

**The Corporation of the
County of Bruce**
Consolidated Financial Statements
For the year ended December 31, 2022

The Corporation of the County of Bruce
Consolidated Financial Statements
For the year ended December 31, 2022

Contents

The Corporation of the County of Bruce

Independent Auditor's Report	2 - 3
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations and Accumulated Surplus	5
Consolidated Statement of Changes in Net Financial Assets (Debt)	6
Consolidated Statement of Cash Flows	7
Notes to Financial Statements	8 - 29



Tel: 519 376 6110
Fax: 519 376 4741
www.bdo.ca

BDO Canada LLP
1717 2nd Avenue E, Third Floor
PO Box 397
Owen Sound ON N4K 5P7 Canada

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, 2022, and the consolidated statement of operations and accumulated surplus, the consolidated statement of changes in net financial assets (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, 2022, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario

May 11, 2023

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

December 31	2022	2021 (Restated) (Note 19)
Financial assets		
Cash and investments (Note 2)	\$ 49,607,271	\$ 39,002,249
Accounts receivable (Note 3)	5,147,571	5,827,465
Inventory held for resale	36,461	31,255
Sustainability long-term receivable	240,242	367,010
	<u>55,031,545</u>	<u>45,227,979</u>
Liabilities		
Advances on debt (Note 4)	804,404	7,936,601
Accounts payable and accrued liabilities (Note 5)	15,146,517	12,307,127
WSIB future benefits (Note 6)	2,696,556	2,573,281
Post-employment benefits (Note 7)	1,159,128	1,158,875
Deferred revenue (Note 8)	4,279,729	3,643,227
Long-term liabilities (Note 9)	24,582,172	16,068,280
	<u>48,668,506</u>	<u>43,687,391</u>
Net financial assets	<u>6,363,039</u>	<u>1,540,588</u>
Non-financial assets		
Tangible capital assets (Note 10)	194,781,066	192,665,443
Other	1,731,287	1,484,648
	<u>196,512,353</u>	<u>194,150,091</u>
Accumulated surplus (Note 11)	<u>\$ 202,875,392</u>	<u>\$ 195,690,679</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	2022	2022	2021
	Budget	Actual	Actual
	(Note 14)		
Revenue			
Taxation	\$ 57,692,809	\$ 58,039,039	\$ 53,704,267
Fees and user charges	11,491,236	10,971,756	10,550,085
Government transfers (Note 13)	61,221,873	58,115,377	46,990,280
Investment income	240,000	569,854	369,533
Gain (loss) on disposal of tangible capital assets	19,500	(3,398)	1,350,916
Donations and fundraising	288,292	304,219	341,004
Other income	250,770	1,066,627	324,412
	<u>131,204,480</u>	<u>129,063,474</u>	<u>113,630,497</u>
Expenses			
General government	12,843,229	12,037,858	10,538,014
Protection services	59,000	60,084	57,020
Transportation services	8,871,084	15,345,291	13,451,325
Environmental services	582,396	449,421	406,824
Land ambulance	12,676,526	13,924,567	12,216,306
Health Unit	1,212,780	1,204,547	1,188,077
Social and family services	61,491,434	66,905,654	54,704,084
Recreation and cultural services	6,395,750	7,142,863	6,502,237
Planning and development	4,879,435	4,042,122	4,460,045
Interest on long-term debt	779,726	766,354	822,052
	<u>109,791,360</u>	<u>121,878,761</u>	<u>104,345,984</u>
Annual surplus (Note 14)	21,413,120	7,184,713	9,284,513
Accumulated surplus, beginning of the year	195,690,679	195,690,679	186,406,166
Accumulated surplus, end of the year	\$ 217,103,799	\$ 202,875,392	\$ 195,690,679

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 Financial Assets (Debt)

<u>For the year ended December 31</u>	<u>2022</u> Budget (Note 14)	<u>2022</u> Actual	<u>2021</u> Actual
Annual surplus (Page 5)	\$ 21,413,120	\$ 7,184,713	\$ 9,284,513
Acquisition of tangible capital assets	(40,838,815)	(14,338,263)	(17,723,042)
Amortization of tangible capital assets	-	12,138,976	11,580,985
(Gain) loss on disposal of tangible capital assets	-	3,398	(1,350,916)
Proceeds on disposal of capital assets	19,500	80,266	2,444,697
	<u>(40,819,315)</u>	<u>(2,115,623)</u>	<u>(5,048,276)</u>
Change in other assets	-	(246,639)	(471,227)
Increase in net assets/decrease in net debt	(19,406,195)	4,822,451	3,765,010
Net financial assets (debt), beginning of the year	1,540,588	1,540,588	(2,224,422)
Net financial assets, end of the year	<u>\$ (17,865,607)</u>	<u>\$ 6,363,039</u>	<u>\$ 1,540,588</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 Cash Flows

