

Financial statements of the

United Counties of Prescott and Russell

December 31, 2021

United Counties of Prescott and Russell

December 31, 2021

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To the Members of Council, Inhabitants and Ratepayers of the
United Counties of Prescott and Russell

Opinion

We have audited the financial statements of the United Counties of Prescott and Russell (the "United Counties"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the United Counties as at December 31, 2021, and the results of their operations, change in their net financial assets and their cash flow for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the United Counties 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 PSAS, 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 United Counties' 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 United Counties or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the United Counties' 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 GAAS 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 these financial statements.

As part of an audit in accordance with Canadian GAAS, 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 United Counties' internal control.
- 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 United Counties' 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 United Counties 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.

We 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.

Hawkesbury ON
April 27, 2022

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

United Counties of Prescott and Russell

Statement of operations

Year ended December 31, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Revenues			
Taxation and user charges	58,101,900	59,197,179	57,024,299
Transfer payments			
Government of Canada	4,730,400	4,676,146	7,820,779
Province of Ontario	45,139,500	50,762,163	49,820,552
Other	5,247,200	8,820,405	5,434,686
	113,219,000	123,455,893	120,100,316
Expenses (Schedule 5)			
General government	4,557,600	4,728,590	4,766,595
Protection to persons and property	2,868,300	2,365,988	2,249,441
Transportation services	21,502,300	23,565,403	20,472,707
Health services	18,096,800	19,141,191	18,174,425
Social and family services	48,212,000	47,043,810	44,839,359
Social housing	8,411,700	7,809,241	7,439,559
Recreation and cultural services	460,000	137,142	167,805
Planning and development	7,272,700	4,007,896	4,096,079
	111,381,400	108,799,261	102,205,970
Annual surplus	1,837,600	14,656,632	17,894,346
Accumulated surplus, beginning of year	156,404,702	156,404,702	138,510,356
Accumulated surplus, end of year (Schedule 3)	158,242,302	171,061,334	156,404,702

The accompanying notes and schedules are an integral part of the financial statements.

United Counties of Prescott and Russell

Statement of financial position

As at December 31, 2021

	2021	2020
	\$	\$
Assets		
Financial assets		
Cash	64,997,101	60,000,813
Accounts receivable	5,018,551	9,710,959
	70,015,652	69,711,772
Liabilities		
Accounts payable and accrued liabilities	17,410,223	18,237,807
Deferred revenues	5,324,348	1,143,335
Employee benefits (Note 3)	4,586,941	4,702,803
Debts (Note 4)	3,045,407	3,651,119
	30,366,919	27,735,064
Net financial assets	39,648,733	41,976,708
Contingencies and commitments (Notes 8 and 9)		
Non-financial assets		
Tangible capital assets (Schedules 1 and 2)	128,957,743	112,250,021
Inventories	360,901	264,755
Prepaid expenses	2,093,957	1,913,218
	131,412,601	114,427,994
Accumulated surplus (Schedule 3)	171,061,334	156,404,702

The accompanying notes and schedules are an integral part of the financial statements.

Approved by Council

Original copy signed by
Daniel Lafleur, Warden

Original copy signed by
Stéphane P. Parisien, Chief Administrative Officer

Original copy signed by
Valérie Parisien, Treasurer

United Counties of Prescott and Russell

Statement of change in net financial assets

Year ended December 31, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Annual surplus	1,837,600	14,656,632	17,894,346
Amortization of tangible capital assets	7,502,400	8,338,124	8,083,970
(Gain) loss on sale of tangible capital assets	0	(829,985)	314,358
Purchase of tangible capital assets	(33,665,000)	(25,777,668)	(16,162,594)
Proceeds from sale of tangible capital assets	0	1,561,807	81,430
(Increase) decrease of inventories	0	(96,146)	25,813
Increase of prepaid expenses	0	(180,739)	(266,518)
(Decrease) increase in net financial assets	(24,325,000)	(2,327,975)	9,970,805
Net financial assets, beginning of year	41,976,708	41,976,708	32,005,903
Net financial assets, end of year	17,651,708	39,648,733	41,976,708

The accompanying notes and schedules are an integral part of the financial statements.

