

**The Corporation of the United Counties of
Leeds and Grenville
Consolidated Financial Statements
For the year ended December 31, 2007**

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The Corporation of The United Counties of Leeds And Grenville

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Leeds, Grenville and Lanark District Health Unit

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St. Lawrence Lodge

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Auditor's Report

To the Inhabitants and Ratepayers of The Corporation of The United Counties of Leeds and Grenville

I have audited the Consolidated Statement of Financial Position of the Corporation of the United Counties of Leeds and Grenville as at December 31, 2007 and the Consolidated Statements of Financial Activities and Changes in Financial Position. These financial statements are the responsibility of the United Counties' management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of The United Counties of Leeds and Grenville as at December 31, 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles disclosed in Note 1 to the financial statements.

Brent J. Burns
Chartered Accountant
Licensed Public Accountant

Gananoque, Ontario

October 8, 2008

**The Corporation of The United Counties of
Leeds And Grenville
Consolidated Statement of Financial Position**

| December 31 | 2007 | 2006 |
|---|----------------------|----------------------|
| Financial Assets | | |
| Cash and temporary investments | \$ 8,378,223 | \$ 8,732,058 |
| Accounts receivable | 4,463,522 | 5,233,517 |
| Investments | <u>15,451,573</u> | <u>11,367,686</u> |
| | <u>28,293,318</u> | <u>25,333,261</u> |
| Physical Assets | | |
| Inventories of materials and supplies | 652,237 | 889,923 |
| Prepaid expense | <u>618,852</u> | <u>640,161</u> |
| | <u>1,271,089</u> | <u>1,530,084</u> |
| Total Assets | \$ 29,564,407 | \$ 26,863,345 |
| Liabilities | | |
| Accounts payable and accrued liabilities | \$ 9,413,488 | \$ 6,968,594 |
| Deferred revenues (Note 3) | 626,327 | 667,120 |
| Post employment benefits (Note 5) | <u>53,811</u> | <u>56,173</u> |
| | <u>10,093,626</u> | <u>7,691,887</u> |
| Long term liabilities (Note 6) | <u>14,598,759</u> | <u>15,159,908</u> |
| Municipal Position | | |
| Operating fund | 1,422,741 | 1,165,468 |
| Capital fund | (904,936) | (522,122) |
| Reserves (Note 7) | 18,114,609 | 17,736,826 |
| Discretionary reserve funds (Note 7) | 892,178 | 847,459 |
| Amounts to be recovered | <u>(14,652,570)</u> | <u>(15,216,081)</u> |
| Municipal Position | <u>4,872,022</u> | <u>4,011,550</u> |
| Total Liabilities and Municipal Position | \$ 29,564,407 | \$ 26,863,345 |

**The Corporation of The United Counties of
Leeds and Grenville
Consolidated Statement of Financial Activities**

| For the year ended December 31 | 2007 Budget | 2007 Actual | 2006 Actual |
|---------------------------------------|------------------------|------------------------|------------------------|
| Revenues | | | |
| Net taxation and user charges | | | |
| Requisition on local municipalities | \$ 26,407,225 | \$ 26,604,699 | \$ 25,727,308 |
| Provincial and federal grants | 40,354,135 | 41,492,386 | 43,177,584 |
| Revenues from other municipalities | 10,233,219 | 11,419,554 | 10,689,509 |
| User fees and service charges | 9,835,815 | 11,757,842 | 9,642,091 |
| Fines | 1,630,050 | 1,794,805 | 1,660,087 |
| Other | 1,682,838 | 1,235,314 | 1,869,956 |
| Revenue from obligations reserve fund | - | - | 22,895 |
| Total Revenues | \$ 90,143,282 | \$ 94,304,600 | \$ 92,789,430 |