For the year ended December 31	2022	2021
		(Restated) (Note 19)
Cash provided by (used in)		
Operating activities		
Annual surplus (Page 5)	\$ 7,184,713	\$ 9,284,513
Items not involving cash		
WSIB future benefits	123,275	119,679
Post-employment benefits	253	(12,986)
Amortization	12,138,976	11,580,985
(Gain) loss on disposal of capital assets	3,398	(1,350,916)
	<u>19,450,615</u>	<u>19,621,275</u>
Changes in non-cash working capital balances		
Due from Canada	(411,853)	353,936
Due from Ontario	(340,233)	86,889
Due from municipalities	1,815,456	(753,709)
Accounts receivable - other	(383,476)	(172,516)
Inventory held for resale	(5,206)	(116)
Accounts payable and accrued liabilities	2,545,993	(1,320,992)
Due to Province of Ontario	292,161	(169,882)
Due to federal government	1,236	6,215
Deferred revenue	636,502	1,561,225
Other non-financial assets	(246,639)	(471,227)
	<u>23,354,556</u>	<u>18,741,098</u>
Capital transactions		
Cash used to acquire capital assets	(14,338,263)	(17,723,042)
Proceeds on disposal of capital assets	80,266	2,444,697
	<u>(14,257,997)</u>	<u>(15,278,345)</u>
Investing activities		
Decrease in sustainability long-term receivables	126,768	217,051
Financing and investing activities		
Advance of temporary loan	804,404	7,936,601
Repayment of temporary loan	(7,936,601)	(6,382,646)
Proceeds of long-term liabilities	11,919,622	-
Repayment of long-term liabilities	(3,405,730)	(3,795,214)
	<u>1,381,695</u>	<u>(2,241,259)</u>
Net change in cash and cash equivalents	10,605,022	1,438,545
Cash and cash equivalents, beginning of the year	<u>21,002,249</u>	<u>19,563,704</u>
Cash and cash equivalents, end of the year	<u>\$ 31,607,271</u>	<u>\$ 21,002,249</u>
Cash and cash equivalents (Note 2) include:		
Cash	\$ 28,532,779	\$ 17,764,292
Temporary investments	3,074,492	3,237,957
Total cash and cash equivalents	<u>\$ 31,607,271</u>	<u>\$ 21,002,249</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
Notes to Financial Statements

December 31, 2022

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 for approval.

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 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

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2022

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.

Homes for the Aged Trust Funds

Long-Term Care Resident's 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, 2022

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, 2022

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, 2022

2. Cash and Investments

	<u>2022</u>	<u>2021</u>
Cash	\$ 28,532,779	\$ 17,764,292
Canadian short-term bond fund (market value)	3,074,492	3,237,957
Principal protected notes (cost)	18,000,000	18,000,000
	<u>\$ 49,607,271</u>	<u>\$ 39,002,249</u>

A cash balance of \$28,870,503 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 (2021 - \$1,198) denominated in U.S. dollars.

The principal protected 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 2027.

3. Accounts Receivable

	<u>2022</u>	<u>2021</u>
Accounts receivable	\$1,283,494	\$ 900,018
Provincial receivable	979,329	639,096
Federal receivable	1,979,479	1,567,626
Municipal receivables	243,848	2,185,686
Municipal tax levy receivables	661,421	535,039
	<u>\$5,147,571</u>	<u>\$ 5,827,465</u>

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2022

4. Advances on Debt

The County of Bruce has a demand operating facility agreement with a financial institution. At December 31, 2022, the County of Bruce had undrawn credit capacity of \$7,500,000. Interest is calculated at bank prime rate minus 0.75%.

