

Non-Consolidated Financial Statements of

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

Year ended December 31, 2024

# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Non-Consolidated Financial Statements

Year ended December 31, 2024

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### **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.



Al Horsman, Chief Administrative Officer



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, 2024
- the non-consolidated statement of operations and accumulated municipal equity for the year then ended
- the non-consolidated statement of changes in net debt 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, 2024, 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.



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### ***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.

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.



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- 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

August 11, 2025

# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Non-Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash	\$ 61,508,357	\$ 65,696,209
Accounts receivable	13,945,612	5,701,593
Investments (note 5)	17,788,652	17,389,281
Long-term receivables (note 3)	4,012,697	4,131,208
	97,255,318	92,918,291
Financial liabilities:		
Accounts payable and accrued liabilities	31,573,335	18,414,242
Employee future benefit obligations (note 4)	11,341,026	9,666,709
Asset retirement obligations (note 7)	26,028,133	25,246,732
Deferred revenue	1,620,308	7,708,705
Deferred revenue - obligatory reserve funds (note 6)	4,903,017	5,391,887
Long-term liabilities (note 8)	58,595,816	32,674,128
	134,061,635	99,102,403
Net debt	(36,806,317)	(6,184,112)
Non-financial assets:		
Tangible capital assets (note 17)	241,774,824	196,736,588
Prepaid expenses	4,759,438	2,598,145
Inventories	1,540,647	1,684,152
Total non-financial assets	248,074,909	201,018,885
Contingent liabilities (note 12)		
Commitments (note 15)		
Accumulated municipal equity (note 9)	\$ 211,268,592	\$ 194,834,773

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 Accumulated Municipal Equity

Year ended December 31, 2024, with comparative information for 2023

	Budget 2024	Actual 2024	Actual 2023
	(note 19)		
Revenue (note 18):			
Taxation - requisition on local municipalities	\$ 51,367,921	\$ 51,465,317	\$ 47,686,007
Taxation - share of supplementary taxes	250,000	626,505	512,326
User charges	3,165,275	4,292,281	3,385,196
Government grants - provincial	67,659,329	67,269,068	59,258,867
Government grants - federal	408,742	408,742	4,688,831
Government grants - other municipalities	6,528,373	6,945,295	6,353,725
Provincial offences fines	1,500,000	1,394,992	1,312,810
Investment income	2,028,736	3,513,075	2,931,892
Other income:			
Rental	3,896,985	4,425,203	4,150,420
Other	22,350	30,233	30,083
Gain on sale of tangible capital assets	-	1,027,095	252,117
Loss on write down of tangible capital assets	-	(402,942)	-
<b>Total revenue</b>	<b>136,827,711</b>	<b>140,994,864</b>	<b>130,562,274</b>
Expenses (note 18):			
General government	4,330,920	3,650,683	3,821,928
Protection to persons and property	2,241,641	2,221,082	2,019,012
Transportation services	27,190,947	24,720,857	24,444,031
Environmental services	416,320	335,629	340,466
Health services	24,341,839	24,844,162	23,680,890
Social and family services	71,463,544	66,335,744	60,515,714
Recreation and cultural services	25,858	21,261	22,357
Planning and development	2,777,851	2,431,627	2,346,986
<b>Total expenses</b>	<b>132,788,920</b>	<b>124,561,045</b>	<b>117,191,384</b>
<b>Annual surplus</b>	<b>4,038,791</b>	<b>16,433,819</b>	<b>13,370,890</b>
<b>Accumulated municipal equity, beginning of year</b>	<b>194,834,773</b>	<b>194,834,773</b>	<b>181,463,883</b>
<b>Accumulated municipal equity, end of year</b>	<b>\$ 198,873,564</b>	<b>\$ 211,268,592</b>	<b>\$ 194,834,773</b>

