

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

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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, 2002 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 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  
Statement of Financial Position**

<b>December 31</b>	<b>2002</b>	<b>2001</b>
<b>Financial Assets</b>		
Cash and temporary investments	\$ 21,778,113	\$ 9,123,116
Accounts receivable	2,873,827	5,575,659
Prepaid expenses	<u>224,529</u>	<u>415,013</u>
<b>Total Assets</b>	<b>\$ 24,876,469</b>	<b>\$ 15,113,788</b>
<b>Liabilities</b>		
Temporary loan	\$ -	\$ 750,000
Accounts payable and accrued liabilities	6,692,994	4,511,826
Deferred revenues (Note 3)	1,151,352	1,182,451
Post employment benefits (Note 5)	<u>102,589</u>	<u>108,009</u>
	<u>7,946,935</u>	<u>6,552,286</u>
Long Term Liabilities (Note 6)	<u>8,300,000</u>	<u>-</u>
<b>Municipal Position</b>		
Operating fund	-	400,000
Capital fund	-	-
Reserves (Note 7)	16,929,534	8,155,668
Discretionary Reserve Funds (Note 7)	102,589	113,843
Amounts to be recovered	<u>(8,402,589)</u>	<u>(108,009)</u>
Municipal Position	<u>8,629,534</u>	<u>8,561,502</u>
<b>Total Liabilities and Municipal Position</b>	<b>\$ 24,876,469</b>	<b>\$ 15,113,788</b>

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

<b>For the year ended December 31</b>	<b>2002 Budget</b>	<b>2002 Actual</b>	<b>2001 Actual</b>
<b>Revenues</b>			
<b>Net taxation and user charges</b>			
Requisition on local municipalities	\$ 16,418,458	\$ 16,751,656	\$ 15,879,127
Homes for the aged fees	500,000	572,071	541,571
Provincial and Federal grants	24,903,735	23,723,721	22,540,543
Revenues from other municipalities	7,989,126	7,676,909	7,612,251
Severance application fees	84,000	100,800	92,400
Fines	1,334,199	1,428,103	1,771,847
Investment income	210,000	332,881	259,526
Other	7,360,769	1,206,416	333,711
<b>Total Revenues</b>	<b>\$ 58,800,287</b>	<b>\$ 51,792,557</b>	<b>\$ 49,030,976</b>

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

<b>For the year ended December 31</b>	<b>2002 Budget</b>	<b>2002 Actual</b>	<b>2001 Actual</b>
<b>Expenditures:</b>			
<b>Current operations</b>			
General government	\$ 2,003,200	\$ 2,226,128	\$ 1,934,815
Protection to persons and property	760,900	752,641	713,712
Transportation services	4,670,589	5,906,257	4,405,702
Environmental services	68,250	66,993	53,061
Health services	6,689,566	6,402,477	5,703,111
Community and social services	28,403,157	25,988,544	25,327,393
Social housing	6,488,775	3,372,672	4,572,042
Homes for the aged	1,737,588	1,653,511	1,568,905
Recreation and cultural services	10,000	12,568	7,198
Planning and development	442,900	360,890	438,444
	<u>51,274,925</u>	<u>46,742,681</u>	<u>44,724,383</u>
<b>Capital</b>			
General government	162,000	29,462	38,741
Transportation services	3,579,000	2,705,391	3,677,703
Environmental services	13,315	16,601	72,357
Health services	160,000	144,530	372,929
Community and social services	35,800	140,190	31,444
Social housing	775,850	240,809	-
Homes for the aged	3,132,000	1,512,440	113,026
Planning and development	67,397	159,195	293,579
	<u>7,925,362</u>	<u>4,948,618</u>	<u>4,599,779</u>
<b>Total Expenditures</b>	<u>59,200,287</u>	<u>51,691,299</u>	<u>49,324,162</u>
<b>Net Revenue (Expenditure)</b>	(400,000)	101,258	(293,186)
<b>Decrease in amounts to be recovered</b>	-	(33,226)	(7,648)
<b>Change in Fund Balances</b>	<u>\$ (400,000)</u>	<u>\$ 68,032</u>	<u>\$ (300,834)</u>