United Counties of Prescott and Russell

Statement of cash flow

Year ended December 31, 2021

	2021	2020
	\$	\$
Operating activities		
Annual surplus	14,656,632	17,894,346
Change in non-cash assets and liabilities		
Decrease (increase) in accounts receivable	4,692,408	(5,847,636)
(Decrease) increase in accounts payable and accrued liabilities	(821,540)	7,788,932
Increase (decrease) in deferred revenues	4,181,013	(2,491,691)
(Decrease) increase in employee benefits	(115,862)	135,094
(Increase) decrease in inventories	(96,146)	25,813
Increase in prepaid expenses	(180,739)	(266,518)
	7,659,134	(656,006)
Non-cash operating items		
Amortization of tangible capital assets	8,338,124	8,083,970
(Gain) loss on sale of tangible capital assets	(829,985)	314,358
	7,508,139	8,398,328
Net increase in cash from operating activities	29,823,905	25,636,668
Capital activities		
Purchase of tangible capital assets	(25,783,712)	(13,364,774)
Proceeds from sale of tangible capital assets	1,561,807	81,430
	(24,221,905)	(13,283,344)
Financing activities		
Debts principal repayment	(605,712)	(302,617)
Net increase in cash	4,996,288	12,050,707
Cash, beginning of year	60,000,813	47,950,106
Cash, end of year	64,997,101	60,000,813

See additional information presented in Note 5.

The accompanying notes and schedules are an integral part of the financial statements.

United Counties of Prescott and Russell

Notes to the financial statements

December 31, 2021

1. Accounting policies

The financial statements of the United Counties of Prescott and Russell (the “United Counties”) are the responsibility of management and are prepared in accordance with Canadian public sector accounting standards (“PSAS”) as recommended by the Public sector accounting board (“PSAB”) of CPA Canada.

The focus of PSAB financial statements is on the financial position of the United Counties and the changes thereto. The statement of financial position reports assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Net financial assets of the United Counties represent the difference between financial assets and liabilities. This information explains the United Counties’ overall future revenue requirements and their ability to finance activities and meet their obligations.

Reporting entity

Financial statements

These financial statements reflect the assets, liabilities, operating revenues and expenses, reserves and reserve funds and changes in investment in tangible capital assets of the United Counties and exclude certain assets administered by the United Counties as discussed below.

Reserves and reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for capital purposes and future operating.

Trust fund

The Trust fund and its related operations administered by the United Counties are not consolidated by the United Counties but are reported separately on the Trust fund’s statement of operations and change in net financial assets and statement of financial position (see Note 6).

Basis of accounting

Accrual basis

Expenses and related sources of financing are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenses are recognized in the period the goods and services are acquired and responsibility is incurred.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use to provide services. They have useful lives extending beyond one 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, provide the change in net financial assets.

United Counties of Prescott and Russell

Notes to the financial statements

December 31, 2021

1. Accounting policies (continued)

Basis of accounting (continued)

Tangible capital assets

Tangible capital assets ("TCA") are recorded at cost, which includes all amounts that are directly attributable to acquisitions, construction, development or betterment of the asset. The cost, less residual value of the TCA, is amortized on a straight-line basis over its estimated useful lives as follows:

Land improvements	20 years
Buildings	40 – 50 years
Leasehold improvements	Term of lease
Vehicles	3 – 10 years
Equipment	5 – 20 years
Roads	15 – 40 years
Bridges and culverts	50 years
Other	25 – 40 years

Assets under construction are not amortized until the TCA are available for productive use.

Lands are not amortized.

Contribution of tangible capital assets

TCA received as contributions are recorded in the statement of financial position at their fair value at the date of receipt, and that fair value is also recorded as revenue. Transfers of TCA to other organizations are recorded as an expense at the net book value as of the date of transfer.

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all 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.

Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost. Cost is determined on the first in, first out basis. Net realizable value is the estimated selling price less the estimated cost of completion and the estimated costs necessary to make the sale.

Deferred revenues

Funds received for specific purposes are accounted for as deferred revenues until the United Counties discharge their obligation, which led to receipt of the funds.

United Counties of Prescott and Russell

Notes to the financial statements

December 31, 2021

1. Accounting policies (continued)

Basis of accounting (continued)

Government transfers

Government transfers are recognized as revenues in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions to be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

Segment disclosures

A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. Management has determined that existing disclosures in the statement of operations and within the related notes for both the prior and current years sufficiently disclose information of all appropriate segments and therefore no additional disclosure is required.

Use of estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the financial statements requiring management to make estimates include the provision for doubtful accounts in respect of receivables, the useful lives of TCA, future employee benefits and certain accrued liabilities. Actual results could differ from these estimates.