**The Corporation of The United Counties of
Leeds and Grenville
Consolidated Statement of Financial Activities**

| For the year ended December 31 | 2007 Budget | 2007 Actual | 2006 Actual |
|---------------------------------------|------------------------|------------------------|------------------------|
| Expenditures: | | | |
| Current operations | | | |
| General government | \$ 4,639,010 | \$ 4,732,834 | \$ 4,168,347 |
| Protection to persons and property | 1,301,700 | 1,135,864 | 1,009,869 |
| Transportation services | 6,876,470 | 7,515,283 | 5,753,417 |
| Environmental services | 87,900 | 98,913 | 60,605 |
| Health services | 15,797,742 | 16,535,360 | 14,762,162 |
| Social and family service | 46,992,892 | 45,809,216 | 44,582,022 |
| Social housing | 6,988,450 | 7,062,044 | 6,818,425 |
| Recreation and cultural services | 26,400 | 28,700 | 14,418 |
| Planning and development | 703,350 | 691,658 | 621,371 |
| | <u>83,413,914</u> | <u>83,609,872</u> | <u>77,790,636</u> |
| Capital | | | |
| General government | 554,100 | 933,902 | 1,326,193 |
| Protection to property and persons | 187,000 | 60,427 | 6,911 |
| Transportation services | 6,593,780 | 7,493,580 | 4,809,744 |
| Environmental services | 7,000 | 12,552 | 1,665 |
| Health services | 422,800 | 476,638 | 269,889 |
| Social and family services | 3,600 | 48,355 | 2,240,639 |
| Social housing | 500,000 | 505,664 | 230,497 |
| Planning and development | 9,300 | 6,435 | - |
| | <u>8,277,580</u> | <u>9,537,553</u> | <u>8,885,538</u> |
| Total Expenditures | <u>91,691,484</u> | <u>93,147,425</u> | <u>86,676,174</u> |
| Net revenue (expenditure) | <u>\$ (1,548,202)</u> | <u>\$ 1,157,175</u> | <u>\$ 6,113,256</u> |

**The Corporation of The United Counties of
Leeds and Grenville
Consolidated Statements of Changes in Financial Position**

| For the year ended December 31 | 2007 | 2006 |
|---|-----------------------------|-----------------------------|
| Operations: | | |
| Net revenue | \$ 1,157,175 | \$ 6,113,256 |
| Sources: | | |
| Decrease in accounts receivable | 769,995 | - |
| Decrease in physical assets | 258,995 | - |
| Increase I accounts payable | 2,444,895 | - |
| | <u>3,473,885</u> | <u>-</u> |
| Uses: | | |
| Decrease in accounts payable | - | (267,408) |
| Decrease in deferred revenue | (40,793) | (197,959) |
| Increase in accounts receivable | - | (576,924) |
| Decrease in post employment benefits | (2,362) | (19,030) |
| Increase in physical assets | - | (216,015) |
| | <u>(43,155)</u> | <u>(1,277,336)</u> |
| Net increase in cash from operations | <u>4,587,905</u> | <u>4,835,920</u> |
| Financing | | |
| Decrease in cash from financing | <u>(857,853)</u> | <u>(1,817,161)</u> |
| Net changes in cash and cash equivalents | 3,730,052 | 3,018,759 |
| Opening cash and equivalents | <u>20,099,744</u> | <u>17,080,985</u> |
| Closing cash and equivalents | <u>\$ 23,829,796</u> | <u>\$ 20,099,744</u> |

The Corporation of The United Counties of Leeds and Grenville

Notes to Consolidated Financial Statements

December 31, 2007

1. Summary of Significant Accounting Policies

The Consolidated Financial Statements of The United Counties of Leeds and Grenville are the representation of management prepared in accordance with accounting policies prescribed by the Public Sector Accounting and Auditory Board of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment.

(a) (i) Reporting Entity

These Consolidated Financial Statements reflect the assets, liabilities, sources of financing and applications of financing of the revenue fund, capital fund, reserve funds and reserves.

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

(ii) Consolidated Entities

The following entities are consolidated:

- St. Lawrence Lodge
- Leeds, Grenville and Lanark District Health Unit

(b) (i) Basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting.

- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.

**The Corporation of The United Counties of
Leeds and Grenville
Notes to Consolidated Financial Statements**

December 31, 2007

2. Contributions to Consolidated Joint Boards

Contributions were made by the United Counties to the following joint boards:

| | 2007 | 2006 |
|--|---------------------|--------------|
| St. Lawrence Lodge | \$ 496,866 | \$ 331,924 |
| The Corporation of the Leeds, Grenville and Lanark District Health Unit | 812,311 | 1,087,722 |
| | \$ 1,309,177 | \$ 1,419,646 |

The United Counties' share of the accumulated surplus of these joint boards is as follows:

| | 2007 | 2006 |
|--|-------------------|-------------|
| St. Lawrence Lodge | \$ 613,470 | \$ 506,984 |
| The Corporation of the Leeds, Grenville and Lanark District Health Unit | 170,083 | 164,716 |
| | \$ 783,553 | \$ 671,700 |

3. Deferred Revenues

Included in deferred revenues are funds noted below the use of which, together with any earnings is restricted by legislation and agreements with external parties. These amounts will be recognized as revenue in the period in which a related expenditure is made.