In 2021, the County received draws during the construction of the Kincardine Housing Project from the Canadian Mortgage and Housing Corporation (CMHC) totalling \$7,936,601. On March 3, 2022 the final draw was received and the mortgage was finalized for \$9,535,284 of which \$696,673 is forgivable. The new mortgage is reported in long-term liabilities in Note 7.

In 2022, the County obtained a temporary loan to provide financing for the new Port Elgin paramedic station. The interim loan has a maximum term of five years and interest accrues based on a variable interest rate. Once the project is substantially complete the interim loan will be transitioned to long term debt with a 30 year term, fixed interest rate, and a defined annual repayment schedule.

5. Accounts Payable

	<u>2022</u>	<u>2021</u>
Trade accounts payable	\$ 9,430,685	\$ 7,111,935
Payroll payables	4,566,368	4,339,125
Federal payables	7,699	6,463
Provincial payables	1,141,765	849,604
	<u>\$ 15,146,517</u>	<u>\$ 12,307,127</u>

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2022

6. WSIB Future Benefit and Commitment

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

	<u>2022</u>	<u>2021</u>
WSIB future benefit	<u>\$ 2,696,556</u>	<u>\$ 2,573,281</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 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 3.5% (2021 - 3.5%), average lost time injury payment rate of 75% (2021 - 75%), a WSIB administrative rate of 26% (2021 - 26%) and an average lost time injury count of 11 (2021 - 11).

	<u>2022</u>	<u>2021</u>
Current period benefit cost	\$ 315,715	\$ 307,310
Interest costs	<u>90,636</u>	<u>86,457</u>
Total expense for the year	<u>\$ 406,351</u>	<u>\$ 393,767</u>

At December 31, 2022 the County provided \$2,618,673 (2021 - \$2,124,942) in a reserve to offset this liability.

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2022

7. 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>2022</u>	<u>2021</u>
Retirement benefits	\$ 1,650,402	\$ 1,329,165
Unamortized actuarial loss	<u>(491,274)</u>	<u>(170,290)</u>
Post-employment benefits	<u>\$ 1,159,128</u>	<u>\$ 1,158,875</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, 2022 as of January 5, 2023.

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 5% (2021 - 3.75%). For extended health care costs, a 6% (2021 - 3.75%) annual rate of increase is assumed for 2023, decreasing to an ultimate rate of 4% (2021 - 3.75%) by 2029. For dental costs, a 4% (2021 - 3.75%) annual rate of increase was assumed.

	<u>2022</u>	<u>2021</u>
Current period benefit cost	\$ 65,742	\$ 62,124
Amortization of actuarial gain	<u>7,970</u>	<u>7,970</u>
Retirement benefit expense	73,712	70,094
Interest costs	<u>48,784</u>	<u>49,312</u>
Total expense for the year	<u>\$ 122,496</u>	<u>\$ 119,406</u>

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2022

8. Deferred revenue

	<u>2022</u>	<u>2021</u>
Gas tax funding	\$ 1,054,471	\$ 2,167,042
Museum	63,176	143,757
Library	2,317	6,911
Covid 19 Restart grants	-	6,981
Planning	203,105	-
Childcare Program	1,683,279	-
Medication Safety Technology	81,587	-
Other	1,191,794	1,318,536
	<u>\$ 4,279,729</u>	<u>3,643,227</u>

Medication Safety Technology funds of \$45,245 from 2021/2022 and \$36,342 from 2022/2023 funding years are being held in deferred revenue for use in 2023 to address COVID-19 related pressures with ministry approval.

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2022

9. Long-Term Liabilities

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

	<u>2022</u>	<u>2021</u>
Mortgage payable, People's Trust, 2.42%, repayable in blended monthly instalments of \$6,890, due May 2025	\$ 376,883	\$ 449,537
Mortgage payable, Canada Mortgage & Housing Company, 0.74%, repayable in blended monthly instalments of \$9,985, due February 2026	892,819	1,005,591
Mortgage payable, TD Canada Trust, 6.117%, repayable in blended monthly instalments of \$7,406, due April 2024	320,900	388,169
Mortgage payable, People's Trust, 2.66%, repayable in blended monthly instalments of \$6,133, due September 2024	290,076	355,069
Mortgage payable, Canada Mortgage & Housing Company, 2.61%, repayable in blended monthly instalments of \$14,442, due December 2023	961,908	1,108,174
Mortgage payable, Canada Mortgage & Housing Company, 1.67%, repayable in blended monthly instalments of \$23,421, due July 2031, includes \$696,673 forgivable loan (see (i) below)	<u>10,191,230</u>	<u>-</u>
Total Bruce County Housing Corporation	<u>\$ 13,033,816</u>	<u>\$ 3,306,540</u>
County of Bruce		
Debenture payable, CDS, 6.73%, repayable in blended quarterly instalments of \$597,315, due July 2022	-	1,800,836
Debenture payable, OILC, 2.33%, repayable in declining blended semi-annual instalments of \$137,331, due October 2029	1,511,416	1,734,061
Loan payable, OSIFA, 5.32%, repayable in blended semi-annual payments of \$311,399, due October 2032	<u>4,703,944</u>	<u>5,062,137</u>
(carried forward)	<u>\$ 8,096,038</u>	<u>\$ 10,795,400</u>