2. Contributions to non-consolidated entities

The United Counties contributed \$1,404,215 (\$1,363,876 in 2020) to the Eastern Ontario Health Unit for the Public Health Program. The municipalities have financial responsibility for this program with the Ministry of Health for the net expenses incurred for the delivery of the services. The sponsoring municipalities are as follows:

- City of Cornwall;
- United Counties of Prescott and Russell; and
- United Counties of Stormont, Dundas and Glengarry.

This is an ongoing responsibility for the participating municipalities.

United Counties of Prescott and Russell

Notes to the financial statements

December 31, 2021

3. Employee benefits

The United Counties provide certain employee benefits, which will be paid in future periods. Under the sick leave benefit plan, employees may become entitled to a cash payment when they leave the United Counties' employment.

	2021	2020
	\$	\$
Sick leave benefits payable	31,145	62,951
Vacation payable	1,613,218	1,703,066
Workplace Safety and Insurance Board provision	2,942,578	2,936,786
	4,586,941	4,702,803

Workplace Safety and Insurance Board ("WSIB") provision

All full time, temporary and casual employees of the United Counties are covered for benefits in the event of a workplace injury under the *Workplace Safety and Insurance Act, 1997 Act* (the "Act"). As the United Counties are an employer included under Schedule 2 of the Act, it self-insures the entire risk of its own WSIB claims and is individually liable for reimbursing the WSIB for all costs relating to its workers' WSIB claims.

An independent actuarial valuation of the cost related to the workplace injury from the employees of the United Counties was prepared as of December 31, 2020. The next valuation will be on December 31, 2024.

	2021	2020
	\$	\$
Accrued benefit obligations	2,488,287	2,340,808
Unamortized actuarial gain	454,291	595,978
Workplace Safety and Insurance Board provision	2,942,578	2,936,786

Other information

Current period benefit costs	344,865	281,237
Interest	65,500	88,228
Amortization of actuarial gain	(141,687)	(130,706)
Total expenditure	268,678	238,759
Expected benefit payments	(262,886)	(262,009)
	5,792	(23,250)

United Counties of Prescott and Russell

Notes to the financial statements

December 31, 2021

3. Employee benefits (continued)

The significant actuarial assumptions adopted in measuring these accrued benefit obligations are as follows:

	2021	2020
Discount rate	2.75%	3.75%
Claim count used for the current service cost	25	16

4. Debts

	2021	2020
	\$	\$
Mortgage, repaid during the year	0	6,501
Debentures, 6.089% to 6.339%, payable in annual instalments of \$317,003 including interest, secured by lands and buildings for social housing, maturing between December 2022 and December 2024	309,134	589,526
Capital lease, 1.560%, payable in instalments of \$366,478 including interest, secured by equipment, maturing in January 2029	2,736,273	3,055,092
	3,045,407	3,651,119

The required instalments to be paid over the next years, assuming renewal at the same terms, are as follows:

	Principal
	\$
2022	550,318
2023	386,156
2024	359,268
2025	339,184
2026 and after	1,410,481
	3,045,407

5. Additional information relating to the statement of cash flow

Non-cash transactions

During the year, TCA were acquired at an aggregate cost of \$25,777,668 (\$16,162,594 in 2020), of which \$1,723,263 (\$1,729,307 in 2020) were paid after year-end, Nil (\$3,055,092 in 2020) was financed with a capital lease, and \$24,054,405 (\$11,378,195 in 2020) were paid during the year.

During the year, TCA were sold for \$1,561,807 (\$81,430 in 2020), of which \$1,558,807 (\$81,430 in 2020) were received during the year and \$3,000 (Nil in 2020) were received after year-end.

United Counties of Prescott and Russell

Notes to the financial statements

December 31, 2021

6. Trust fund

The Trust fund administered by the United Counties amounting to \$57,692 (\$60,597 in 2020), in the name of the residents of the Prescott & Russell Residence, has not been included in the statement of financial position nor have its operations been included in the statement of operations.

7. Pension agreements

The United Counties make contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of 395 members (398 in 2020) of their staff and members of Council. 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.

For the year 2021, contributions to OMERS amounted to \$2,529,066 (\$2,544,080 in 2020) for current services and are included as an expense in the statement of operations.

8. Contingencies

Proceedings have been initiated against the United Counties by third parties. It is not possible at this time to determine the amount, if any, of any awards that may be made against the United Counties. Any amount awarded in excess of any applicable insurance proceeds as a result of these procedures will be charged to operations in the year incurred. No provision has been recorded.

