

Non-Consolidated Financial Statements of

**CORPORATION OF THE
UNITED COUNTIES OF LEEDS
AND GRENVILLE**

Year ended December 31, 2022

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Non-Consolidated Financial Statements

Year ended December 31, 2022

	Page
Management's Responsibility for the Non-Consolidated Financial Statements	
Independent Auditor's Report	
Financial Statements:	
Non-Consolidated Statement of Financial Position	1
Non-Consolidated Statement of Operations and Municipal Equity	2
Non-Consolidated Statement of Changes in Net Financial Assets	3
Non-Consolidated Statement of Cash Flows	4
Notes to Non-Consolidated Financial Statements	5
Trust Fund Financial Statements:	
Independent Auditor's Report	29
Statement of Financial Position	32
Statement of Financial Activities and Fund Balance	33
Notes to Trust Fund Financial Statements	34

Management's Responsibility for the Non-Consolidated Financial Statements

The accompanying non-consolidated financial statements of the Corporation of the United Counties of Leeds and Grenville (the "United Counties") are the responsibility of the United Counties' management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of significant accounting policies are described in note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The United Counties' management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the financial statements.

The non-consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the United Counties. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the United Counties' non-consolidated financial statements.

Ray Callery, CAO

Pat Huffman, Treasurer



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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the United Counties of Leeds and Grenville

Opinion

We have audited the non-consolidated financial statements of the Corporation of the United Counties of Leeds and Grenville (the Entity), which comprise:

- the non-consolidated statement of financial position as at December 31, 2022
- the non-consolidated statement of operations and municipal equity for the year then ended
- the non-consolidated statement of changes in net financial assets for the year then ended
- the non-consolidated statement of cash flows for the year then ended
- and notes to the non-consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its non-consolidated results of operations and its non-consolidated 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 auditor’s report.

We are independent of the Entity 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 the 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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.



Page 3

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 Entity'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 Entity'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 Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

June 22, 2023

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Non-Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash	\$ 43,035,393	\$ 45,528,353
Accounts receivable	5,134,299	3,147,723
Investments (note 5)	17,389,281	16,986,571
Long term receivables (note 3)	4,243,613	1,342,307
	69,802,586	67,004,954
Financial liabilities:		
Accounts payable and accrued liabilities	15,891,400	12,585,467
Employee future benefit obligations (note 4)	8,276,149	6,755,218
Other current liabilities	315,825	301,145
Deferred revenues (note 6)	5,642,034	4,343,665
Long term liabilities (note 7)	7,041,106	4,761,878
	37,166,514	28,747,373
Net financial assets	32,636,072	38,257,581
Non-financial assets:		
Tangible capital assets (note 16)	160,216,033	150,982,792
Prepaid expenses	2,088,863	1,411,434
Inventories	1,418,499	1,198,323
Total non-financial assets	163,723,395	153,592,549
Contingent liabilities (note 11)		
Commitments (note 14)		
Municipal equity (note 8)	\$ 196,359,467	\$ 191,850,130

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

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Non-Consolidated Statement of Operations and Municipal Equity

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022	Actual 2022	Actual 2021
	(note 18)		
Revenue (note 18):			
Taxation - requisition on local municipalities	\$ 44,031,848	\$ 44,031,848	\$ 42,482,303
Taxation - share of supplementary taxes (write offs)	-	685,598	550,621
User charges	2,042,209	2,872,573	2,483,906
Government grants - province	52,124,706	45,855,751	46,063,005
Government grants - federal	5,369,018	3,774,376	4,110,004
Government grants - other municipalities	5,496,329	6,396,149	5,607,190
Provincial offences fines	1,996,000	1,438,219	1,837,515
Investment income	559,415	1,460,501	722,760
Other income:			
Rental	3,196,486	4,154,942	3,370,694
Other	23,850	63,516	118,751
Gain on sale of tangible capital assets	-	207,082	-
Loss on write down of tangible capital assets	-	(124,406)	-
Total revenue	114,839,861	110,816,149	107,346,749
Expenses (note 17):			
General government	4,544,871	3,979,211	4,897,758
Protection to persons and property	2,129,684	2,098,331	2,282,225
Transportation services	24,720,379	24,484,398	22,702,572
Environmental services	443,608	353,008	366,308
Health services	19,815,477	22,749,197	19,779,003
Social and family services	56,066,404	50,453,583	49,178,379
Recreation and cultural services	23,808	20,260	16,606
Planning and development	2,220,558	2,168,824	1,972,229
Total expenses	109,964,789	106,306,812	101,195,080
Annual surplus	4,875,072	4,509,337	6,151,669
Municipal equity, beginning of year	191,850,130	191,850,130	185,698,461
Municipal equity, end of year	\$ 196,725,202	\$ 196,359,467	\$ 191,850,130