| | 2007 | 2006 |
|---|-------------------|-------------|
| Social services | \$ 457,996 | \$ 495,242 |
| Social housing | 85,538 | 93,823 |
| Mapleview Lodge | 16,378 | 28,237 |
| Other | 39,027 | 7,512 |
| Leeds, Grenville and Lanark District Health Unit | 27,388 | 42,306 |
| | \$ 626,327 | \$ 667,120 |

**The Corporation of The United Counties of
Leeds and Grenville
Notes to Consolidated Financial Statements**

December 31, 2007

4. Pension Agreements

The United Counties makes contributions to the Ontario Municipal Retirement Fund (OMERS), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and the rate of pay. \$ 930,649 was contributed to OMERS in 2007 for current service.

The United Counties had no unfounded liability for past services.

5. Post Employment Benefits

Under the sick leave benefit plan, unused sick leave can be accumulated and employees may become entitled to a cash payment when they leave the municipality's employment.

The liability for these accumulated days to the extent that they have been vested and could be taken in cash by an employee on terminating, amounted to \$ 53,811 (2006 - \$56,173) at the end of the year. A reserve fund has been established to provide for this past service liability. The balance at the end of the year is \$ 53,811 (2006 - \$52,127).

6. Long Term Liabilities

The balance of long term liabilities issued in the name of the United Counties is comprised of:

| | 2007 | 2006 |
|---------------------------------------|----------------------|---------------|
| Serial debentures - Mapleview Lodge | \$ 5,809,000 | \$ 6,331,000 |
| - St. Lawrence Lodge | 8,618,559 | 8,636,308 |
| Mortgage payable – Gananoque property | 171,200 | 192,600 |
| | \$ 14,598,759 | \$ 15,159,908 |

The mortgage and debentures have been approved by By-Law. Annual principal and interest payment required to service this debt are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

Principal payments required over the next five years are as follows:

| <u>Year</u> | <u>Principal Payment</u> |
|-------------|--------------------------|
| 2008 | \$ 804,312 |
| 2009 | \$ 830,078 |
| 2010 | \$ 861,406 |
| 2011 | \$ 894,320 |
| 2012 | \$ 3,883,850 |

**The Corporation of The United Counties of
Leeds and Grenville
Notes to Consolidated Financial Statements**

December 31, 2007

7. Reserves and Discretionary Reserve Funds

The total balance of reserves and reserve funds of \$ 19,006,787 is made up of the following:

Reserves set aside for specific purposes by Council:

| | 2007 | 2006 |
|--|----------------------|----------------------|
| Working capital | \$ 2,897,325 | \$ 3,466,673 |
| Capital expenditures | 9,613,475 | 9,562,933 |
| Redevelopment project | 283,751 | - |
| Mapleview Lodge | 27,980 | 28,543 |
| Employee recognition | 6,749 | 7,304 |
| Gas tax rebate | 990,687 | 1,087,136 |
| Workers Safety and Insurance Board | 2,320,879 | 2,093,615 |
| Transition | 473,763 | 473,763 |
| Rate stabilization | 1,500,000 | 1,000,000 |
| Roads inventory | - | 16,859 |
| | 18,114,609 | 17,736,826 |
| Discretionary Reserve Funds set aside for specific purposes: | | |
| General | 508,575 | 483,364 |
| Termination gratuities | 58,029 | 56,174 |
| Donations | 325,574 | 307,921 |
| | 892,178 | 847,459 |
| Total Reserves and Reserve funds | \$ 19,006,787 | \$ 18,584,285 |

8. Public Sector Disclosure

The United Counties is an employer subject to the Public Sector Salary Disclosures Act 1996. Four employees were paid in excess of \$100,000 or more by the municipality in 2007.