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2022

9. Long-Term Liabilities - (continued)

	<u>2022</u>	<u>2021</u>
(brought forward)	\$ 8,096,038	\$ 10,795,400
Debenture payable, OILC, 2.45%, repayable in declining blended semi-annual instalments of \$97,416 due February 2040	2,712,618	2,838,671
Debenture payable, OILC, 3.32%, repayable in declining blended semi-annual instalments of \$58,075 due March 2042 (see (ii) below)	1,639,541	-
Demand installment loan, CIBC, 1.808%, repayable in declining blended quarterly payments of \$91,718, due October 2025 if demand is not made	980,837	1,326,035
Total County of Bruce	11,548,356	12,761,740
	\$ 24,582,172	\$ 16,068,280

(i) The County has received \$696,673 from the Canada Mortgage & Housing Company as a forgivable loan. The forgivable loan is interest free for so long as the conditions specified in the Agreement are met and the forgivable loan is not in default. If in default the forgivable loan will bear interest at 5% per annum. An equal portion of the principal amount of the forgivable loan will be forgiven annually on the anniversary of the final advance over a 20 year term.

(ii) The debenture agreement requires the County to maintain a replacement reserve fund for the property at 529 Gary Street and contribute a minimum of 4% of revenues to the reserve fund on an annual basis. During 2022, the County contributed \$9,000 to the replacement reserve fund and the balance at December 31, 2022 was \$24,380.

All mortgages are secured by real property.

The gross interest paid relating to the above long-term debt was \$735,655 (2021 - \$767,772). The gross interest expensed during the year was \$766,354 (2021 - \$822,052).

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

	Principal	Forgivable	Total
2023	1,459,242	34,834	1,494,076
2024	1,782,377	34,834	1,817,211
2025	1,829,683	34,834	1,864,517
2026	1,511,935	34,834	1,546,769
2027	1,394,981	34,834	1,429,815
Thereafter	15,907,281	522,503	16,429,784
	\$ 22,055,816	\$ 661,839	\$ 24,582,172

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2022

10. Tangible Capital Assets

	2022								
	Land	Buildings	Equipment	Technology	Vehicles and Machinery	Furniture and Fixtures	Roads, Bridges and Other Infrastructure	Work in Progress	Total
Cost, beginning of the year	\$ 10,171,452	\$ 118,939,130	\$ 7,008,244	\$ 5,277,816	\$ 9,976,671	\$ 1,056,692	\$ 191,816,620	\$ 3,194,372	\$ 347,440,997
Additions	-	2,461,880	740,236	675,733	694,856	99,101	2,378,533	7,287,924	14,338,263
Disposals	-	(372,927)	(262,602)	(262,804)	(233,050)	(1,235)	(280,884)	-	(1,413,502)
Reallocation of completed work	-	193,227	-	215,101	-	-	233,838	(642,166)	-
Cost, end of the year	10,171,452	121,221,310	7,485,878	5,905,846	10,438,477	1,154,558	194,148,107	9,840,130	360,365,758
Accumulated amortization, beginning of the year	-	51,509,724	4,090,441	4,173,011	7,188,058	874,503	86,939,817	-	154,775,554
Amortization	-	3,984,669	696,997	621,477	927,959	70,139	5,837,735	-	12,138,976
Disposals	-	(302,365)	(250,992)	(261,312)	(233,050)	(1,235)	(280,884)	-	(1,329,838)
Accumulated amortization, end of the year	-	55,192,028	4,536,446	4,533,176	7,882,967	943,407	92,496,668	-	165,584,692
Net carrying amount, end of the year	\$ 10,171,452	\$ 66,029,282	\$ 2,949,432	\$ 1,372,670	\$ 2,555,510	\$ 211,151	\$ 101,651,439	\$ 9,840,130	\$ 194,781,066