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

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Non-Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022	Actual 2022	Actual 2021
	(note 18)		
Annual surplus	\$ 4,875,072	\$ 4,509,337	\$ 6,151,669
Amortization of tangible capital assets	14,291,944	14,032,842	14,291,944
Acquisition of tangible capital assets	(56,612,680)	(23,513,989)	(16,087,506)
Disposition and write down of tangible capital assets	–	247,906	12,669
Consumption of prepaid expenses	–	(677,429)	51,662
Consumption of supplies inventories	–	(220,176)	278,677
Change in net financial assets	(37,445,664)	(5,621,509)	4,699,115
Net financial assets, beginning of year	38,257,581	38,257,581	33,558,466
Net financial assets, end of year	\$ 811,917	\$ 32,636,072	\$ 38,257,581

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

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Non-Consolidated Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Operating activities:		
Annual surplus	\$ 4,509,337	\$ 6,151,669
Item not involving cash:		
Amortization of tangible capital assets	14,032,842	14,291,944
Gain on sale of tangible capital assets	(207,082)	-
Loss on write down of tangible capital assets	124,406	-
Change in non-cash operating working capital:		
Accounts receivable	(1,986,576)	1,710,439
Accounts payable and accrued liabilities	3,305,933	(451,991)
Employee future benefit obligations	1,520,931	934,155
Other current liabilities	14,680	77,142
Deferred revenues	1,298,369	(925,976)
Inventories	(220,176)	278,677
Prepaid expenses	(677,429)	51,662
Net change in cash from operations	21,715,235	22,117,721
Investing activities:		
Increase in investments	(402,710)	(448,269)
Repayment of long-term receivables	55,874	110,101
Issuance of long-term receivables	(2,957,180)	(1,000,425)
	(3,304,016)	(1,338,593)
Capital activities:		
Acquisition of tangible capital assets	(23,513,989)	(16,087,506)
Proceeds of disposal of tangible capital assets	330,582	12,669
	(23,183,407)	(16,074,837)
Financing activities:		
Proceeds of long-term liabilities	3,355,000	1,600,000
Debt principal repayments	(1,075,772)	(1,043,616)
	2,279,228	556,384
Increase (decrease) in cash	(2,492,960)	5,260,675
Cash, beginning of year	45,528,353	40,267,678
Cash, end of year	\$ 43,035,393	\$ 45,528,353

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

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2022

The Corporation of the United Counties of Leeds and Grenville (the "United Counties") was incorporated January 28, 1850 and assumed its responsibilities under the authority of the Municipal Act. The United Counties operate as an upper tier government in the United Counties of Leeds and Grenville, in the Province of Ontario, Canada and provides municipal services such as emergency measures, public works, public health services, ambulance services, social and family assistance, planning and development and other general government operations.

1. Significant accounting policies:

The non-consolidated financial statements of the United Counties are the representations of management and have been prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the United Counties are as follows:

(a) Basis of accounting:

- (i) The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.
- (ii) Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the change in net financial assets for the year.
- (iii) Trust funds and their related operations administered by the United Counties are not included in these financial statements but are reported separately on the Trust Funds Statement of Financial Activities and Financial Position.

(b) Tangible capital assets:

Tangible capital assets are recorded at historical cost or where historical cost records were not available, other methods determined to provide a best estimate of historical cost and accumulated amortization of the assets. Costs include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(b) Tangible capital assets (continued):

The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	10
Buildings	15 to 40
Vehicles	5 to 12
Machinery, equipment, furniture and fixtures	7 to 30
Linear assets:	
Roads	35 to 50
Bridges and culverts	75

Amortization is charged from the month following the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

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

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the non-consolidated statement of operations and municipal equity in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the United Counties' ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the non-consolidated statement of operations and municipal equity.

(c) Investments:

Investments are recorded at cost plus accrual interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(d) Leases:

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(e) Inventories and prepaid expenses:

Inventories and prepaid expenses held for consumption are recorded at the lower of cost or replacement cost.

(f) Pension and employee benefits:

The United Counties accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

As a result, the United Counties does not recognize any share of the OMERS pension surplus or deficit. The last available report was as at December 31, 2022, at that time, the plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion actuarial deficit).

Employee benefits include vacation entitlement, sick leave benefits and benefits under the Workplace Safety and Insurance Board Act. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the United Counties' policy.

