Municipalities	66,454	-	25,587
Total capital transfers	5,119,903	4,688,134	4,136,265
Total government transfers	\$ 49,734,652	\$46,278,258	\$ 39,293,598

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2020

12. 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 2020 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.

	2020 Budget	2020 Actual	2019 Actual
Annual surplus (Page 5)	\$ 15,420,028	\$ 9,820,500	\$ 8,344,395
Amortization	-	11,214,804	10,954,610
	<u>15,420,028</u>	<u>21,035,304</u>	<u>19,299,005</u>
Transfers to reserves	(6,632,815)	(10,181,630)	(10,831,011)
Transfers from reserves	14,379,585	7,107,436	7,972,290
	<u>7,746,770</u>	<u>(3,074,194)</u>	<u>(2,858,721)</u>
Capital acquisitions, disposals and write-down	(36,353,503)	(21,568,441)	(14,305,199)
Change in unfunded capital projects	1,686,336	(32,075)	(1,014,254)
Proceeds of long-term liabilities	15,136,610	3,066,000	2,226,449
Temporary bridge financing	-	6,382,646	-
Debt principal repayments	(3,636,241)	(3,190,923)	(2,815,928)
	<u>(23,166,798)</u>	<u>(15,342,793)</u>	<u>(15,908,932)</u>
Change in unfunded liabilities	-	(357,678)	157,303
Unfunded economic recovery program	-	677,178	-
	<u>-</u>	<u>319,500</u>	<u>157,303</u>
Change in general surplus in the year	-	2,937,817	688,655
Transfer of current year surplus to reserves	-	(2,937,817)	(688,655)
General surplus	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Corporation of the County of Bruce Notes to Financial Statements

December 31, 2020

13. Pension Agreements

The County makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 601 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 2020 was \$3,155,304 (2019 - \$3,157,033). The contribution rate for 2020 was 9.0% or 15.8% depending on income level (2019 - 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, 2020. The plan reported a \$3.2 billion actuarial deficit (2019 - \$3.4 billion deficit) at that time, based on actuarial liabilities of \$111.8 billion (2019 - \$106.4 billion) and actuarial assets of \$108.6 billion (2019 - \$103.0 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.

14. 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.
 - (c) The County of Bruce is a member of SWIFT and on March 5, 2020 the Province approved Phase 3 fibre installation projects across Southwestern Ontario. The Provincial and Federal government requires SWIFT to provide all costs and payments up front to service providers before it can apply for an advance on reimbursement of project costs. Therefore SWIFT has secured short-term bridge financing through TD that requires 14 municipalities participating in Phase 3 to guarantee their proportionate share of the total \$27.5 million. The County share is \$2,495,000.
-

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2020

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, 2020 indicates the following:

Principal payments on debentures during the year	\$ 305,024
Interest payments on debentures during the year	<u>66,338</u>
Total	<u>\$ 371,362</u>
Debentures outstanding at year-end	<u>\$ 775,030</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, 2020, the County is still committed to capital projects at an approximate cost from 2019 of \$12,600,000. The County has paid costs totaling approximately \$10,400,000 relating to these commitments and they are near completion. Subsequent to year end the County received approval to obtain financing up to the amount of \$12,450,000 to assist with financing a specific project included above.

16. Uncertainty due to COVID-19

The impact of COVID-19 in Canada and on the global economy continues to increase. 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. Given the dynamic nature of these circumstances and the duration of disruption, 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.

The Corporation of the County of Bruce Notes to Financial Statements

December 31, 2020

17. Trust Funds

The trust funds administered by the County amounting to \$71,619 (2019 - \$58,230) 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.

18. 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.

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2020

18. 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.

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

December 31, 2020

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	2020 Total
Revenue									
Taxation	\$ 7,166,496	\$ 45,752	\$ 12,474,239	\$ 321,327	\$ 7,595,842	\$ 13,690,223	\$ 5,821,343	\$ 3,649,527	\$ 50,764,749
Fees and user charges	750,099	-	36,685	-	300	9,362,893	55,920	255,019	10,460,916
Government transfers	2,847,551	179,881	3,291,758	76,861	6,409,294	32,319,597	346,838	806,478	46,278,258
Investment income	202,005	-	-	-	-	117,320	-	2,967	322,292
Other revenue	138,626	-	74,712	-	225	29,671	12,815	158,446	414,495
Donations	-	-	-	-	3,500	63,873	135,106	-	202,479
Gain or loss on disposal of assets	(4,794)	-	(690,063)	-	36,418	15,174	(14,309)	(352)	(657,926)
	11,099,983	225,633	15,187,331	398,188	14,045,579	55,598,751	6,357,713	4,872,085	107,785,263
Expenses									
Salaries and benefits	3,930,464	-	3,933,713	144,140	10,936,320	26,895,123	3,925,908	2,340,570	52,106,238
Interest on debt	896,996	-	-	-	-	-	-	-	896,996
Materials and supplies	1,303,338	-	2,555,022	80,681	918,680	6,337,352	630,918	613,089	12,439,080
Contracted services	4,041,553	45,753	1,030,335	170,365	228,546	2,949,781	141,268	679,375	9,286,976
Other transfers	73,210	-	-	-	55,000	9,797,445	344,830	1,389,931	11,660,416
Rents and financial expenses	1,510	-	94,894	3,003	159,140	82,055	11,151	8,500	360,253
Amortization	695,450	1,047	6,276,173	30,897	481,164	2,822,052	882,816	25,205	11,214,804
	10,942,521	46,800	13,890,137	429,086	12,778,850	48,883,808	5,936,891	5,056,670	97,964,763
Annual surplus (deficit)	\$ 157,462	\$ 178,833	\$ 1,297,194	\$ (30,898)	\$ 1,266,729	\$ 6,714,943	\$ 420,822	\$ (184,585)	\$ 9,820,500