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2022

10. Tangible Capital Assets - (continued)

	2021								
	Land	Buildings	Equipment	Technology	Vehicles and Machinery	Furniture and Fixtures	Roads, Bridges and Other Infrastructure	Work in Progress	Total
Cost, beginning of the year	\$ 10,491,071	\$ 102,803,841	\$ 6,351,711	\$ 5,181,880	\$ 9,800,194	\$ 944,909	\$ 182,864,971	\$ 14,608,363	\$ 333,046,940
Additions		1,672,216	1,206,033	247,324	694,620	115,478	9,292,882	4,494,489	17,723,042
Disposals	(319,619)	(1,080,505)	(549,500)	(151,388)	(518,143)	(3,695)	(706,135)	-	(3,328,985)
Reallocation of completed work	-	15,543,578	-	-	-	-	364,902	15,908,480)	-
Cost, end of the year	10,171,452	118,939,130	7,008,244	5,277,816	9,976,671	1,056,692	191,816,620	3,194,372	347,440,997
Accumulated amortization, beginning of the year	-	48,431,698	3,890,378	3,705,233	6,691,119	812,540	81,898,805	-	145,429,773
Amortization	-	3,664,173	661,677	617,951	1,014,012	65,658	5,557,514	-	11,580,985
Disposals	-	(586,147)	(461,614)	(150,173)	(517,073)	(3,695)	(516,502)	-	(2,235,204)
Accumulated amortization, end of the year	-	51,509,724	4,090,441	4,173,011	7,188,058	874,503	86,939,817	-	154,775,554
Net carrying amount, end of the year	\$ 10,171,452	\$ 67,429,406	\$ 2,917,803	\$ 1,104,805	\$ 2,788,613	\$ 182,189	\$ 104,876,803	\$ 3,194,372	\$ 192,665,443

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2022

10. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction (or development) is \$9,840,130 (2021 - \$3,194,372).

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.

11. Accumulated Surplus

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

	<u>2022</u>	<u>2021</u>
Invested in tangible capital assets		
Tangible capital assets purchased	\$ 194,781,066	\$ 192,665,443
Unfinanced capital assets	(847,837)	(4,426,231)
Advances on debt	(804,404)	(7,936,601)
Capital assets financed by long-term liabilities and to be funded in future years	<u>(23,601,335)</u>	<u>(14,742,245)</u>
Total invested in capital assets	169,527,490	165,560,366
Unfunded post-employment benefits	(1,159,128)	(1,158,875)
Unfunded WSIB future benefits	(2,696,556)	(2,573,281)
Unfinanced economic recovery program	<u>(487,428)</u>	<u>(700,859)</u>
	165,184,378	161,127,351
Reserves (Note 12)	<u>37,691,014</u>	<u>34,563,328</u>
Accumulated surplus	<u>\$ 202,875,392</u>	<u>\$ 195,690,679</u>

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2022

12. Reserves Set Aside for Specific Purpose by Council

	<u>2022</u>	<u>2021</u>
Reserves		
Working funds	\$ 1,497,286	\$ 807,235
Tax stabilization - general	2,079,998	3,271,309
WSIB	2,618,673	2,124,942
Current purposes	250,000	250,000
Capital purposes	<u>31,245,057</u>	<u>28,109,842</u>
Reserves set aside for specific purpose by Council	<u>\$ 37,691,014</u>	<u>\$ 34,563,328</u>

13. Government Transfers

	<u>2022</u>	<u>2022</u>	<u>2021</u>
	Budget	Actual	Actual
Operating			
Province of Ontario	\$ 48,753,744	\$ 51,055,440	\$ 41,637,387
Government of Canada	1,065,810	1,096,757	1,250,005
Other Municipalities	426,519	522,371	481,284
Total operating transfers	<u>50,246,073</u>	<u>52,674,568</u>	<u>43,368,676</u>
Capital			
Province of Ontario	3,761,679	1,780,669	1,123,798
Government of Canada	7,074,761	3,660,140	2,497,806
Other Municipalities	139,360	-	-
Total capital transfers	<u>10,975,800</u>	<u>5,440,809</u>	<u>3,621,604</u>
Total government transfers	<u>\$ 61,221,873</u>	<u>\$ 58,115,377</u>	<u>\$ 46,990,280</u>

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2022

14. 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 financial assets (debt) for comparative purposes. The 2022 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 financial assets (debt). The following is a reconciliation of the budget approved by Council.