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 Debt

Year ended December 31, 2024, with comparative information for 2023

	Budget 2024	Actual 2024	Actual 2023
	(note 19)		
Annual surplus	\$ 4,038,791	\$ 16,433,819	\$ 13,370,890
Amortization of tangible capital assets	14,310,671	14,016,400	14,310,670
Acquisition of tangible capital assets	(63,003,553)	(60,117,330)	(40,579,314)
Loss on write down of tangible capital assets	-	402,942	-
Gain on disposal of tangible capital assets	-	(1,027,095)	(252,117)
Proceeds on disposal of tangible capital assets	-	1,686,847	351,354
Acquisition (consumption) of prepaid expenses	-	(2,161,293)	(509,282)
Acquisition (consumption) of supplies inventories	-	143,505	(265,653)
Change in net debt	(44,654,091)	(30,622,205)	(13,573,452)
Net financial assets (debt), beginning of year	(6,184,112)	(6,184,112)	7,389,340
<b>Net debt, end of year</b>	<b>\$ (50,838,203)</b>	<b>\$ (36,806,317)</b>	<b>\$ (6,184,112)</b>

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, 2024, with comparative information for 2023

	2024	2023
Operating activities:		
Annual surplus	\$ 16,433,819	\$ 13,370,890
Item not involving cash:		
Amortization of tangible capital assets	14,016,400	14,310,670
Gain on sale of tangible capital assets	(1,027,095)	(252,117)
Loss on write down of tangible capital assets	402,942	-
Increase in asset retirement obligations	781,401	-
Change in non-cash operating working capital:		
Accounts receivable	(8,244,019)	(164,584)
Accounts payable and accrued liabilities	13,159,093	2,522,842
Employee future benefit obligations	1,674,317	1,390,560
Deferred revenue	(6,088,397)	5,398,565
Deferred revenue - obligatory reserve funds	(488,870)	1,744,168
Inventories	143,505	(265,653)
Prepaid expenses	(2,161,293)	(509,282)
Net change in cash from operations	28,601,803	37,546,059
Investing activities:		
Increase in investments	(399,371)	(402,710)
Repayment of long-term receivables	118,511	112,405
	(280,860)	(290,305)
Capital activities:		
Acquisition of tangible capital assets	(60,117,330)	(40,579,314)
Proceeds of disposal of tangible capital assets	1,686,847	351,354
	(58,430,483)	(40,227,960)
Financing activities:		
Proceeds of long-term liabilities	26,710,000	26,386,000
Debt principal repayments	(788,312)	(752,978)
	25,921,688	25,633,022
Increase (decrease) in cash	(4,187,852)	22,660,816
Cash, beginning of year	65,696,209	43,035,393
Cash, end of year	\$ 61,508,357	\$ 65,696,209

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, 2024

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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 operates 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 annual surplus, provides the change in net financial assets (debt) 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, 2024

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## 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 accumulated 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 accumulated municipal equity.

# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### (c) Financial instruments:

The United Counties records derivatives and portfolio investments in equity instruments that are quoted in an active market at fair value. All other financial instruments will generally be measured at cost or amortized cost.

Management has not elected to record any investments at fair value as they are not managed and evaluated on a fair value basis.

Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses which records the remeasurement gains and losses for financial instruments measured at fair value. Unrealized gains and losses are realized upon settlement of the financial instrument when the financial instrument is sold or reaches maturity through the non-consolidated statement of operations and accumulated municipal equity. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the non-consolidated statement of operations and accumulated municipal equity.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the non-consolidated statement of remeasurement gains and losses.

Long-term debt is recorded at amortized cost.

### Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### (c) Financial instruments (continued):

#### Establishing fair value (continued)

##### (i) Fair value hierarchy:

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

##### (d) Foreign currency:

Foreign currency transactions are recorded at the exchange rate at the time of the transaction.

Assets and liabilities denominated in foreign currencies are recorded at fair value using the exchange rate at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the non-consolidated statement of remeasurement gains and losses. In the period of settlement, the realized foreign exchange gains and losses are recognized in the non-consolidated statement of operations and accumulated municipal equity and the unrealized balances are reversed from the non-consolidated statement of remeasurement gains and losses.

