

**The Corporation of the United Counties of
Leeds and Grenville
Consolidated Financial Statements
For the year ended December 31, 2002**

Contents

The Corporation of The United Counties of Leeds And Grenville

Auditor's Report	1
Financial Statements	
Consolidated Statement of Financial Position	2
Consolidated Statement of Financial Activities	3 - 4
Consolidated Statement of Changes in Financial Position	5
Notes for Consolidated Financial Statements	6 – 10
Schedule of Current Fund Operations	11
Schedule of Capital Fund Operations	12
Schedule of Reserve and Reserve Funds	13

Leeds, Grenville and Lanark District Health Unit

Auditor's Report	1
Financial Statements	
Balance Sheet	2
Statement of Operations and Municipal Surplus-Public Health Programs	3
Statement of Operations-Land Control Program	4
Statement of Operations-Healthy Babies Program	5
Statement of Operations-Early Child Development Programs	6-7
Statement of Reserve Funds	8
Summary of Significant Accounting Policies	9
Notes to Financial Statements	10-11
Schedule 1-Other Revenue	12

St. Lawrence Lodge

Auditor's Report	1
Financial Statements	
Balance Sheet	2
Statement of Operations	3
Statement of Changes in Reserve for Donations Fund	4
Summary of Significant Accounting Policies	5
Notes to Financial Statements	6-7
Auditor's Comments on Supplementary Financial Information	8
Schedule of Expenditures	9-11

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, 2002 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 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, 2002 and the results of its operations for the year then ended in accordance with generally accepted accounting principles disclosed in Note 1 to the financial statements.

Brent J. Burns
Chartered Accountant

April 11, 2003

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

December 31	2002	2001
Financial Assets		
Cash and temporary investments	\$ 26,966,491	\$ 12,897,360
Accounts receivable	3,881,637	5,666,303
Other financial assets	340,561	588,496
Investment in government business enterprise	-	10
Total Assets	\$ 31,188,689	\$ 19,152,169
Liabilities		
Temporary loan	\$ -	\$ 750,000
Accounts payable and accrued liabilities	10,279,176	5,929,697
Deferred revenues (Note 3)	1,206,466	1,182,451
Post employment benefits (Note 5)	102,589	108,009
	<u>11,588,231</u>	<u>7,970,157</u>
Long term liabilities (Note 6)	<u>8,300,000</u>	-
Municipal Position		
Operating fund	1,713,913	2,079,487
Equity in government business enterprise	-	10
Capital fund	-	-
Reserves (Note 7)	17,253,297	8,529,431
Discretionary reserve funds (Note 7)	735,837	681,093
Amounts to be recovered	<u>(8,402,589)</u>	<u>(108,009)</u>
Municipal Position	<u>11,300,458</u>	<u>11,182,012</u>
Total Liabilities and Municipal Position	\$ 31,188,689	\$ 19,152,169

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

For the year ended December 31	2002 Budget	2002 Actual	2001 Actual
Revenues			
Net taxation and user charges			
Requisition on local municipalities	\$ 16,418,458	\$ 16,751,656	\$ 15,992,911
Provincial and federal grants	34,039,526	33,887,819	30,762,041
Revenues from other municipalities	10,366,184	9,383,241	9,328,178
User fees and service charges	10,659,868	6,053,303	4,422,190
Fines	1,334,199	1,428,103	1,771,847
Other	441,554	470,613	1,073,259
Total Revenues	\$ 73,259,789	\$ 67,974,735	\$ 63,350,426

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

For the year ended December 31	2002 Budget	2002 Actual	2001 Actual
Expenditures:			
Current operations			
General government	\$ 2,003,200	\$ 2,226,128	\$ 2,048,669
Protection to persons and property	760,900	752,642	713,712
Transportation services	4,670,589	5,906,257	4,405,702
Environmental services	68,250	66,993	53,061
Health services	12,523,551	12,348,855	10,509,735
Social and family service	38,371,513	37,449,253	36,100,995
Social housing	6,488,775	3,372,672	4,572,042
Recreation and cultural services	10,000	12,568	7,198
Planning and development	442,900	360,890	438,444
	<u>65,339,678</u>	<u>62,496,258</u>	58,849,558
Capital			
General government	162,000	29,462	38,741
Transportation services	3,579,000	2,705,391	3,677,702
Environmental services	13,315	16,601	72,357
Health services	160,000	144,530	372,929
Social and family services	3,943,650	2,272,599	144,470
Planning and development	67,397	159,195	293,579
	<u>7,925,362</u>	<u>5,327,778</u>	4,599,778
Total Expenditures	<u>73,265,040</u>	<u>67,824,036</u>	63,449,336
Net Revenue (Expenditure)	<u>\$ (5,251)</u>	<u>\$ 150,699</u>	<u>\$ (98,910)</u>