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

<b>For the year ended December 31</b>	<b>2002</b>	<b>2001</b>
<b>Operations:</b>		
<b>Net Revenue (Expenditure)</b>	<b>\$ 101,258</b>	<b>\$ (293,186)</b>
<b>Uses:</b>		
Decrease in deferred revenues	(31,099)	-
Decrease in sick leave benefits	(5,420)	-
	<u>(36,519)</u>	-
<b>Sources:</b>		
Decrease in accounts receivable	2,701,832	339,363
Increase in deferred revenues	-	315,449
Increase in prepaid expenses	196,085	46,017
Increase in accounts payable	<u>2,181,168</u>	<u>96,679</u>
	<u>5,079,085</u>	<u>797,508</u>
<b>Net increase in cash from operations</b>	<b><u>5,143,824</u></b>	<b><u>504,322</u></b>
<b>Financing:</b>		
Debentures issued	8,300,000	-
Transfer to Obligatory Reserve Fund	<u>(38,827)</u>	<u>-</u>
	<u>8,261,173</u>	<u>-</u>
<b>Net changes in cash and cash equivalents</b>	<b>13,404,997</b>	<b>504,322</b>
<b>Opening cash and equivalents</b>	<b><u>8,373,116</u></b>	<b><u>7,868,794</u></b>
<b>Closing cash and equivalents</b>	<b><u>\$ 21,778,113</u></b>	<b><u>\$ 8,373,116</u></b>
<b>Cash:</b>		
Cash and temporary investments	\$ 21,778,113	\$ 9,123,116
Temporary loan	<u>-</u>	<u>(750,000)</u>
	<b>\$ 21,778,113</b>	<b>\$ 8,373,116</b>

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

**December 31, 2002**

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**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  
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Notes to Financial Statements**

**December 31, 2002**

**2. Contributions to Unconsolidated Joint Boards**

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

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

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

	<b>2002</b>	2001
St. Lawrence Lodge	\$ 1,237,856	\$ 1,186,089
The Corporation of the Leeds, Grenville and Lanark District Health Unit	<b>102,374</b>	121,670
	<b>\$ 1,340,230</b>	\$ 1,307,759

**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.

	<b>2002</b>	2001
Obligatory Reserve Fund:		
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
	<b>1,112,524</b>	1,153,001
	<b>\$ 1,151,351</b>	\$ 1,182,451

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

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**The Corporation of The United Counties of  
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Notes to Financial Statements**

**December 31, 2002**

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**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

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

**December 31, 2002**

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**6. Long Term Liabilities**

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

	<u>2002</u>	<u>2001</u>
Serial debentures	<b>\$ 8,300,000</b>	\$ -

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

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

**7. Reserves and Discretionary Reserve Funds**

The total balance of reserves and reserve funds of \$ 17,032,123 is made up of the following:

Reserves set aside for specific purposes by Council:

	<b>2002</b>	<b>2001</b>
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	-
	<b>\$ 16,929,534</b>	<b>\$ 8,155,668</b>

Discretionary Reserve Funds set aside for specific purposes:

Termination gratuities	\$ 102,589	\$ 113,843
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<b>Total Reserves and Reserve funds</b>	<b>\$ 17,032,123</b>	<b>\$ 8,269,511</b>
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**8. Public Sector Disclosure**

The United Counties is an employer subject to the Public Sector Salary Disclosures Act 2001. One employee's salary was in excess of \$100,000 in 2002.

