

**The Corporation of the United Counties of
Leeds and Grenville
Financial Statements
For the year ended December 31, 2008**

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The Corporation of The United Counties of Leeds And Grenville

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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 Statement of Financial Position of the Corporation of the United Counties of Leeds and Grenville as at December 31, 2008 and the 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, 2008 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

April 13, 2009

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

December 31	2008	2007
Financial Assets		
Cash and temporary investments	\$ 6,371,842	\$ 4,854,549
Accounts receivable	3,620,408	3,381,340
Investments	<u>15,063,711</u>	<u>14,938,780</u>
	<u>25,055,961</u>	<u>23,174,669</u>
Physical Assets		
Inventory of materials and supplies	722,073	652,236
Prepaid expenses	<u>467,178</u>	<u>474,109</u>
	<u>1,189,251</u>	<u>1,126,345</u>
Total Assets	\$ 26,245,212	\$ 24,301,014
Liabilities		
Accounts payable and accrued liabilities (Note 3)	\$ 4,870,725	\$ 7,646,329
Deferred revenues (Note 4)	744,126	598,939
Post employment benefits (Note 6)	<u>41,423</u>	<u>53,811</u>
	<u>5,656,274</u>	<u>8,299,079</u>
Long Term Liabilities (Note 7)	<u>13,727,065</u>	<u>14,598,759</u>
Municipal Position		
Operating fund	-	-
Capital fund	(416,958)	(904,936)
Reserves (Note 8)	21,005,896	16,853,060
Discretionary Reserve Funds (Note 8)	41,423	53,811
Amounts to be recovered	<u>(13,768,488)</u>	<u>(14,598,759)</u>
Municipal Position	<u>6,861,873</u>	<u>1,403,176</u>
Total Liabilities and Municipal Position	\$ 26,245,212	\$ 24,301,014

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

For the year ended December 31	2008 Budget	2008 Actual	2007 Actual
Revenues			
Net taxation and user charges			
Requisition on local municipalities	\$ 27,283,000	\$ 27,722,463	\$ 26,604,699
Homes for the aged fees	1,125,000	1,150,478	1,110,244
Provincial and Federal grants	33,109,000	34,612,014	28,095,993
Revenues from other municipalities	7,911,700	7,724,997	9,300,877
Severance application fees	150,000	120,025	110,701
Fines	2,200,000	2,290,429	1,794,805
Investment income	700,000	878,431	912,928
Other	5,195,450	6,548,288	5,873,626
Total Revenues	\$ 77,674,150	\$ 81,047,125	\$ 73,803,873

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

For the year ended December 31	2008 Budget	2008 Actual	2007 Actual
Expenditures:			
Current operations			
General government	\$ 4,758,000	\$ 5,042,212	\$ 4,732,834
Protection to persons and property	1,171,250	1,242,549	1,135,864
Transportation services	7,299,550	7,107,486	7,515,283
Environmental services	82,800	147,912	98,913
Health services	8,340,050	8,477,002	8,603,160
Community and social services	28,001,950	27,710,290	28,658,144
Social housing	7,933,550	7,391,561	7,062,044
Homes for the aged	5,103,808	4,759,999	5,163,527
Recreation and cultural services	21,300	18,230	28,700
Planning and development	740,000	747,981	691,658
	<u>63,452,258</u>	<u>62,645,222</u>	<u>63,690,127</u>
Capital			
General government	3,365,700	3,025,031	933,902
Protection to persons and property	174,850	51,803	60,427
Transportation services	10,172,600	8,253,213	7,493,580
Environmental services	7,000	8,789	12,552
Health services	567,000	710,964	476,638
Social housing	400,000	386,776	505,664
Homes for the aged	89,300	74,239	48,355
Planning and development	47,900	61,045	6,435
	<u>14,824,350</u>	<u>12,571,860</u>	<u>9,537,553</u>
Total Expenditures	<u>78,276,608</u>	<u>75,217,082</u>	<u>73,227,680</u>
Net Revenue (expenditure)	<u>\$ (602,458)</u>	<u>\$ 5,830,043</u>	<u>\$ 576,193</u>