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

December 31, 2020

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	-	2,364,035	43,443	848,418	5,332,700	732,815	601,541	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	-	6,095,400	30,897	458,732	2,786,347	882,179	27,866	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 County of Bruce
Library Board
Financial Statements
For the year ended December 31, 2020**

The County of Bruce Library Board
Financial Statements
For the year ended December 31, 2020

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The Bruce County Library

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Independent Auditor's Report

To the Board Members of the County of Bruce Library

Opinion

We have audited the accompanying financial statements of the County of Bruce Library Board (the Library Board), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the County of Bruce Library Board as at December 31, 2020 and its results of operations, its change in net financial assets, 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 Financial Statements* section of our report. We are independent of the Library Board in accordance with the ethical requirements that are relevant to our audit of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Library Board'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 Library Board or to cease operations, or has no realistic alternative but to do so.

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Library Board'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 Library Board'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 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 Library Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
May 7, 2021

The County of Bruce Library Board
Statement of Financial Position

December 31	2020	2019
Financial assets		
Cash (Note 2)	\$ 500,384	\$ 437,308
Due from County of Bruce	117,095	120,242
Due from Canada	186	-
Due from Province of Ontario	5,287	2,303
Accounts receivable	113	6,526
	623,065	566,379
Liabilities		
Accounts payable and accrued liabilities	153,903	174,903
Deferred revenue	1,550	-
	155,453	174,903
Net financial assets	467,612	391,476
Non-financial assets		
Tangible capital assets (Note 3)	1,281,645	1,333,436
Prepaid expenses	3,106	20,057
	1,284,751	1,353,493
Accumulated surplus (Note 4)	\$ 1,752,363	\$ 1,744,969

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

The County of Bruce Library Board
Statement of Operations and Accumulated Surplus

For the year ended December 31	2020	2020	2019
	Budget (Note 5)	Actual	Actual
Revenue			
Government transfers:			
County of Bruce	\$ 4,007,625	\$ 3,488,181	\$ 3,794,656
Province of Ontario	205,018	212,043	190,790
Fines and sale of books	22,600	8,456	29,404
Interest income	-	4,541	8,662
Donations	-	14,065	24,353
Rental income and user fees	14,500	7,910	16,078
Loss on disposal of tangible capital assets	-	(11,691)	(32,685)
	<u>4,249,743</u>	<u>3,723,505</u>	<u>4,031,258</u>
Expenses			
Salaries and benefits	2,676,098	2,225,342	2,587,096
Contract services	61,400	29,879	33,603
Materials	314,936	279,134	268,047
External transfers	344,830	344,830	338,042
Amortization	-	358,185	353,821
Interdepartmental allocation (Note 6)	496,779	478,741	448,877
	<u>3,894,043</u>	<u>3,716,111</u>	<u>4,029,486</u>
Annual surplus (Note 5)	355,700	7,394	1,772
Accumulated surplus, beginning of the year	<u>1,744,969</u>	<u>1,744,969</u>	<u>1,743,197</u>
Accumulated surplus, end of the year	<u>\$ 2,100,669</u>	<u>\$ 1,752,363</u>	<u>\$ 1,744,969</u>

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

The County of Bruce Library Board
Statement of Changes in Net Financial Assets

For the year ended December 31	2020	2020	2019
	Budget (Note 5)	Actual	Actual
Annual surplus (Page 5)	\$ 355,700	\$ 7,394	\$ 1,772
Acquisition of tangible capital assets	(350,000)	(318,085)	(377,842)
Amortization of tangible capital assets	-	358,185	353,821
Loss on sale of tangible capital assets	-	11,691	32,685
Proceeds on disposal of tangible capital assets	-	-	15,000
	(350,000)	51,791	23,664
Change in prepaid expenses	-	16,951	(8,138)
Increase in net financial assets	5,700	76,136	17,298
Net financial assets, beginning of the year	391,476	391,476	374,178
Net financial assets, end of the year	\$ 397,176	\$ 467,612	\$ 391,476