##### (e) Statement of Remeasurement Gains and Losses:

A non-consolidated statement of remeasurement gains and losses has not been provided as there are no significant unrealized gains or losses at December 31, 2024 or 2023.

# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### (f) 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.

### (g) Inventories and prepaid expenses:

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

### (h) 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, 2024, at that time, the plan reported a \$2.9 billion actuarial deficit (2023 - \$4.2 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.

### (i) Revenue recognition:

Government transfers and funding for projects are recognized when the transfer is authorized, any eligible criteria has been met and the amount can be reasonably estimated. United Counties generated funds, generally consisting of user fees, licenses and permits, are recognized when the goods are sold or the services are provided, performance obligations fulfilled, and future economic benefits are measurable and expected to be obtained. Other restricted contributions received in advance of the related expenditure are deferred until the related expenditure is incurred.

# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### (j) 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, 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.

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.

### (k) Asset retirement obligations:

An asset retirement obligation ("ARO") is recognized when, as at the financial reporting date, all of the following criteria are met:

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) The past transaction or event giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and
- (iv) A reasonable estimate of the amount can be made.

The liability for the removal of asbestos in several of the buildings owned by the United Counties has been recognized based on estimated undiscounted future expenses. Assumptions used in the calculations are revised yearly.

Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liabilities are recognized in the non-consolidated statement of operations and accumulated municipal equity at the time of remediation.

# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### (k) Asset retirement obligations (continued):

The recognition of the ARO liability resulted in an accompanying increase to the respective tangible capital assets. Building tangible capital assets affected by the asbestos liability are being amortized with the building following the amortization accounting policies outlined in Note 1 (b).

### (l) 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:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) the United Counties:
  - a) is directly responsible; or
  - b) accepts responsibility
- (iv) it is expected that future economic benefit will be given up; and
- (v) 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.

### (m) 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. Amounts subject to estimates include employee benefits payable, asset retirement obligations and the carrying value of the United Counties' tangible capital assets. Actual results could differ from these estimates.

# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 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, 2024. The net surplus amount is reflected as a component of accounts payable and accrued liabilities on the non-consolidated statement of financial position.

## 3. Long-term receivables:

Long-term receivables are comprised of the following:

	2024	2023
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.	\$ 4,012,697	\$ 4,018,015
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 matures October 2024.	–	107,495
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.	–	5,698
	<u>\$ 4,012,697</u>	<u>\$ 4,131,208</u>

Payments are due as follows:

2025	\$ 4,012,697
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# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 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.

### (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, 2023, with an extrapolation effective December 31, 2023. 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 3.0% 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 of 9.96 years (2023 - 9.96 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, \$1,494,336 (2023 - \$1,161,462).

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

	2024	2023
Accrued WSIB benefit obligation at January 1	\$ 12,031,343	\$ 11,133,002
Benefit cost for the year	1,996,062	1,944,999
Interest cost	368,675	342,330
Expected benefit payments	(1,480,380)	(1,388,988)
	<u>\$ 12,915,700</u>	<u>\$ 12,031,343</u>
Accrued WSIB benefit obligation at December 31	12,915,700	12,031,343
Unamortized actuarial loss	(2,758,493)	(3,264,956)
Accrued WSIB liability at December 31	<u>\$ 10,157,207</u>	<u>\$ 8,766,387</u>

# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 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:

	2024	2023
Remaining unamortized loss at January 1	\$ (3,264,956)	\$ (3,771,421)
Amortization during the year	506,463	506,465
<b>Remaining unamortized loss at December 31</b>	<b>\$ (2,758,493)</b>	<b>\$ (3,264,956)</b>

(d) Employee benefit obligations are comprised of:

	2024	2023
Sick leave	\$ 6,133	\$ 5,885
Vacation, overtime, statutory holidays	1,177,686	894,437
WSIB	10,157,207	8,766,387
	<b>\$ 11,341,026</b>	<b>\$ 9,666,709</b>

## 5. Investments:

Investments reported under financial assets represent excess operating funds that are comprised of the following:

	Level	2024	2023
Fixed income investments	2	\$ 17,788,652	\$ 17,389,281

Fixed income investments yields interest rates ranging of 1.25% to 5.679% with varying maturities between May 2025 and July 2034.