(g) Government transfers:

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(h) Deferred revenue:

The United Counties defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers of gas taxes, development charges collected under the Development Charges Act, 1997, and recreational land collected under the Planning Act are reported as deferred revenues in the non-consolidated statement of financial position. These amounts will be recognized as revenues in the fiscal year the services are performed.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(h) Deferred revenue (continued):

The United Counties receives restricted contributions under the authority of Federal and Provincial legislation and United Counties by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the United Counties has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

(i) Liability for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- (a) an environmental standard exists;
- (b) contamination exceeds the environmental standard;
- (c) the United Counties:
 - (i) is directly responsible; or
 - (ii) accepts responsibility
- (d) it is expected that future economic benefit will be given up; and
- (e) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(j) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

2. Service Contract with the Ministry of Children, Community and Social Services and the Ministry of Education

The United Counties has a service contract with the Ministry of Children, Community and Social Services and the Ministry of Education. A reconciliation report summarizes by service, all revenues and expenses and identifies any resulting surplus that relates to the service contract.

A review of the report shows various Child Care Programs to be in a surplus position as at December 31, 2022. The net surplus amount is reflected as a component of accounts payable and accrued liabilities on the non-consolidated statement of financial position.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2022

3. Long-term receivables:

Long-term receivables are comprised of the following:

	2022	2021
Due from lower tier municipalities for funds advanced to finance the purchase of fire communications systems. The receivable is funded with equivalent borrowing from Ontario Infrastructure and Lands Corporation ("OILC"). The funds are borrowed at 2.88% and are repayable over ten years and mature October 2024.	\$ 211,960	\$ 313,480
Due from South Crosby Non Profit Housing Corporation for funds advanced for capital projects. The loan bears interest at a rate of 3.70% and is repayable in blended monthly payments of \$1,060 and matures April 2024.	16,565	28,402
Due from Marguerita Residence Corporation (prime less 0.95%) for funds advanced to finance the construction of an 88 unit affordable housing project in Brockville ON. Amount of the loan will not exceed \$4,000,000 and will be for a period of up to 5 years coinciding with building occupancy.	4,015,088	1,000,425
	\$ 4,243,613	\$ 1,342,307

Payments are due as follows:

2023	\$ 116,785
2024	111,706
2025	1,000,425
2026	3,014,697
	\$ 4,243,613

4. Employee future benefit obligations:

(a) Liability for vacation, overtime and statutory holiday credits:

Vacation, overtime and statutory holiday expense are accrued for employees as entitlement to these payments is earned in accordance with the United Counties' benefit plan.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2022

4. Employee future benefit obligations (continued):

(b) Sick leave credits

The United Counties previously provided a sick leave benefit plan, now discontinued, that would allow unused sick leave to accumulate such that employees became entitled to cash payment when they leave their employment. The liability for these accumulated days, to the extent they were vested, could be taken in cash by an employee on termination as set out below.

(c) The United Counties is a Schedule 2 employer under the Workplace Safety and Insurance Act and as such assume full responsibility for financing its workplace safety insurance costs. The accrued obligation represents the present value of future benefits on existing claims.

The liability was determined by an actuarial valuation undertaken as at April 25, 2022, with an extrapolation effective December 31, 2022. The estimate is based on a number of assumptions about future events including interest rates, inflation rates, salary and wage rates and claim rates. The valuation estimated claims at 5.98% of salaries and wages, a discount rate of 3.00% and a rate of inflation of 1.75%.

Future actuarial valuations may result in increases or decreases to the liability. The actuarial gain or loss will be amortized over the expected average remaining service life (9.96 years (2021 - 9.81 years)).

The United Counties have established reserves to mitigate the future impact of the obligation and this has been reported on Schedule 1 - Composition of Reserves and Reserve Funds, \$810,981 (2021 - \$332,758).

Information with respect to the United Counties Workplace Safety and Insurance Board accrued benefit liability is as follows:

	2022	2021
Accrued WSIB benefit obligation at January 1	\$ 7,579,209	\$ 6,944,963
Actuarial loss	2,622,916	-
Benefit cost for the year	1,895,298	1,180,270
Interest cost	315,297	267,316
Expected benefit payments	(1,279,718)	(813,340)
	<u>\$ 11,133,002</u>	<u>\$ 7,579,209</u>
Accrued WSIB benefit obligation at December 31	11,133,002	7,579,209
Unamortized actuarial loss	(3,771,421)	(1,654,970)
Accrued WSIB liability at December 31	<u>\$ 7,361,581</u>	<u>\$ 5,924,239</u>

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2022

4. Employee future benefit obligations (continued):

(c) Continued:

Information with respect to the County's Workplace Safety and Insurance Board unamortized loss is as follows:

	2022	2021
Remaining unamortized loss at January 1	\$(1,654,970)	\$(1,899,143)
Amortization during the year	506,465	244,173
Actuarial loss	(2,622,916)	-
Remaining unamortized loss at December 31	\$(3,771,421)	\$(1,654,970)

(d) Employee benefit obligations are comprised of:

	2022	2021
Sick leave	\$ 5,665	\$ 8,691
Vacation, overtime, statutory holidays	908,903	822,288
WSIB	7,361,581	5,924,239
	\$ 8,276,149	\$ 6,755,218

5. Investments:

Long-term investments, which consist of bonds in chartered banks and investment banks, are recorded on the non-consolidated statement of financial position at cost plus accrued interest. They have a market value of \$16,381,474 at December 31, 2022 (2021 - \$16,973,709) and accrued interest is \$146,022 (2021 - \$80,666).