**The Corporation of The United Counties of
Leeds and Grenville
Schedule of Current Fund Operations**

| For the year ended December 31 | 2007 Budget | 2007 Actual | 2006 Actual |
|---|------------------------|------------------------|------------------------|
| Revenue: | | | |
| Requisition on local municipalities | \$ 26,407,225 | \$ 26,604,699 | \$ 25,727,308 |
| Federal and Provincial grants | 40,354,135 | 40,379,841 | 37,201,338 |
| Revenue from other municipalities | 10,233,219 | 11,419,554 | 10,689,509 |
| User fees and service charges | 9,835,815 | 11,757,842 | 9,642,091 |
| Fines | 1,630,050 | 1,794,805 | 1,660,087 |
| Other | 1,388,906 | 1,108,593 | 1,123,955 |
| Revenue from obligatory reserve funds | - | - | 22,895 |
| Total Revenues | 89,849,350 | 93,065,334 | 86,067,183 |
| Expenditures | | | |
| Current operations | | | |
| General government | 4,639,010 | 4,732,834 | 4,168,347 |
| Protection to persons and property | 1,301,700 | 1,135,864 | 1,009,869 |
| Transportation services | 6,876,470 | 7,515,283 | 5,753,417 |
| Environmental services | 87,900 | 98,913 | 60,605 |
| Health services | 15,797,742 | 16,535,360 | 14,762,162 |
| Social and family services | 46,992,892 | 45,809,216 | 44,871,257 |
| Social housing | 6,988,450 | 7,062,044 | 6,818,425 |
| Recreation and cultural services | 26,400 | 28,700 | 14,418 |
| Planning and development | 703,350 | 691,658 | 621,371 |
| | 83,413,914 | 83,609,872 | 78,079,871 |
| Net revenue | 6,435,436 | 9,455,462 | 7,987,312 |
| Financing and transfers | | | |
| Net transfers (to) reserve and reserve funds | (402,500) | (3,298,836) | (5,389,518) |
| Transfers (to) capital operations | (5,062,855) | (5,081,938) | (1,269,846) |
| Repayment of long term debt | (800,081) | (820,492) | (803,360) |
| Net financing and transfers | (6,265,436) | (9,201,266) | 7,462,724 |
| Change in operating fund | 170,000 | 254,196 | 524,588 |
| Current fund balance - beginning of year | 1,168,545 | 1,168,545 | 643,957 |
| Current fund balance - end of year | \$ 1,338,545 | \$ 1,422,741 | \$ 1,165,468 |

**The Corporation of The United Counties of
Leeds and Grenville
Schedule of Capital Fund Operations**

| For the year ended December 31 | 2007 Budget | 2007 Actual | 2006 Actual |
|---------------------------------------|------------------------|------------------------|------------------------|
| Revenues: | | | |
| Provincial Grants | \$ 256,800 | \$ 1,112,545 | \$ 5,976,246 |
| Other | - | 82,002 | 746,001 |
| | <u>256,800</u> | <u>1,194,547</u> | <u>6,722,247</u> |
| Expenditures: | | | |
| General government | 554,100 | 933,902 | 1,326,193 |
| Protection to property and persons | 187,000 | 60,427 | 6,911 |
| Transportation services | 6,593,780 | 7,493,580 | 4,809,744 |
| Environmental services | 7,000 | 12,552 | 11,665 |
| Health services | 422,800 | 476,638 | 259,889 |
| Social and family services | 56,100 | 48,355 | 2,240,639 |
| Social housing | 500,000 | 505,664 | 230,497 |
| Planning and development | 9,300 | 6,435 | - |
| Total Expenditures | <u>8,330,080</u> | <u>9,537,553</u> | <u>8,885,538</u> |
| Net Expenditures | <u>(8,073,280)</u> | <u>(8,343,006)</u> | <u>(2,163,291)</u> |
| Financing and transfers: | | | |
| Transfers from operating fund | 5,064,855 | 5,081,938 | 1,127,978 |
| Transfers from reserves | 3,008,425 | 2,921,053 | 670,595 |
| | <u>8,073,280</u> | <u>8,002,991</u> | <u>1,798,573</u> |
| Change in Capital Fund balance | - | (340,015) | (364,718) |
| Opening Capital Fund balance | <u>(564,921)</u> | <u>(564,921)</u> | <u>(200,203)</u> |
| Closing Capital Fund balance | <u>\$ (564,921)</u> | <u>\$ (904,936)</u> | <u>\$ (564,921)</u> |

**The Corporation of The United Counties of
Leeds and Grenville
Schedule of Reserve and Reserve Funds**

| <u>For the year ended December 31</u> | 2007 Budget | 2007 Actual | 2006 Actual |
|--|------------------------|------------------------|------------------------|
| Transfers from operating fund | \$ 402,500 | \$ 3,343,555 | \$ 5,389,518 |
| Transfers to capital fund | <u>(3,008,425)</u> | <u>(2,921,053)</u> | <u>(604,133)</u> |
| Change in reserves and reserve funds balance | (2,605,925) | 422,502 | 4,785,385 |
| Opening balance | <u>18,584,285</u> | <u>18,584,285</u> | <u>13,798,900</u> |
| Closing balance | <u>\$ 15,978,360</u> | <u>\$ 19,006,787</u> | <u>\$ 18,584,285</u> |