## 6. Deferred revenue - obligatory reserve fund:

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.

# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 6. Deferred revenue - obligatory reserve fund (continued):

The transactions for the year are summarized as follows:

	Infrastructure grants	Canada Community Building Fund	2024 Total	2023 Total
January 1, 2024	\$ 5,391,887	\$ –	\$ 5,391,887	\$ 3,647,719
Interest	232,720	28,136	260,856	224,147
Donations	516,785	–	516,785	924,469
Government grants	–	2,313,685	2,313,685	4,099,816
Transfer to capital fund	(3,530,196)	–	(3,530,196)	(3,504,264)
Transfer to operating fund	(50,000)	–	(50,000)	–
December 31, 2024	\$ 2,561,196	\$ 2,341,821	\$ 4,903,017	\$ 5,391,887

## 7. Asset retirement obligations:

The United Counties discounts significant obligations where there is a high degree of confidence on the amount and timing of cash flows and the obligation will not be settled for at least five years from the reporting date. The discount and inflation rate is reflective of the risks specific to the asset retirement liability.

All liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

	2024	2023
Liabilities for asset retirement obligations, beginning of year	\$ 25,246,732	\$ 25,246,732
Remeasurement of asset retirement obligation	781,401	–
Liabilities incurred during the year	–	–
Liabilities settled during the year	–	–
Liabilities for asset retirement obligations, end of year	\$ 26,028,133	\$ 25,246,732

# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 8. Long-term liabilities:

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

	2024	2023
Serial debentures:		
St. Lawrence Lodge, 5.60% and 4.71%, due September 2024 and September 2025	\$ 544,816	\$ 1,225,633
Fire communication systems, 2.88%, due October 2024	–	107,495
County Road 43 and Mapleview Lodge redevelopment, interim financing, interest rate is OILC's monthly construction rate	58,051,000	31,341,000
	<u>\$ 58,595,816</u>	<u>\$ 32,674,128</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:

	Total
2025	\$ 58,595,816

(d) Interest expense on long term liabilities in 2024 amounted to \$2,137,502 (2023 - \$1,091,769).

(e) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 8. Long-term liabilities (continued):

- (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, 2024, the balance drawn amounted to \$58,051,000 (2023 - \$31,341,000) with planned refinancing of the debt facility on a long-term basis upon expiry of the term of the current facility.

## 9. Accumulated municipal equity:

	2024	2023
Investment in tangible capital assets:		
Tangible capital assets	\$ 241,774,824	\$ 196,736,588
Unfunded asset retirement obligation	(26,028,133)	(25,246,732)
Long-term liabilities	(58,595,816)	(32,674,128)
Debt recoverable from lower tiers	-	107,495
Unfinanced capital outlay	(9,694,964)	-
	<u>147,455,911</u>	<u>138,923,223</u>
Reserves (Schedule 1)	63,812,681	55,911,550
<b>Total accumulated municipal equity</b>	<b>\$ 211,268,592</b>	<b>\$ 194,834,773</b>

## 10. 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 \$2,909,428 (2023 - \$2,741,066) for current services and is included as an expense on the non-consolidated statement of operations and accumulated municipal equity classified under the appropriate functional expenditure.

# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## 11. Trust funds:

Trust funds administered by the United Counties amounting to \$5,060 (2023 - \$4,278) 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.

## 12. 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, 2024 amount to \$147,968 (2023 - \$294,620).

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, 2024, 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, 2024

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## 13. 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 2024 was \$978,189 (2023 - \$837,603) and are reported on the non-consolidated statement of operations and accumulated 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 2024 was \$1,309,441 (2023 - \$1,343,067) and is reported on the non-consolidated statement of operations and accumulated municipal equity.