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2022

6. Deferred revenue:

A requirement of public sector accounting principles of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenues. This requirement is in place as Provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded.

The balances in the obligatory reserve funds of the United Counties are summarized below:

	Social service program	Infrastructure grants	Canada Community Building Fund	Total
January 1, 2022	\$ 1,821,276	\$ 381,851	\$ 2,140,538	\$ 4,343,665
Interest	–	34,917	55,989	90,906
Government grants	854,514	3,590,050	2,214,321	6,658,885
Transfer to capital fund	–	(2,021,579)	(2,748,368)	(4,769,947)
Transfer to operating fund	(681,475)	–	–	(681,475)
December 31, 2022	\$ 1,994,315	\$ 1,985,239	\$ 1,662,480	\$ 5,642,034

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2022

7. Long-term liabilities:

(a) Long term liabilities are comprised of the following:

	2022	2021
Serial debentures:		
Mapleview Lodge, 2.64%, due October 2022	\$ –	\$ 356,500
St. Lawrence Lodge, 5.60% and 4.71%, due September 2024 and September 2025	1,874,146	2,491,898
Fire communication systems, 2.88%, due October 2024	211,960	313,480
County Road 43 and Mapleview Lodge redevelopment, interim financing, interest rate is OILC's monthly construction rate	4,955,000	1,600,000
	<u>\$ 7,041,106</u>	<u>\$ 4,761,878</u>

(b) Total debt includes two mortgages held by the City of Brockville on behalf of the St. Lawrence Lodge (the "Lodge"). The Lodge receives capital funding in the amount of \$10.35 per resident day from the Ministry of Health and Ministry of Long Term Care which equates to \$70,516 per month which is sent to the City of Brockville to be applied towards the capital debt. The remaining amounts payable towards the outstanding mortgage balance was paid by the Municipal partners on the following approximate percentage basis:

City of Brockville	60%
United Counties of Leeds and Grenville	29%
Town of Prescott	9%
Town of Gananoque	2%

(c) Principal payments are due as follows:

	Other municipalities	General revenues	Total
2023	\$ 104,465	\$ 5,603,514	\$ 5,707,979
2024	107,495	680,817	788,312
2025	–	544,815	544,815
	<u>\$ 211,960</u>	<u>\$ 6,829,146</u>	<u>\$ 7,041,106</u>

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2022

7. Long-term liabilities (continued):

- (d) Interest expense on long term liabilities in 2022 amounted to \$218,147 (2021 - \$203,520).
- (e) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (f) During 2021, the United Counties entered into an agreement with OILC to provide financing up to a maximum of \$99,668,333 related to the Maple View Lodge redevelopment and the County Road 43 expansion (the "Projects"). Funds drawn bear interest at a floating rate per annum as determined by OILC based on OILC's cost of funds plus OILC's prevailing rate. Repayment of funds drawn is due at the earlier of termination of the agreement or the Issue Date for the Projects for which the advance was made. As of December 31, 2022, the balance drawn amounted to \$4,955,000 (2021 - \$1,600,000).

8. Municipal equity:

	2022	2021
Investment in tangible capital assets:		
Tangible capital assets	\$ 160,216,033	\$ 150,982,792
Long-term liabilities	(7,041,106)	(4,761,878)
Debt recoverable from lower tiers	211,960	313,480
Unfinanced capital outlay	(6,324,475)	-
	147,062,412	146,534,394
Reserves (Schedule 1)	49,297,055	45,315,736
Total municipal equity	\$ 196,359,467	\$ 191,850,130

9. Pension contributions:

The United Counties makes contributions to the OMERS, which is a multi-employer plan, on behalf of all permanent members of its staff. The 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. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the United Counties does not recognize any share of the OMERS pension surplus or deficit in these financial statements.

The amount contributed to OMERS was \$2,381,830 (2021 - \$2,383,871) for current services and is included as an expense on the non-consolidated statement of operations and municipal equity classified under the appropriate functional expenditure. Contributions by employees were a similar amount.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2022

10. Trust funds:

Trust funds administered by the United Counties amounting to \$4,891 (2021 - \$6,275) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the United Counties for the benefit of others, they are not presented as part of the United Counties' financial position or financial activities.

11. Contingent liabilities:

(a) Community housing:

Under the provision of a transfer order prepared under authority of The Social Housing Reform Act, 2000, the United Counties of Leeds and Grenville were the recipient of assets, liabilities, rights and obligations previously owned by the Ontario Housing Corporation (OHC). The transfer included all community housing units, including land and buildings, which were transferred to the United Counties at no cost.