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

For the year ended December 31	2008	2007
Operations:		
Net Revenue	\$ 5,830,043	\$ 576,193
Uses:		
Decrease in deferred revenues	-	(25,875)
Decrease in sick leave benefits	(12,388)	-
Increase in accounts receivable	(239,068)	-
Decrease in accounts payable	(3,119,142)	-
Increase in inventories	(69,837)	-
Increase in investments	(124,931)	-
	<u>(3,565,366)</u>	<u>(25,875)</u>
Sources:		
Decrease in investments	-	237,687
Decrease in prepaid expenses	12,931	18,912
Decrease in accounts receivable	-	1,315,430
Increase in accounts payable	-	2,148,581
Increase in sick leave benefits	-	1,684
Increase in deferred revenues	145,187	-
	<u>158,118</u>	<u>3,722,294</u>
Net increase in cash from operations	<u>2,422,795</u>	<u>4,272,612</u>
Financing:		
Long term debt repayments	(905,502)	(561,149)
Net change in cash and cash equivalents	1,517,293	3,711,463
Opening cash and equivalents	<u>4,854,549</u>	<u>16,081,866</u>
Closing cash and equivalents	\$ 6,371,842	\$ 4,854,549

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

December 31, 2008

1. Summary of Significant Accounting Policies

The 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 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) Non-Consolidated Entities

The following entities are not 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 Financial Statements**

December 31, 2008

2. Contributions to Unconsolidated Joint Boards

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

	2008	2007
St. Lawrence Lodge	\$ 1,242,400	\$ 1,228,576
The Corporation of the Leeds, Grenville and Lanark District Health Unit	852,927	812,311
	\$ 2,095,327	\$ 2,040,887

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

	2008	2007
St. Lawrence Lodge	\$ 850,479	\$ 613,470
The Corporation of the Leeds, Grenville and Lanark District Health Unit	212,486	118,194
	\$ 1,062,965	\$ 731,664

3. Service Contract with the Ministry of Community and Social Services and the Ministry of Children and Youth Services

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

A review of this report shows various Child Care Programs to be in a surplus or deficit position as at December 31, 2008. The net surplus amount is reflected in Accounts Payable and Accrued Liabilities.

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

December 31, 2008

4. 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.

	<u>2008</u>	<u>2007</u>
Other Deferred Revenue:		
Social services	\$ 626,447	\$ 457,996
Social housing	89,375	85,538
Mapleview Lodge	4,029	16,378
Other	<u>24,275</u>	<u>39,027</u>
	<u>\$ 744,126</u>	<u>\$ 598,939</u>

5. 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. \$ 1,977,510 was contributed to OMERS in 2008 for current service.

The United Counties had no unfunded liability for past services.

6. 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 \$ 41,423 (2007 - \$53,811) 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 \$ 41,423 (2007 - \$53,811).

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

December 31, 2008

7. Long Term Liabilities

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

	<u>2008</u>	<u>2007</u>
Serial debentures – Mapleview Lodge	\$ 5,273,000	\$ 5,809,000
– St. Lawrence Lodge	8,304,265	8,618,559
Mortgage payable – Gananoque property	<u>149,800</u>	<u>171,200</u>
	<u>\$ 13,727,065</u>	<u>\$ 14,598,759</u>

These 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>
2009	\$ 900,233
2010	\$ 935,550
2011	\$ 972,678
2012	\$ 3,966,663
2013	\$ 420,548

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

December 31, 2008

8. Reserves and Discretionary Reserve Funds

The total balance of reserves and reserve funds of \$ 21,047,319 is made up of the following:

Reserves set aside for specific purposes by Council:

	2008	2007
Working capital	\$ 2,782,315	\$ 2,897,325
Capital expenditures	8,621,828	9,613,475
Mapleview Lodge	28,783	27,980
Employee recognition	64	6,749
Rate stabilization	2,000,000	1,500,000
Workers Safety and Insurance Board	2,092,595	1,816,844
Gas tax rebate	1,741,352	990,687
Insurance	130,918	-
Contingents	3,427,351	-
Severance	180,690	-
	\$ 21,005,896	\$ 16,853,060

Discretionary Reserve Funds set aside for specific purposes:

Termination gratuities	\$ 41,423	\$ 53,811
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Total Reserves and Reserve funds	\$ 21,047,319	\$ 16,906,871
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9. Public Sector Disclosure

The United Counties is an employer subject to the Public Sector Salary Disclosures Act 1996. Five employees were paid in excess of \$100,000 in 2008.

10. Tangible Capital Assets

Effective January 1, 2009 the United Counties will be required to report tangible capital assets on the statement of financial position under section PS 3150 of the Canadian Institute of Chartered Accountants handbook.