## 14. 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 \$1,394,992 (2023 - \$1,312,810).

# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 15. 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 project is expected to cost \$87 million with costs incurred as of December 31, 2024 amounting to \$68.5 million. The project is expected to be completed by the end of 2025.
- (b) The United Counties have committed to the expansion of a portion of Highway 42 in North Grenville to a four-lane highway and replacing the bridge. The project is projected to cost \$43 million with costs incurred as of December 31, 2024 amounting to \$14.1 million. The project 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

## 16. 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, 2024

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## 16. 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 2024 was 30.00% (2023 - 30.89%).

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, 2024

## 16. Cost sharing allocations (continued):

(a) St. Lawrence Lodge (continued):

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

	2024 (Estimated)	2023
Deficit from operations	\$ —	\$ (117,422)
Surplus from redevelopment	3,200,000	3,168,177
<b>Total accumulated municipal equity</b>	<b>\$ 3,200,000</b>	<b>\$ 3,050,755</b>

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

- The Counties contributed to the Lodge an annual operating grant of \$978,189 (2023 - \$837,603).

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.

## 17. Tangible capital assets:

Cost	Balance at December 31, 2023	Transfers and additions	Disposals and adjustments	Balance at December 31, 2024
Land	\$ 1,229,776	\$ 874,314	\$ (96,801)	\$ 2,007,289
Land improvements	3,082,636	25,195	—	3,107,831
Buildings	87,344,505	2,119,011	(1,933,439)	87,530,077
Vehicles	9,628,697	1,524,429	(1,069,153)	10,083,973
Machinery, equipment, furniture and fixtures	16,264,620	496,168	(511,544)	16,249,244
Linear assets:				
Roads	465,455,295	7,596,882	(37,981,913)	435,070,264
Bridges and culverts	39,119,952	1,240,968	(605,212)	39,755,708
Construction in progress	41,899,361	46,240,363	—	88,139,724
<b>Total</b>	<b>\$ 664,024,842</b>	<b>\$ 60,117,330</b>	<b>\$ (42,198,062)</b>	<b>\$ 681,944,110</b>

# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 17. Tangible capital assets (continued):

Accumulated amortization	Balance at December 31, 2023	Amortization and adjustments	Transfers, and disposals	Balance at December 31, 2024
Land	\$ 18,105	\$ —	\$ —	\$ 18,105
Land improvements	1,730,745	99,634	—	1,830,379
Buildings	45,153,909	2,446,091	(1,728,731)	45,871,269
Vehicles	5,821,934	1,017,272	(1,069,153)	5,770,053
Machinery, equipment, furniture and fixtures	7,835,124	1,078,729	(90,162)	8,823,691
Linear assets:				
Roads	392,167,179	8,386,936	(37,971,490)	362,582,625
Bridges and culverts	14,561,258	987,738	(275,832)	15,273,164
Construction in progress	—	—	—	—
<b>Total</b>	<b>\$ 467,288,254</b>	<b>\$ 14,016,400</b>	<b>\$ (41,135,368)</b>	<b>\$ 440,169,286</b>

	Net book value 2023	Net book value 2024
Land	\$ 1,211,671	\$ 1,989,184
Land improvements	1,351,891	1,277,452
Buildings	42,190,596	41,658,808
Vehicles	3,806,763	4,313,920
Machinery, equipment, furniture and fixtures	8,429,496	7,425,553
Linear assets:		
Roads	73,288,116	72,487,639
Bridges and culverts	24,558,694	24,482,544
Construction in progress	41,899,361	88,139,724
<b>Total</b>	<b>\$ 196,736,588</b>	<b>\$ 241,774,824</b>

# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## **18. 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 accumulated 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, 2024