The majority of Ontario public housing projects were originally financed by OHC debentures issued by the OHC in favour of Canada Mortgage and Housing Corporation. OHC continues to hold these debentures and the debt charges associated with these debentures are to be paid from Federal funding directly by the Province to the debenture holder. As a result, these debentures are not included as part of the consideration of the United Counties' into these non-consolidated financial statements. Total debentures outstanding at December 31, 2022 amount to \$725,993 (2021 - \$1,154,882).

Effective on the date of transfer, the United Counties as service manager is responsible for the management and operation of the housing projects transferred and are bound by the requirements as set out in the legislation.

(b) The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2022, management believes that the United Counties have valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the United Counties' financial position.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2022

12. Contributions to Joint Boards and Health Unit:

- (a) The assets and liabilities of the Lodge have not been included in these non-consolidated financial statements. The United Counties' contributions to the Lodge in fiscal 2022 was \$754,597 (2021 - \$751,823) and are reported on the non-consolidated statement of operations and municipal equity.
- (b) The assets and liabilities of the Leeds, Grenville and Lanark District Health Unit ("Health Unit") have not been included in these non-consolidated financial statements. The United Counties contributions to the Health Unit in fiscal 2022 was \$1,303,949 (2021 - \$1,278,381) and is reported on the non-consolidated statement of operations and municipal equity..

13. Provincial offences administration:

The United Counties have assumed the administration of the Provincial Offences office for all United Counties resident municipalities. The transfer of administration from the Ministry of the Attorney General to the United Counties was a result of the Provincial Offences Act (POA) 1997, which provides the framework for the transfer of responsibility and administration of POA courts.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-Laws and minor federal offences. The POA governs all aspects of legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

The United Counties' share of net revenues arising from operation of the POA office have been included with these financial statements. The revenue of the court office consists of fines levied under Parts I, II and III (including delay penalties) for POA charges filed in the United Counties court.

If fines are paid at other court offices, the receipt is recorded in the Integrated Courts Operation Network System (ICON) operated by the Province of Ontario. Revenue is recognized when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made.

The United Counties shares net POA revenues based on the cost sharing agreement established in 2000. Gross revenues for POA charges total \$1,438,219 (2021 - \$1,837,515).

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2022

14. Commitments

- (a) The United Counties were awarded an additional 132 long term care beds to be added to Mapleview Lodge Home for the Aged. The projects is expected to cost \$87 million and is expected to be completed by the end of 2025.
- (b) The United Counties have committed to the expansion of a portion of Highway 43 in North Grenville to a four lane highway and replacing the bridge. The project is projected to cost \$43 million and is expected to be completed during 2025.
- (c) The Counties have approved a multi-year funding commitment to local Hospitals as follows:

	University Hospitals Kingston Foundation	Brockville & District Hospital Foundation	Kemptville District Hospital
2018	\$ –	\$ –	\$ 75,000
2019	120,000	–	–
2020	120,000	212,500	–
2021	120,000	212,500	–
2022	120,000	212,500	–
2023	120,000	212,500	90,000
2024	–	212,500	90,000
2025	–	212,500	90,000
2026	–	212,500	90,000
2027	–	212,500	90,000
2028	–	212,500	90,000
2029	–	212,500	90,000
2030	–	–	90,000
2031	–	–	90,000
2032	–	–	90,000
	\$ 600,000	\$ 2,125,000	\$ 975,000

15. Cost sharing allocations:

The Joint Operating Agreement (signed May 25, 2000) sets out formulae under which the costs for Social Services, Child Care, Social Housing, Provincial Offences and Land Ambulance are shared between the United Counties of Leeds and Grenville, the City of Brockville, the Town of Gananoque and the Town of Prescott (collectively, the “Municipalities”).

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2022

15. Cost sharing allocations (continued):

Program costs are shared between the parties as follows:

Social Housing	weighted assessment
Ambulance	weighted assessment
Provincial Offences	25% ticket revenue, 25% households 25% population, 25% weighted assessment
Social Services	50% caseload, 50% weighted assessment

(a) St. Lawrence Lodge:

Operations

The Lodge makes an annual assessment to the participating municipalities for operating expenditures and minor capital costs that are not funded by other sources of revenue (primarily resident fees and subsidy from the Province of Ontario). The Lodge tracks the residents based on the municipality that they lived in prior to entering the facility (if they resided in one of the four participating municipalities). The annual assessment is allocated to the municipalities based on a five year rolling average of the percentage of residents from their jurisdiction. The Counties' allocation for 2022 was 30.88% (2021 - 31.79%).