	2022	2022	2021
	Budget	Actual	Actual
Annual surplus (Page 5)	\$ 21,413,120	\$ 7,184,713	\$ 9,284,513
Amortization	-	12,138,976	11,580,985
	<u>21,413,120</u>	<u>19,323,689</u>	<u>20,865,498</u>
Transfers to reserves	(5,291,153)	(10,652,536)	(9,020,555)
Transfers from reserves	18,920,604	7,805,733	10,209,605
	<u>13,629,451</u>	<u>(2,846,803)</u>	<u>1,189,050</u>
Capital acquisitions, disposals and write-down	(40,838,815)	(14,254,599)	(16,629,261)
Change in unfunded capital projects	125,000	(3,578,391)	(1,412,882)
Proceeds of long-term liabilities	9,492,444	12,489,943	708,673
Advances on debt	-	(7,132,197)	1,553,955
Debt principal repayments	(3,821,200)	(3,630,856)	(4,164,869)
	<u>(35,042,571)</u>	<u>(16,106,100)</u>	<u>(19,944,384)</u>
Change in unfunded liabilities	-	123,528	106,693
Unfunded economic recovery program	-	(213,431)	23,681
	<u>-</u>	<u>(89,903)</u>	<u>130,374</u>
Change in general surplus in the year	-	280,883	2,240,538
Transfer of current year surplus to reserves	-	(280,883)	(2,240,538)
General surplus	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2022

15. Pension Agreements

The County makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 631 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 2022 was \$3,361,119 (2021 - \$3,414,289). The contribution rate for 2022 was 9.0% or 15.8% depending on income level (2021 - 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, 2022. The plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion deficit) at that time, based on actuarial liabilities of \$128.8 billion (2021 - \$119.3 billion) and actuarial assets of \$122.1 billion (2021 - \$116.2 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.

16. 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 the other actions is undeterminable at this time. The County is not aware of any possible settlements in excess of its liability insurance coverage.
 - (b) 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.
 - (c) The County has been found in breach of trust in relation to the Krug estate donation. On January 13, 2023, BMO Trust Company was appointed as trustee of The Krug Trust and the County was required to transfer the assets of The Krug Trust to the new trustee. As of December 31, 2022 The Krug Trust cash balance of \$478,543 was included in reserve balances and the 254 High Street, Southampton property was included in the consolidated statement of financial position. Both the assets have been removed from the County's possession and financial statements in 2023 per the court order.
-

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2022

17. 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, 2022 indicates the following:

Principal payments on debentures during the year	\$ 217,119
Interest payments on debentures during the year	<u>28,843</u>
Total	<u>\$ 245,962</u>
Debentures outstanding at year-end	<u>\$ 247,441</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, 2021, the County approved a cost share agreement with the Municipality of Arran-Elderslie for bridge and roadwork. On March 9, 2022, the County committed to the capital project in the amount of \$9,666,999. As at December 31, 2022, the project is estimated to be 31% complete and costs totalling \$2,706,927 were incurred. The remaining commitment as at December 31, 2022 is \$6,659,302 and is expected to be completed by 2024.
- (c) On April 7, 2022, the County approved borrowing up to \$10,000,000 to build a new Paramedic Station in Port Elgin. During 2022, the County awarded a tender for the construction in the amount of \$7,900,000 plus HST. As at December 31, 2022, the project is estimated to be 15% complete, and costs totalling \$1,087,690. The remaining commitment as at December 31, 2022 is \$6,978,362.

18. Trust Funds

The long-term care trust funds administered by the County amounting to \$83,336 (2021 - \$72,826) 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.