9. Commitments

The United Counties lease some facilities and office equipment under operating lease agreements and have signed contracts for capital projects. Future payments aggregate \$82,886,071 and include the following amounts payable:

	\$
2022	34,492,050
2023	34,902,930
2024	9,018,480
2025	515,201
After 2025	3,957,410
	82,886,071

10. Budget amounts

The operating budget approved by the United Counties for 2021 is reflected on the statement of operations. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expense amounts.

United Counties of Prescott and Russell

Notes to the financial statements

December 31, 2021

11. Contractual rights

Rental agreement

The United Counties have entered into an office rental agreement with the Province of Ontario. The agreement was signed in February 2017 and expires in August 2025. The total of estimated amounts receivable in the next four years is \$1,409,715.

Sale of wood

The United Counties have entered into multiple stumpage sale agreements for timber from the Larose Forest. The agreements were signed between February 2013 and March 2021 and expire between March 2022 and March 2023. The total of estimated amounts receivable in the next year is \$229,991.

Sugarbush

The United Counties have entered into multiple sale agreements for sap from the Larose Forest. The agreements were signed between May 2014 and July 2017 and expire between May 2029 and May 2032. The total of estimated amounts payable in the next eleven years is \$91,181.

United Counties of Prescott and Russell

Tangible capital assets

Year ended December 31, 2021

Schedule 1

	Lands	Land improvements	Buildings	Leasehold improvements	Vehicles	Equipment	Roads	Bridges and culverts	Other	Work in progress	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost												
Beginning of year	10,135,268	2,085,440	45,378,866	2,563,166	8,295,492	10,717,448	148,077,593	39,930,114	5,175,845	5,240,773	277,600,005	264,696,470
Acquisitions	102,668	0	4,815	918	609,540	903,099	4,681,270	2,162,674	0	17,312,684	25,777,668	16,162,594
Sales	(632,105)	0	0	(1,622,700)	(459,190)	(851,777)	(2,015,900)	(95,892)	0	0	(5,677,564)	(3,259,059)
Transfers	0	38,054	388,518	905,826	0	0	0	0	0	(1,332,398)	0	0
End of year	9,605,831	2,123,494	45,772,199	1,847,210	8,445,842	10,768,770	150,742,963	41,996,896	5,175,845	21,221,059	297,700,109	277,600,005
Accumulated amortization												
Beginning of year	0	710,671	39,098,918	2,015,856	5,713,265	5,502,599	89,831,786	20,713,237	1,763,652	0	165,349,984	160,129,285
Amortization	0	98,031	321,023	173,399	906,265	815,122	5,177,259	685,801	161,224	0	8,338,124	8,083,970
Accumulated amortization on sales	0	0	0	(1,586,891)	(459,190)	(820,454)	(2,015,900)	(63,307)	0	0	(4,945,742)	(2,863,271)
End of year	0	808,702	39,419,941	602,364	6,160,340	5,497,267	92,993,145	21,335,731	1,924,876	0	168,742,366	165,349,984
Net book value	9,605,831	1,314,792	6,352,258	1,244,846	2,285,502	5,271,503	57,749,818	20,661,165	3,250,969	21,221,059	128,957,743	112,250,021

United Counties of Prescott and Russell

Tangible capital assets by functions

Year ended December 31, 2021

Schedule 2

	General government	Protection to persons and property	Transportation services	Health services	Social and family services	Social housing	Recreational and cultural services	Planning and development	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost										
Beginning of year	5,560,459	3,433,635	203,309,467	8,069,858	12,367,780	37,718,039	1,670,439	5,470,328	277,600,005	264,696,470
Acquisitions	38,777	0	7,702,496	1,190,834	16,554,930		0	290,631	25,777,668	16,162,594
Sales	(222,249)	0	(2,200,180)	0	(1,000,330)	(631,930)	(1,622,700)	(175)	(5,677,564)	(3,259,059)
Transfers	0	0	(134,119)	0	0	0	(47,739)	181,858	0	0
End of year	5,376,987	3,433,635	208,677,664	9,260,692	27,922,380	37,086,109	0	5,942,642	297,700,109	277,600,005
Accumulated amortization										
Beginning of year	3,696,818	354,221	116,704,877	4,340,793	5,822,951	31,746,678	1,595,236	1,088,410	165,349,984	160,129,285
Amortization	180,867	342,157	6,613,461	699,533	321,861	94,344	22,552	63,349	8,338,124	8,083,970
Accumulated amortization on sales	(222,249)	0	(2,167,600)	0	(969,007)	0	(1,586,886)	0	(4,945,742)	(2,863,271)
Transfers	0	0	(150,956)	0	0	0	(30,902)	181,858	0	0
End of year	3,655,436	696,378	120,999,782	5,040,326	5,175,805	31,841,022	0	1,333,617	168,742,366	165,349,984
Net book value	1,721,551	2,737,257	87,677,882	4,220,366	22,746,575	5,245,087	0	4,609,025	128,957,743	112,250,021