Operating levies and any excess of operating revenue over expenditures (expenditures over revenue) is allocated to the municipalities based on the percentage of assessment used for that year.

Redevelopment

The Lodge redeveloped its facility over a number of years resulting in occupancy in 2006. The cost was approximately \$34,500,000 of which \$32,400,000 was financed by debentures issued by the City of Brockville. The Province of Ontario is committed to providing \$846,192 annually until the debentures are repaid in 2025. The municipalities have agreed to fund the balance of the amounts required to repay the debentures and pay the interest due on those obligations in a fixed ratio being:

City of Brockville	60.26%
United Counties of Leeds and Grenville	28.57%
Town of Prescott	9.38%
Town of Gananoque	1.79%

The excess (or shortfall) or municipal funding over interest on long term liabilities and amortization of the new facility is allocated to municipal surplus using those ratios and represents the difference between the timing of funding (received over 20 years) and the amortization of the building (over 40 years). Ultimately, at the end of 2046, the surplus will be reduced to \$Nil.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2022

15. Cost sharing allocations (continued):

(a) St. Lawrence Lodge (continued):

The Counties' portion of the Lodge's accumulated surplus is as follows:

	2022 (Estimated)	2022
Deficit from operations	\$ (324,000)	\$ 316,176
Surplus from redevelopment	1,234,000	2,344,332
Total municipal equity	\$ 910,000	\$ 2,660,508

During the year, the Counties had the following transactions with the Lodge:

- The Counties contributed to the Lodge an annual operating grant of \$754,597 (2021 - \$751,823).

These transactions were in the normal course of operations and are measured at the exchange value, the amount of consideration established and agreed to by the related parties, which approximates the arm's length equivalent value for such transactions.

16. Tangible capital assets:

Cost	Balance at December 31, 2021	Transfers and additions	Disposals and adjustments	Balance at December 31, 2022
Land	\$ 395,535	\$ 209,071	\$ -	\$ 604,606
Land improvements	2,707,042	131,715	-	2,838,757
Buildings	55,925,016	3,498,958	-	59,423,974
Vehicles	7,938,387	1,337,729	(413,912)	8,862,204
Machinery, equipment, furniture and fixtures	15,691,221	595,458	(932,207)	15,354,472
Linear assets:				
Roads	451,586,226	2,964,646	-	454,550,872
Bridges and culverts	38,032,731	315,379	(623,711)	37,724,399
Construction in progress	6,166,681	14,461,033	-	20,627,714
Total	\$ 578,442,839	\$ 23,513,989	\$ (1,969,830)	\$ 599,986,998

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2022

16. Tangible capital assets (continued):

Accumulated amortization	Balance at December 31, 2021	Amortization and adjustments	Transfers, and disposals	Balance at December 31, 2022
Land	\$ 17,652	\$ 453	\$ —	\$ 18,105
Land improvements	1,555,636	79,420	—	1,635,056
Buildings	26,483,570	1,609,606	—	28,093,176
Vehicles	5,400,472	797,222	(314,394)	5,883,300
Machinery, equipment, furniture and fixtures	7,359,081	1,003,809	(908,224)	7,454,666
Linear assets:				
Roads	373,460,083	9,615,960	—	383,076,043
Bridges and culverts	13,183,553	926,372	(499,306)	13,610,619
Construction in progress	—	—	—	—
Total	\$ 427,460,047	\$ 14,032,842	\$ (1,721,924)	\$ 439,770,965

	Net book value 2021	Net book value 2022
Land	\$ 377,883	\$ 586,501
Land improvements	1,151,406	1,203,701
Buildings	29,441,446	31,330,798
Vehicles	2,537,915	2,978,904
Machinery, equipment, furniture and fixtures	8,332,140	7,899,806
Linear assets:		
Roads	78,126,143	71,474,829
Bridges and culverts	24,849,178	24,113,780
Construction in progress	6,166,681	20,627,714
Total	\$ 150,982,792	\$ 160,216,033

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2022

17. Segmented information:

The United Counties is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the non-consolidated statement of operations and municipal equity.

Departments have been separately disclosed in the segmented information, along with the service they provide, are set out in the schedule below.