19. Comparative Amounts

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

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2022

20. 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 and environmental sustainability 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, Child Care and employment services. 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, 2022

20. 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, 2022

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	2022 Total
Revenue									
Taxation	\$ 5,054,845	\$ (8,058)	\$ 14,176,201	\$ 371,855	\$ 8,671,130	\$ 18,363,277	\$ 7,765,287	\$ 3,644,503	\$ 58,039,039
Fees and user charges	852,871	-	36,905	-	300	9,000,199	164,889	916,592	10,971,756
Government transfers	1,483,169	-	4,770,523	66,735	7,992,231	43,019,783	558,915	224,021	58,115,377
Investment income	712,819	-	-	-	-	(147,390)	-	4,425	569,854
Other revenue	73,605	-	92,341	-	-	791,822	54,494	54,365	1,066,627
Donations	20,000	-	-	3,851	1,010	81,274	188,084	10,000	304,219
Gain or loss on disposal of assets	(690)	-	8,267	-	30,626	(41,478)	(73)	(50)	(3,398)
	8,196,619	(8,058)	19,084,237	442,441	16,695,297	71,067,487	8,731,596	4,853,856	129,063,474
Expenses									
Salaries and benefits	5,299,338	-	4,362,435	75,465	13,003,609	28,371,254	4,586,108	2,705,464	58,403,673
Interest on debt	766,354	-	-	-	-	-	-	-	766,354
Materials and supplies	1,182,017	-	3,130,813	42,121	1,228,564	8,723,412	787,346	608,640	15,702,913
Contracted services	4,719,668	56,942	1,177,328	324,381	135,878	8,674,909	464,579	505,660	16,059,345
Other transfers	88,374	-	63,037	-	55,000	17,656,869	358,921	193,006	18,415,207
Rents and financial expenses	5,787	-	77,013	7,454	182,357	51,308	52,041	16,334	392,294
Amortization	742,674	3,142	6,534,665	-	523,706	3,427,902	893,868	13,018	12,138,975
	12,804,212	60,084	15,345,291	449,421	15,129,114	66,905,654	7,142,863	4,042,122	121,878,761
Annual surplus (deficit)	\$4,607,593	\$ (68,142)	\$ 3,738,946	\$ (6,980)	\$ 1,566,183	\$ 4,161,833	\$ 1,588,733	\$ 811,734	\$ 7,184,713

The Corporation of the County of Bruce
Notes to Financial Statements

December 31, 2022

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	2021 Total
Revenue									
Taxation	\$ 6,832,733	\$ 53,878	\$ 12,522,871	\$ 304,383	\$ 7,573,884	\$ 16,453,510	\$ 6,223,405	\$ 3,739,602	\$ 53,704,267
Fees and user charges	815,036	-	33,390	-	420	9,223,138	69,020	409,081	10,550,085
Government transfers	1,818,872	-	3,097,941	83,977	6,809,290	34,186,786	606,631	386,783	46,990,280
Investment income	395,387	-	-	-	-	(31,866)	-	6,012	369,533
Other revenue	113,331	-	89,201	441	102	20,092	19,580	81,665	324,412
Donations	40,000	-	-	-	1,500	61,916	227,588	10,000	341,004
Gain or loss on disposal of assets	(399)	-	(160,076)	-	91,544	1,426,843	(6,862)	(134)	1,350,916
	10,014,960	53,878	15,583,327	388,801	14,476,740	61,340,419	7,139,362	4,633,009	113,630,497
Expenses									
Salaries and benefits	4,974,648	-	4,239,891	66,752	11,542,834	29,074,038	4,293,614	2,612,235	56,804,012
Interest on debt	822,052	-	-	-	-	-	-	-	822,052
Materials and supplies	1,018,037	-	1,997,944	19,596	1,010,554	7,354,951	682,835	718,895	12,802,812
Contracted services	3,794,047	53,878	793,459	301,680	124,372	4,093,752	249,590	607,481	10,018,259
Other transfers	74,201	-	16,073	-	55,000	10,984,072	351,618	493,156	11,974,120
Rents and financial expenses	1,138	-	68,678	773	170,264	48,031	46,360	8,500	343,744
Amortization	675,943	3,142	6,335,280	18,023	501,359	3,149,240	878,220	19,778	11,580,985
	11,360,066	57,020	13,451,325	406,824	13,404,383	54,704,084	6,502,237	4,460,045	104,345,984
Annual surplus (deficit)	\$ (1,345,106)	\$ (3,142)	\$ 2,132,002	\$ (18,023)	\$ 1,072,357	\$ 6,636,335	\$ 637,125	\$ 172,964	\$ 9,284,513