The United Counties is in the process of compiling the information needed to comply with the new reporting requirement.

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

For the year ended December 31	2008 Budget	2008 Actual	2007 Actual
Revenue:			
Requisition on local municipalities	\$ 27,283,000	\$ 27,722,463	\$ 26,604,699
Homes for the aged	1,125,000	1,150,478	1,110,244
Federal and Provincial grants	28,168,250	29,697,460	26,983,448
Revenue from other municipalities	7,911,700	7,724,997	9,300,877
Severance applicants fees	150,000	120,025	110,701
Fines	2,200,000	2,290,429	1,794,805
Investment income	700,000	878,431	912,928
Other	5,226,560	6,576,023	5,789,940
Total Revenues	72,764,510	76,160,306	72,607,642
Expenditures			
Current operations			
General government	4,758,000	5,034,613	4,732,834
Protection to persons and property	1,171,250	1,242,549	1,135,864
Transportation services	7,299,550	7,107,486	7,515,283
Environmental services	82,800	147,912	98,913
Health services	8,340,050	8,477,002	8,603,160
Community and social services	28,001,950	27,710,290	28,658,144
Social housing	7,933,550	7,391,561	7,062,044
Homes for the aged	5,103,808	5,157,409	5,163,527
Recreation and cultural services	21,300	18,230	28,700
Planning and development	740,000	747,981	691,658
	63,452,258	63,035,033	63,690,127
Net Revenue	9,312,252	13,125,273	8,917,515
Financing and transfers			
Net transfers from (to) reserve and reserve funds	(1,902,150)	(7,724,545)	(3,015,085)
Transfers from (to) capital operations	(6,504,600)	(4,495,226)	(5,081,938)
Repayment of long term debt	(905,502)	(905,502)	(820,492)
Net financing and transfers	(9,312,252)	(13,125,273)	(8,917,515)
Change in operating fund	-	-	-
Current fund balance - beginning of year	-	-	-
Current fund balance - end of year	\$ -	\$ -	\$ -

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

For the year ended December 31	2008 Budget	2008 Actual	2007 Actual
Revenues:			
Provincial grants	\$ 4,940,750	\$ 4,914,554	\$ 1,112,545
Other	13,800	65,960	82,002
	<u>4,954,550</u>	<u>4,980,514</u>	<u>1,194,547</u>
Expenditures:			
General government	3,365,700	3,025,031	933,902
Protection to persons and property	174,850	51,803	60,427
Transportation services	10,172,600	8,253,213	7,493,580
Environmental services	7,000	8,789	12,552
Health services	567,000	710,964	476,638
Social housing	400,000	386,776	505,664
Homes for the aged	89,300	74,239	48,355
Planning and development	47,900	61,045	6,435
Total Expenditures	<u>14,824,350</u>	<u>12,571,860</u>	<u>9,537,553</u>
Net Expenditures	<u>(9,869,800)</u>	<u>(7,591,346)</u>	<u>(8,343,006)</u>
Financing and transfers:			
Transfers from operating fund	6,504,600	4,494,777	5,081,938
Transfers from reserves	3,365,200	3,584,547	2,921,053
	<u>9,869,800</u>	<u>8,079,324</u>	<u>8,002,991</u>
Change in Capital Fund balance	-	487,978	(340,015)
Opening Capital Fund balance	<u>(904,936)</u>	<u>(904,936)</u>	<u>(564,921)</u>
Closing Capital Fund balance	<u>\$ (904,936)</u>	<u>\$ (416,958)</u>	<u>\$ (904,936)</u>

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

For the year ended December 31	2008 Budget	2008 Actual	2007 Actual
Revenue			
Other	\$ -	\$ -	\$ 1,685
Transfers from revenue fund	<u>1,902,150</u>	<u>7,724,545</u>	<u>3,015,085</u>
Transfers to capital fund	<u>(3,365,200)</u>	<u>(3,584,097)</u>	<u>(2,921,053)</u>
Change in reserves and reserve funds balance	(1,463,050)	4,140,448	95,717
Opening balance	<u>16,906,871</u>	<u>16,906,871</u>	<u>16,811,154</u>
Closing balance (Note 8)	<u>\$ 15,443,821</u>	<u>\$ 21,047,319</u>	<u>\$ 16,906,871</u>