For each reported segment, expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the non-consolidated financial statements as disclosed in note 1.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2022

17. Segmented information (continued):

Revenue	General Government	Protection to Persons and Property	Transportation Services	Health Services	Social and Family Services	Recreation & Cultural	Planning and Development	Environmental	2022 Total
Taxation:									
Local Municipalities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplementary Taxes	44,717,446	-	-	-	-	-	-	-	44,717,446
User Charges	44,449	-	30	202,179	2,332,638	-	290,243	3,034	2,872,573
Government grants:									
Province	263,172	-	2,021,579	9,798,386	33,536,989	-	148,776	86,849	45,855,751
Federal	-	-	2,748,368	-	1,026,008	-	-	-	3,774,376
Other municipal	192,553	14,320	374,500	3,064,578	2,679,414	-	55,166	15,618	6,396,149
Investment income	1,460,501	-	-	-	-	-	-	-	1,460,501
Provincial offences	-	1,438,219	-	-	-	-	-	-	1,438,219
Other income - rent	216,730	50,024	-	-	3,877,802	-	748	9,638	4,154,942
Other income - other	-	-	23,943	-	1,475	-	38,098	-	63,516
Gain (loss) on disposal of TCA	-	-	(41,436)	124,112	-	-	-	-	82,676
	\$ 46,894,851	\$ 1,502,563	\$ 5,126,984	\$ 13,189,255	\$ 43,454,326	\$ -	\$ 533,031	\$ 115,139	\$ 110,816,149
Expenses									
Salaries, wages and employee benefits	\$ 3,466,730	\$ 679,519	\$ 5,186,956	\$ 17,112,607	\$ 14,130,673	\$ 2,530	\$ 1,407,213	\$ 4,978	41,991,206
Debenture debt interest	14,449	20,734	20,657	-	161,179	-	1,128	-	218,147
Material and services	3,575,442	1,011,251	6,908,190	2,399,298	8,591,078	17,305	491,504	341,146	23,335,214
External and services	618,122	114,413	-	1,611,426	24,337,405	-	48,037	-	26,729,403
Interfunctional adjustments	(4,182,510)	163,615	730,427	993,010	2,092,441	425	195,708	6,884	-
Amortization	486,978	108,799	11,638,168	632,856	1,140,807	-	25,234	-	14,032,842
	\$ 3,979,211	\$ 2,098,331	\$ 24,484,398	\$ 22,749,197	\$ 50,453,583	\$ 20,260	\$ 2,168,824	\$ 353,008	\$ 106,306,812
Annual surplus	\$ 42,915,640	\$ (595,768)	\$ (19,357,414)	\$ (9,559,942)	\$ (6,999,257)	\$ (20,260)	\$ (1,635,793)	\$ (237,869)	\$ 4,509,337

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2022

17. Segmented information (continued):

Revenue	General Government	Protection to Persons and Property	Transportation Services	Health Services	Social and Family Services	Recreation & Cultural	Planning and Development	Environmental	2021 Total
Taxation:									
Local Municipalities	\$ 43,032,924	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,032,924
Supplementary Taxes	-	-	-	-	-	-	-	-	-
User Charges	77,878	-	7,982	546,183	1,670,914	-	177,389	3,160	2,483,506
Government grants:									
Province	2,003,995	-	1,664,497	8,999,555	33,211,845	-	82,080	101,033	46,063,005
Federal	2,994	-	2,992,333	-	1,115,077	-	-	-	4,110,404
Other municipal	124,213	14,320	422,786	2,440,564	2,578,008	-	14,150	13,149	5,607,190
Investment income	722,760	-	-	-	-	-	-	-	722,760
Provincial offences	-	1,837,515	-	-	-	-	-	-	1,837,515
Other income - rent	165,445	49,873	-	-	3,145,776	-	-	9,600	3,370,694
Other income - other	-	-	24,412	-	5,870	-	88,469	-	118,751
	\$ 46,130,209	\$ 1,901,708	\$ 5,112,010	\$ 11,986,302	\$ 41,727,490	\$ -	\$ 362,088	\$ 126,942	\$ 107,346,749
Expenses									
Salaries, wages and employee benefits	\$ 4,636,618	\$ 799,799	\$ 4,700,371	\$ 14,653,038	\$ 14,055,783	\$ 1,851	\$ 1,279,878	\$ 1,197	40,128,535
Debenture debt interest	22,708	30,451	193	-	148,816	-	1,352	-	203,520
Material and services	2,853,650	987,256	5,449,215	2,352,623	5,729,739	14,407	470,424	356,773	18,214,087
External and services	628,122	210,688	-	1,278,381	26,239,803	-	-	-	28,356,994
Interfunctional adjustments	(3,722,822)	145,232	618,999	835,054	1,919,962	348	194,889	8,338	-
Amortization	479,482	108,799	11,933,794	659,907	1,084,276	-	25,686	-	14,291,944
	\$ 4,897,758	\$ 2,282,225	\$ 22,702,572	\$ 19,779,003	\$ 49,178,379	\$ 16,606	\$ 1,972,229	\$ 366,308	\$ 101,195,080
Annual surplus	\$ 41,232,451	\$ (380,517)	\$ (17,590,562)	\$ (7,792,701)	\$ (7,450,889)	\$ (16,606)	\$ (1,610,141)	\$ (239,366)	\$ 6,151,669

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2022

18. Budget figures:

The 2022 budget amounts that were approved were not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Board Standards). The budget included capital items such as infrastructure replacements and estimated costs for constructed assets, as program expenses, but the actual expenses have been removed in the non-consolidated statement of operations and municipal equity. The revenues attributable to these items continue to be included in the non-consolidated statement of operations and municipal equity, resulting in a significant variance. The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited non-consolidated financial statements.