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

The County of Bruce Library Board
Consolidated Statement of Cash Flows

<u>December 31, 2020</u>	<u>2020</u>	<u>2019</u>
Cash provided by (used in)		
Operating activities		
Annual surplus (Page 5)	\$ 7,394	\$ 1,772
Items not involving cash		
Amortization	358,185	353,821
Loss on disposal of tangible capital assets	11,691	32,685
	<u>377,270</u>	<u>388,278</u>
Changes in non-cash working capital balances		
Accounts receivable	6,413	(1,683)
Accounts payable and accrued liabilities	(21,000)	25,055
Due from Canada	(186)	822
Due from Province of Ontario	(2,984)	(103)
Due from other municipalities	-	117
Due from County of Bruce	3,147	8,750
Deferred revenue	1,550	-
Prepaid expenses	16,951	(8,138)
	<u>3,891</u>	<u>24,820</u>
	381,161	413,098
Capital transaction		
Cash used to acquire tangible capital assets	(318,085)	(377,842)
Proceeds on disposal of tangible capital assets	-	15,000
	<u>(318,085)</u>	<u>(362,842)</u>
Net change in cash	63,076	50,256
Cash, beginning of the year	437,308	387,052
Cash, end of the year	\$ 500,384	\$ 437,308

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

The County of Bruce Library Board

Notes to Financial Statements

December 31, 2020

1. Summary of Significant Accounting Policies

Management Responsibility The management 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 financial statements before they are submitted to the Library Board.

Basis of Accounting The financial statements of the County of Bruce Library Board 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 Ontario 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.

Basis of Consolidation The Library Board has been consolidated within the financial statements of the Corporation of the County of Bruce.

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 and useful life of tangible capital assets.

The County of Bruce Library Board
Notes to Financial Statements

December 31, 2020

1. Summary of Significant Accounting Policies - (continued)

Tangible Capital Assets

Tangible capital assets are recorded at cost which 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:

Library collections	7 years
Technology and communication	4 to 5 years
Furniture and fixtures	5 years
Vehicle and machinery	5 to 10 years

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

Revenue Recognition

- a) Fines and donations are recognized when collected.
- b) Other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.
- c) 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.
- d) 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.

The County of Bruce Library Board
Notes to Financial Statements

December 31, 2020

2. Cash Held by the County of Bruce

	2020	2019
Cash	\$ 439,761	\$ 437,308
Cash held by the County of Bruce	60,623	-
	\$ 500,384	\$ 437,308

The cash balance that being held in the Corporation of the County of Bruce bank accounts as part of a centralized cash control service. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor.

3. Tangible Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Library collections	\$ 2,590,268	\$ 1,446,216	\$ 2,406,891	\$ 1,253,408
Technology and communication	163,324	145,828	163,324	130,640
Vehicle and machinery	68,576	44,201	68,576	31,611
Furniture and fixtures	417,175	321,453	412,710	302,406
	\$ 3,239,343	\$ 1,957,698	\$ 3,051,501	\$ 1,718,065
Net book value		\$ 1,281,645		\$ 1,333,436

4. Accumulated Surplus

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

	2020	2019
Invested in capital assets	\$ 1,281,645	\$ 1,333,436
Reserves	470,718	411,533
Accumulated surplus	\$ 1,752,363	\$ 1,744,969

The County of Bruce Library Board
Notes to Financial Statements

December 31, 2020

5. Budgets

Under Canadian public sector accounting principles, budget amounts are to be reported on the statement of operations and accumulated surplus and changes in net financial assets for comparative purposes. The 2020 budget amounts for The County of Bruce Library Board approved by the Board have been reclassified to conform to the presentation of the statements of operations and accumulated surplus and changes in net financial assets. The following is a reconciliation of the budget approved by the Board.

	2020	2020	2019
	Budget	Actual	Actual
Annual surplus (Page 5)	\$ 355,700	\$ 7,394	\$ 1,772
Net transfers (to) from reserves	6,560	(59,185)	(25,436)
Capital acquisitions and disposals	(362,260)	(306,394)	(330,157)
Amortization	-	358,185	353,821
	-	-	-
General surplus	\$ -	\$ -	\$ -

6. Related Party Transactions

The Library Board was established and is controlled by the County of Bruce. Effective with the 2019 fiscal year, Bruce County commenced the allocation of the organization's Program Support (Finance, Information Technology, Human Resources and Emergency Management) and Facilities costs to each of the service departments based on each departments' proportion of the organizations FTE and square footage usage respectively. This allocation is intended to increase awareness and transparency around the full cost of operating these businesses while making operational and strategic decisions throughout the year.

7. Uncertainty Due to COVID-19

The impact of COVID-19 in Canada and on the global economy continues to increase. As the impacts of COVID-19 continue, there could be further impact on the Library Board, its patrons, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Library Board's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Library Board is not known. Given the dynamic nature of these circumstances and the duration of disruption, the related financial impact cannot be reasonably estimated at this time. The Library Board's ability to continue delivering its services and employ related staff, will depend on the legislative mandates from the various levels of government. The Library Board will continue to focus on managing expenditures and leveraging existing reserves and available credit facilities to ensure it is able to continue providing its services.