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

<b>For the year ended December 31</b>	<b>2002 Budget</b>	<b>2002 Actual</b>	<b>2001 Actual</b>
<b>Revenue:</b>			
Requisition on local municipalities	\$ 16,418,458	\$ 16,751,656	\$ 15,879,127
Homes for the aged	500,000	572,081	541,571
Federal and Provincial grants	24,853,277	23,723,721	22,456,150
Revenue from other municipalities	7,766,494	7,676,909	7,612,251
Severance applicants fees	84,000	100,800	92,400
Fines	1,334,199	1,428,103	1,771,847
Investment income	210,000	332,881	259,526
Other	6,148,769	1,187,579	333,711
<b>Total Revenues</b>	<b>57,315,197</b>	<b>51,773,730</b>	<b>48,946,583</b>
<b>Expenditures</b>			
<b>Current operations</b>			
General government	2,157,200	2,226,128	1,934,815
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	6,677,066	6,402,477	5,703,111
Community and social services	28,018,525	25,988,543	25,327,393
Social housing	6,388,725	3,372,672	4,572,042
Homes for the aged	1,719,588	1,653,511	1,568,905
Recreation and cultural services	10,000	12,568	7,198
Planning and development	437,900	360,890	438,444
	<b>50,908,743</b>	<b>46,742,681</b>	<b>44,724,383</b>
<b>Financing and transfers</b>			
Net transfers from (to) obligatory reserve funds	-	(38,827)	-
Net transfers from (to) reserve and reserve funds	(143,550)	(9,782,507)	(1,165,379)
Transfers from (to) capital operations	(6,662,904)	(3,909,715)	(2,966,821)
Proceeds of long term debt	-	8,300,000	-
<b>Net financing and transfers</b>	<b>(6,806,454)</b>	<b>(5,431,049)</b>	<b>(4,132,200)</b>
<b>Change in operating fund</b>	<b>(400,000)</b>	<b>(400,000)</b>	<b>90,000</b>
<b>Current fund balance - beginning of year</b>	<b>400,000</b>	<b>400,000</b>	<b>310,000</b>
<b>Current fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 400,000</b>

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

<b>For the year ended December 31</b>	<b>2002 Budget</b>	<b>2002 Actual</b>	<b>2001 Actual</b>
<b>Revenues:</b>			
Provincial grants	\$ (50,458)	\$ (18,827)	\$ (84,393)
<b>Expenditures:</b>			
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
Community and social services	35,800	140,190	31,444
Social housing	775,850	240,809	-
Homes for the aged	3,132,000	1,512,440	113,026
Planning and development	67,397	159,195	293,579
<b>Total Expenditures</b>	<b>7,925,362</b>	<b>4,948,618</b>	<b>4,599,778</b>
<b>Net Expenditures</b>	<b>7,874,904</b>	<b>4,929,791</b>	<b>4,515,385</b>
<b>Financing and transfers:</b>			
Transfers from operating fund	(6,662,904)	(3,909,716)	(2,966,821)
Transfers from reserves	(1,212,000)	(1,020,075)	(1,548,564)
	<b>(7,874,904)</b>	<b>(4,929,791)</b>	<b>(4,515,385)</b>
<b>Change in Capital Fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Opening Capital Fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing Capital Fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

<b>For the year ended December 31</b>	<b>2002 Budget</b>	<b>2002 Actual</b>	<b>2001 Actual</b>
<b>Transfers from operating fund</b>	<b>\$ 143,550</b>	<b>\$ 9,782,507</b>	<b>\$ 1,552,315</b>
<b>Transfers to operating fund</b>	<b>-</b>	<b>-</b>	<b>(416,386)</b>
<b>Transfers to capital fund</b>	<b>(1,212,000)</b>	<b>(1,020,075)</b>	<b>(1,548,564)</b>
	<b>(1,212,000)</b>	<b>(1,020,075)</b>	<b>(1,964,950)</b>
<b>Change in reserves and reserve funds balance</b>	<b>(1,068,450)</b>	<b>8,762,432</b>	<b>(412,635)</b>
<b>Opening balance</b>	<b>8,269,511</b>	<b>8,269,511</b>	<b>8,682,146</b>
<b>Closing balance (Note 6)</b>	<b>\$ 7,201,061</b>	<b>\$ 17,031,943</b>	<b>\$ 8,269,511</b>