## 18. Segmented information (continued):

	General Government	Protection to Persons and Property	Transportation Services	Health Services	Social and Family Services	Recreation & Cultural	Planning and Development	Environmental	2024 Total
<b>Revenue</b>									
Taxation:									
Local Municipalities	\$ 51,465,317	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,465,317
Supplementary Taxes	626,505	-	-	-	-	-	-	-	626,505
User Charges	50,568	386,601	814	52,821	3,527,610	-	273,444	423	4,292,281
Government grants:									
Province	-	-	9,323,022	11,311,960	46,251,452	-	332,773	49,861	67,269,068
Federal	-	-	-	-	408,742	-	-	-	408,742
Other municipal	139,105	14,320	387,391	3,210,329	3,163,473	-	14,558	16,119	6,945,295
Investment income	3,513,075	-	-	-	-	-	-	-	3,513,075
Provincial offences	-	1,394,992	-	-	-	-	-	-	1,394,992
Other income - rent	177,277	54,083	-	-	4,185,432	-	2,745	5,666	4,425,203
Other income - other	-	-	28,556	-	(1,300)	-	2,977	-	30,233
Gain (loss) on disposal of TCA	624,153	-	-	-	-	-	-	-	624,153
	56,596,000	1,849,996	9,739,783	14,575,110	57,535,409	-	626,497	72,069	140,994,864
<b>Expenses</b>									
Salaries, wages and employee benefits	4,233,522	690,454	5,824,841	18,545,911	16,955,783	3,758	1,565,251	4,826	47,824,346
Debenture debt interest	-	2,327	206,203	-	1,928,306	-	666	-	2,137,502
Material and services	3,396,458	1,078,937	7,184,961	2,552,938	10,378,007	16,997	536,415	322,241	25,466,954
External and services	499,500	108,823	-	1,818,365	32,635,182	-	53,975	-	35,115,845
Interfunctional adjustments	(4,968,918)	180,158	811,599	1,168,029	2,546,374	506	253,690	8,562	-
Amortization	490,121	160,383	10,693,253	758,919	1,892,092	-	21,630	-	14,016,398
	3,650,683	2,221,082	24,720,857	24,844,162	66,335,744	21,261	2,431,627	335,629	124,561,045
<b>Annual surplus (deficit)</b>	\$ 52,945,317	\$ (371,086)	\$ (14,981,074)	\$ (10,269,052)	\$ (8,800,335)	\$ (21,261)	\$ (1,805,130)	\$ (263,560)	\$ 16,433,819

# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 18. Segmented information (continued):

	General Government	Protection to Persons and Property	Transportation Services	Health Services	Social and Family Services	Recreation & Cultural	Planning and Development	Environmental	2023 Total
<b>Revenue</b>									
Taxation:									
Local Municipalities	\$ 47,686,007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,686,007
Supplementary Taxes	512,326	-	-	-	-	-	-	-	512,326
User Charges	55,337	-	-	101,363	2,931,213	-	294,050	3,233	3,385,196
Government grants:									
Province	49,853	-	1,822,191	11,161,609	45,855,653	-	306,826	62,735	59,258,867
Federal	-	-	4,017,187	-	671,644	-	-	-	4,688,831
Other municipal	113,222	14,320	407,685	2,864,766	2,917,092	-	15,853	20,787	6,353,725
Investment income	2,931,892	-	-	-	-	-	-	-	2,931,892
Provincial offences	-	1,312,810	-	-	-	-	-	-	1,312,810
Other income - rent	171,425	53,389	-	-	3,913,617	-	2,274	9,715	4,150,420
Other income - other	-	-	25,183	-	2,300	-	2,600	-	30,083
Gain (loss) on disposal of TCA	252,117	-	-	-	-	-	-	-	252,117
	51,772,179	1,380,519	6,272,246	14,127,738	56,291,519	-	621,603	96,470	130,562,274
<b>Expenses</b>									
Salaries, wages and employee benefits	3,702,346	644,313	5,375,375	17,852,969	14,865,606	5,155	1,542,484	7,199	43,995,447
Debenture debt interest	6,189	10,752	98,407	-	975,522	-	899	-	1,091,769
Material and services	3,546,739	990,707	6,890,962	2,267,456	9,230,481	16,724	487,322	323,399	23,753,790
External and services	744,122	91,300	-	1,869,636	31,280,466	-	54,184	-	34,039,708
Interfunctional adjustments	(4,675,300)	173,141	824,687	1,057,092	2,370,916	478	239,118	9,868	-
Amortization	497,832	108,799	11,254,600	633,737	1,792,723	-	22,979	-	14,310,670
	3,821,928	2,019,012	24,444,031	23,680,890	60,515,714	22,357	2,346,986	340,466	117,191,384
<b>Annual surplus (deficit)</b>	\$ 47,950,251	\$ (638,493)	\$ (18,171,785)	\$ (9,553,152)	\$ (4,224,195)	\$ (22,357)	\$ (1,725,383)	\$ (243,996)	\$ 13,370,890

# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 19. Budget figures:

The 2024 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 accumulated municipal equity. The revenues attributable to these items continue to be included in the non-consolidated statement of operations and accumulated 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 2024	Actual 2024
Total revenues as presented on the non-consolidated statement of operations and municipal equity	\$ 136,827,711	\$ 140,994,864
Total expenses as presented on the non-consolidated statement of operations and accumulated municipal equity	(132,788,920)	(124,561,045)
Deficit presented on the non-consolidated statement of operations and accumulated municipal equity	4,038,791	16,433,819
Add back: Amortization	14,310,671	14,016,400
Adjusted surplus	18,349,462	30,450,219
Capital expenses	(63,003,553)	(60,117,330)
Proceeds on disposal of tangible capital assets	—	1,686,847
Gain on disposal of tangible capital assets	—	(1,027,095)
Write-down of tangible capital assets	—	402,942
Increase in asset retirement obligation	—	781,401
Long-term receivable repayments	107,495	118,511
Proceeds of long-term debt	39,420,000	26,710,000
Principal repayments	(788,312)	(788,312)
Others	—	(11,016)
Decrease in operating surplus	\$ (5,914,908)	\$ (1,793,833)
Allocated as follows:		
Unfunded capital	\$ —	\$ (9,694,964)
Net transfers (from) to reserves	(5,914,908)	7,901,131
	\$ (5,914,908)	\$ (1,793,833)

# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 20. Financial risks:

### (a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The United Counties is exposed to credit risk with respect to accounts receivable and investments on the non-consolidated statement of financial position.

The United Counties assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the United Counties at December 31, 2024 is the carrying value of these assets. The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the non-consolidated statement of operations and accumulated municipal equity. Subsequent recoveries of impairment losses related to accounts receivable are credited to the non-consolidated statement of operations and accumulated municipal equity.

Accumulated amortization	Accounts and other receivables	Rents receivable	2024 Total	Balance at 2023 Total
Current	\$ 13,904,839	\$ 829	\$ 13,905,668	\$ 5,647,213
Past due	14,035	417,496	431,531	436,954
Gross receivable	13,918,874	418,325	14,337,199	6,084,167
Allowances	(14,035)	(377,552)	(391,587)	(382,574)
Net receivables	\$ 13,904,839	\$ 40,773	\$ 13,945,612	\$ 5,701,593

Amounts past due but not allowed for are deemed by management to be collectible based on historical experience regarding collections.

The United Counties follows an investment policy approved by its Council. The maximum exposure to credit risk with respect to investments of the United Counties at December 31, 2024 is the carrying value of investment assets.

There have been no significant changes to the credit risk exposure from 2023.

### (b) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates, impact the United Counties' income or the value of its holdings of financial instruments. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## 20. Financial risks (continued):

### (b) Market risk (continued):

The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

There have been no significant changes to the market risk exposure from 2023.

#### (i) Currency risk:

Currency risk arises from the United Counties' operations in different currencies and converting non-Canadian earnings at different points in time at different foreign currency levels when adverse changes in foreign currency rates occur. The United Counties does not have any material transactions or financial instruments denominated in foreign currencies.

#### (ii) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the United Counties to cash flow interest rate risk.

The United Counties' management monitors the interest rate fluctuations on a continuous basis and acts accordingly with regards to long-term debt as described in note 8. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the long-term debt.

As at December 31, 2024, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve with all other variables held constant, the estimated impact on the market value of investments would be approximately \$181,132 (2023 - \$171,530).

The United Counties' investments are disclosed in Note 5.

#### (iii) Equity risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The United Counties is not exposed to this risk based on the current investment portfolio.

# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## 20. Financial risks (continued):

### (c) Liquidity risk:

Liquidity risk is the risk that the United Counties will not be able to meet all of its cash outflow obligations as they come due. The United Counties mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. Accounts payable are all current and the terms of the long-term debt are disclosed in note 8.

There have been no significant changes from the previous year in the United Counties' exposure to liquidity risk or policies, procedures and methods used to measure the risk.

## 21. Change in accounting policy - adoption of new accounting standards:

The United Counties adopted the following standards concurrently beginning January 1, 2024 prospectively: PS 3160 *Public Private Partnerships*, PS 3400 *Revenue* and PSG-8 *Purchased Intangibles*.

PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

PSG-8 *Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

PS 3160 *Public Private Partnerships* (P3s) provides specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

There was no impact to the financial statements as a result of adopting the new accounting standards.

# CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

## Schedule 1: Continuity of Reserves and Reserve Funds

Year ended December 31, 2024, with comparative information for 2023

	Budget 2024	Actual 2024	Actual 2023
	(note 19)		
Net transfers from (to) other funds			
Transfers from operations	\$ 12,907,425	\$ 12,854,471	\$ 13,802,035
Transfers to capital acquisitions	(18,822,333)	(4,953,340)	(7,187,540)
Total net transfers	(5,914,908)	7,901,131	6,614,495
Reserves and reserve fund balances, change in year	(5,914,908)	7,901,131	6,614,495
Reserves and reserve fund balances, beginning of year	55,911,550	55,911,550	49,297,055
Reserves and reserve fund balances, end of year	\$ 49,996,642	\$ 63,812,681	\$ 55,911,550

### Composition of Reserves and Reserve Funds

	2024	2023
<b>Reserves set aside for specific purposes by Council:</b>		
Reserves set aside for specific purposes by Council		
Working capital	\$ 9,796,577	\$ 9,784,738
Tax rate stabilization	4,723,088	4,507,558
Insurance	1,131,522	1,155,832
WSIB claims	1,494,336	1,161,462
Planning	361,028	348,873
Hospital contributions	316,337	266,272
Road maintenance	735,699	735,699
Social and family services	444,324	446,446
Forest regeneration	40,000	-
Other projects	237,232	237,232
	19,280,143	18,644,112
For capital purposes:		
Capital projects	8,406,045	5,263,079
Emergency medical services	2,090,566	2,444,594
Road capital projects	15,603,414	13,985,369
Social housing	5,249,713	5,069,230
Equipment replacement	953,728	965,473
Maple View Lodge projects	3,369,068	3,079,959
Emergency measures	1,018,242	883,059
Dedicated infrastructure	7,841,762	5,576,675
	44,532,538	37,267,438
Total reserves	\$ 63,812,681	\$ 55,911,550



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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, 2024
- 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, 2024, 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.

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.



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.

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.



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- 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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

August 11, 2025

# THE CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Trust Funds  
Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
<b>Assets</b>		
Cash	\$ 5,060	\$ 4,278
<b>Fund Balances</b>		
Fund balances	\$ 5,060	\$ 4,278

See accompanying notes to financial statements.

# THE CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Trust Funds

Statement of Financial Activities and Changes in Fund Balance

December 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Residents' deposits	\$ 4,750	\$ 3,060
Expenses:		
Residents' withdrawals	3,968	3,673
Excess of revenue over expenses (expenses over revenue)	782	(613)
Fund balance, beginning of year	4,278	4,891
Fund balance, end of year	\$ 5,060	\$ 4,278

# THE CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Trust Funds  
Notes to Financial Statements

Year ended December 31, 2024

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## 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.

# THE CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Trust Funds  
Notes to Financial Statements

Year ended December 31, 2024

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### 3. Change in accounting policy - adoption of new accounting standards:

The United Counties adopted the following standards concurrently beginning January 1, 2024 prospectively: PS 3160 *Public Private Partnerships*, PS 3400 *Revenue* and PSG-8 *Purchased Intangibles*.

PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

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