	Budget 2022	Actual 2022
Total revenues as presented on the non-consolidated statement of operations and municipal equity.	\$ 114,839,861	\$ 110,816,149
Total expenses as presented on the non-consolidated statement of operations and municipal equity.	(109,964,789)	(106,306,812)
Deficit presented on the non-consolidated statement of operations and municipal equity.	4,875,072	4,509,337
Add back: Amortization	14,291,944	14,032,842
Adjusted surplus	19,167,016	18,542,179
Capital expenses	(56,612,680)	(23,513,989)
Disposal of tangible capital assets	–	330,582
Write down of tangible capital assets	–	124,406
Long-term receivable repayments	101,520	55,874
Proceeds of long-term debt	33,702,920	3,355,000
Principal repayments	(1,075,772)	(1,075,772)
Unfunded	–	6,163,039
Decrease in operating surplus	\$ (4,716,996)	\$ 3,981,319
Allocated as follows:		
Net transfers (from) to reserves	\$ (4,716,996)	\$ 3,981,319

19. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Schedule 1: Continuity of Reserves and Reserve Funds

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022	Actual 2022	Actual 2021
	(note 18)		
Net transfers from (to) other funds			
Transfers from operations	\$ 9,087,991	\$ 14,059,847	\$ 12,786,603
Transfers to capital acquisitions	(13,804,987)	(10,078,528)	(7,762,784)
<u>Total net transfers</u>	<u>(4,716,996)</u>	<u>3,981,319</u>	<u>5,023,819</u>
Reserves and reserve fund balances, beginning of year	45,315,736	45,315,736	40,291,917
Reserves and reserve fund balances, end of year	<u>\$ 40,598,740</u>	<u>\$ 49,297,055</u>	<u>\$ 45,315,736</u>

Composition of Reserves and Reserve Funds

	2022	2021
Reserves set aside for specific purposes by Council:		
Reserves set aside for specific purposes by Council		
Working capital	\$ 9,327,028	\$ 8,876,583
Tax rate stabilization	4,211,205	4,315,940
Insurance	1,345,731	1,335,731
WSIB claims	810,981	332,758
Planning	334,657	318,677
Hospital contributions	364,609	400,605
Road maintenance	735,699	735,699
Social and family services	443,363	441,821
<u>Other projects</u>	<u>908,556</u>	<u>908,556</u>
	<u>18,481,829</u>	<u>17,666,370</u>
For capital purposes:		
Capital projects	5,207,557	3,759,031
Emergency medical services	2,963,848	2,590,867
Road capital projects	9,707,527	9,352,328
Social housing	5,070,530	5,139,852
Equipment replacement	815,884	844,645
Maple View Lodge projects	2,408,857	2,326,027
Emergency measures	774,260	665,461
<u>Dedicated infrastructure</u>	<u>3,866,763</u>	<u>2,971,155</u>
	<u>30,815,226</u>	<u>27,649,366</u>
<u>Total reserves</u>	<u>\$ 49,297,055</u>	<u>\$ 45,315,736</u>



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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the United Counties of Leeds and Grenville :

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the United Counties of Leeds and Grenville (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of financial activities and changes in fund balances for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its results of operations 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 auditor's report.

We are independent of the Entity 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.



Page 28

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 the 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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.



Page 29

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 Entity'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 Entity'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 Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

June 22, 2023

THE CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Trust Funds
Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Cash	\$ 4,891	\$ 6,275
Fund Balances		
Fund balances	\$ 4,891	\$ 6,275

See accompanying notes to financial statements.

THE CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Trust Funds

Statement of Financial Activities and Fund Balance

December 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Residents' deposits	\$ 6,661	\$ 4,265
Expenses:		
Residents' withdrawals	8,045	3,619
Excess of revenue over expenses (expenses over revenue)	(1,384)	747
Fund balance, beginning of year	6,275	5,528
Fund balance, end of year	\$ 4,891	\$ 6,275

THE CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2022

1. Significant accounting policies:

The financial statements of the Corporation of the United Counties of Leeds and Grenville Trust Funds (the "Trust Funds") are prepared by management in accordance with Canadian public sector accounting standards.

(a) Basis of presentation:

These statements reflect the assets, liabilities, revenue and expenses of the Trust Funds.

(b) Basis of accounting:

Revenue and expenses are recorded on an accrual basis.

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

(c) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

2. Statement of cash flows:

A statement of cash flows has not been included in these financial statements as it would not provide additional meaningful information.