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

For the year ended December 31	2002	2001
Operations:		
Net Revenue (Expenditure)	\$ 150,699	\$ (98,910)
Sources:		
Decrease in accounts receivable	2,537,846	580,332
Increase in deferred revenues	24,015	73,846
Decrease in other financial assets	196,903	370,197
Increase in accounts payable	2,071,607	-
	<u>4,830,371</u>	<u>1,024,375</u>
Uses:		
Decrease in accounts payable	-	(1,400,739)
Decrease in deferred revenue	(37,858)	-
Investment in government business enterprise	10	(10)
Decrease in post employment benefits	(5,420)	-
	<u>(43,268)</u>	<u>(1,400,749)</u>
Net increase (decrease) in cash from operations	<u>4,937,802</u>	<u>(475,284)</u>
Financing		
Increase in cash from financing	<u>9,131,329</u>	<u>165,215</u>
Net changes in cash and cash equivalents	14,069,131	(310,069)
Opening cash and equivalents	<u>12,897,360</u>	<u>12,457,429</u>
Closing cash and equivalents	<u>\$ 26,966,491</u>	<u>\$ 12,147,360</u>
Cash:		
Cash and temporary investments	\$ 26,966,491	\$ 12,897,360
Temporary loan	<u>-</u>	<u>(750,000)</u>
	\$ 26,966,491	\$ 12,147,360

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

December 31, 2002

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, 2002

2. Contributions to Consolidated Joint Boards

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

	2002	2001
St. Lawrence Lodge	\$ 142,272	\$ 134,675
The Corporation of the Leeds, Grenville and Lanark District Health Unit	1,103,306	1,071,171
	\$ 1,245,578	\$ 1,205,846

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

	2002	2001
St. Lawrence Lodge	\$ 1,237,856	\$ 1,186,089
The Corporation of the Leeds, Grenville and Lanark District Health Unit	195,183	202,293
	\$ 1,433,039	\$ 1,388,382

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.

	2002	2001
Obligatory reserve funds:		
National child care benefit	\$ 38,827	\$ 29,450
Other deferred revenue:		
Social services	1,087,923	944,035
Social housing	15,532	111,520
Stewardship	9,069	35,015
Mapleview Lodge	-	6,000
Tree planting	-	52,431
Planning	-	4,000
Health services	55,114	61,873
	1,167,638	1,214,874
	\$ 1,206,465	\$ 1,244,324

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

December 31, 2002

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.

No amount was contributed to OMERS in 2002 for current service.

Due to a plan surplus in OMERS, no member or employer contributions are required until December 31, 2002 as long as there is sufficient plan surplus. Member and employer contributions are expected to commence again in 2002.

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 \$ 102,589 (2001 - \$ 108,009) 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 \$ 102,589 (2001 - \$ 113,843).

Payments which could be made over the next four years to employees who are eligible to retire are:

2003 -	\$	81,803
2004-	\$	75,577
2005 -	\$	66,882
2006 -	\$	65,303

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

December 31, 2002

6. Long Term Liabilities

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

	2002	2001
Serial debentures	\$ 8,300,000	\$ -

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.

Interest rates and principal payments required over the next five years are as follows:

<u>Year</u>	<u>Interest Rate</u>	<u>Principal Payment</u>
2003	3.15 %	\$ 479,000
2004	3.20 %	\$ 487,000
2005	3.60 %	\$ 496,000
2006	4.00 %	\$ 507,000
2007	4.30 %	\$ 522,000

7. Reserves and Discretionary Reserve Funds

The total balance of reserves and reserve funds of \$ 17,989,134 is made up of the following:

Reserves set aside for specific purposes by Council:

	2002	2001
Working capital	\$ 1,188,170	\$ 1,088,525
Capital expenditures	15,459,337	6,964,546
Insurance	6,396	1,310
Mapleview Lodge	22,539	22,539
EMS	-	50,000
Social services	-	28,748
Mapleview Lodge – redevelopment	41,682	-
Workers Safety and Insurance Board	211,410	-
Transition	323,763	373,763
	17,253,297	8,529,431

Discretionary Reserve Funds set aside for specific purposes:

General	372,170	316,827
Termination gratuities	111,271	130,265
Donations	252,396	234,001
	735,837	681,093

Total Reserves and Reserve funds	\$ 17,989,134	\$ 9,210,524
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The accompanying notes are an integral part of these financial statements.

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

December 31, 2002

8. Public Sector Disclosure

The United Counties is an employer subject to the Public Sector Salary Disclosures Act 2001. No employees were paid in excess of \$100,000 or more by the municipality in 2002.

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

For the year ended December 31	2002 Budget	2002 Actual	2001 Actual
Revenue:			
Requisition on local municipalities	\$ 16,418,458	\$ 16,751,656	\$ 15,992,911
Federal and Provincial grants	33,989,068	33,868,992	30,677,648
Revenue from other municipalities	10,366,184	9,383,241	9,328,178
User fees and service charges	10,659,868	6,053,303	4,422,190
Fines	1,334,199	1,428,103	1,771,847
Other	441,554	470,613	1,348,249
Total Revenues	73,209,331	67,955,908	63,541,023
Expenditures			
Current operations			
General government	2,157,200	2,226,128	2,048,669
Protection to persons and property	760,900	752,642	713,712
Transportation services	4,670,589	5,906,257	4,405,702
Environmental services	68,250	66,993	53,061
Health services	12,511,051	12,348,855	10,509,735
Social and family services	39,706,469	37,449,253	36,100,995
Social housing	6,388,725	3,372,672	4,572,042
Recreation and cultural services	10,000	12,568	7,198
Planning and development	437,900	360,890	438,444
	66,711,084	62,496,258	58,849,558
Financing and transfers			
Net transfers from (to) reserve and reserve funds	(320,343)	(9,837,512)	(1,394,696)
Transfers from (to) capital operations	(6,662,904)	4,011,125	(2,966,822)
Net financing and transfers	(6,983,247)	(5,826,387)	(4,361,518)
Change in operating fund	(485,000)	(366,737)	329,947
Current fund balance - beginning of year	2,079,487	2,079,487	1,749,540
Current fund balance - end of year	\$ 1,594,487	\$ 1,712,750	\$ 2,079,487

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

For the year ended December 31	2002 Budget	2002 Actual	2001 Actual
Revenues:			
Provincial Grants	\$ 50,458	\$ 18,827	\$ 84,393
Expenditures:			
General government	162,000	29,462	38,741
Transportation services	3,579,000	2,705,391	3,677,702
Environmental services	13,315	16,601	72,357
Health services	160,000	144,530	372,929
Social and family services	3,943,650	2,272,599	144,470
Planning and development	67,397	159,195	293,579
Total Expenditures	7,925,362	5,327,778	4,599,778
Net Expenditures	(7,874,904)	(5,308,951)	(4,515,385)
Financing and transfers:			
Transfers from (to) operating fund	6,662,904	(4,011,125)	2,966,821
Transfers from reserves	1,212,000	1,020,076	1,548,564
Proceeds of long term debt	-	8,300,000	-
	7,874,904	5,308,951	4,515,385
Change in Capital Fund balance	-	-	-
Opening Capital Fund balance	-	-	-
Closing Capital Fund balance	\$ -	\$ -	\$ -

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

For the year ended December 31	2002 Budget	2002 Actual	2001 Actual
Transfers from operating fund	\$ 314,247	\$ 9,798,685	\$ 26,656
Transfers to operating fund	-	-	1,394,696
Transfers to capital fund	(1,212,000)	(1,020,075)	(1,548,564)
	(1,212,000)	(1,020,075)	(153,868)
Change in reserves and reserve funds balance	(897,753)	8,778,610	(127,212)
Opening balance	9,210,524	9,210,524	9,337,736
Closing balance (Note 6)	\$ 8,312,771	\$ 17,989,134	\$ 9,210,524