United Counties of Prescott and Russell

Accumulated surplus

Year ended December 31, 2021

Schedule 3

	2021	2020
	\$	\$
Reserves		
Working capital	18,025,983	15,461,521
Human resources	462,072	462,072
Human resources – WSIB	150,000	150,000
Public housing	602,079	602,079
Ambulance service	5,879,006	5,460,634
Child care	554,936	554,936
Integrity commissioner	0	4,470
Economic development	120,000	90,000
Eastern Ontario Regional Network	173,200	173,200
COVID-19	3,578,027	2,313,106
Information technology	364,223	209,000
Provincial Offense Office	81,000	51,000
Contingency	350,445	350,445
	30,340,971	25,882,463
Reserve funds		
Human resources – involuntary departures	600,000	600,000
Public Works department – equipment and buildings	3,076,890	2,428,854
Public Works department – linear assets	5,064,931	3,311,938
Public Works department – Highway 17	522,826	518,514
Public Housing	1,940,659	656,838
Larose Forest – operating	0	52,782
Prescott & Russell Residence – tangible capital assets	3,602,721	14,354,411
	14,808,027	21,923,337
	45,148,998	47,805,800
Invested in tangible capital assets	125,912,336	108,598,902
	171,061,334	156,404,702

The operating surplus for the year ended December 31, 2021, in the amount of \$5,842,749 (\$7,899,609 in 2020) was transferred to the following reserves and reserve funds:

Reserves		
Working capital	2,969,138	3,874,801
Reserve funds		
Public Works department – linear assets	1,627,935	1,699,842
Prescott & Russell Residence – tangible capital assets	1,245,676	2,324,966
	5,842,749	7,899,609

From this surplus, an amount of \$557,946 (\$1,090,888 in 2020) had already been engaged as of December 31, 2021, for projects, which were started but not completed, leaving an operating surplus of \$5,284,803 (\$6,808,721 in 2020).

United Counties of Prescott and Russell

Statement of change in reserves and reserve funds

Year ended December 31, 2021

Schedule 4

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Revenues			
Interest and other	0	149,394	166,690
Net transfers to operations	(14,309,900)	(2,806,196)	12,797,295
Change in reserves and reserve funds	(14,309,900)	(2,656,802)	12,963,985
Reserves and reserve funds, beginning of year	47,805,800	47,805,800	34,841,815
Reserves and reserve funds, end of year	33,495,900	45,148,998	47,805,800

United Counties of Prescott and Russell

Statement of expenses by object

Year ended December 31, 2021

Schedule 5

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Expenses			
Salaries, wages and benefits	41,812,200	40,844,595	39,752,000
Debt charges – interest	36,600	84,274	53,012
Materials	17,661,400	18,684,369	16,392,773
Contracted services	14,671,400	12,614,279	11,116,735
Rents and financial expenses	845,800	852,999	672,692
External transfers	28,851,600	27,380,621	26,134,788
Amortization of tangible capital assets	7,502,400	8,338,124	8,083,970
	111,381,400	108,799,261	102,205,970

United Counties of Prescott and Russell

Statement of amounts to be distributed – Provincial Offence Act

Year ended December 31, 2021

Schedule 6

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Revenues			
Fines	1,800,000	1,197,107	1,191,652
Transfer from Provincial Offense Office Reserve	0	30,084	0
	1,800,000	1,227,191	1,191,652
Expenses			
Salaries, benefits and administrative charges	408,600	412,710	313,863
Materials, services and rents	1,138,700	503,564	531,704
Transfer to Provincial Offense Office Reserve	40,000	40,000	51,000
	1,587,300	956,274	896,567
Annual surplus	212,700	270,917	295,085
Amounts distributed to municipalities	0	106,352	0
Balance payable to municipalities	212,700	164,565	295,085
	212,700	270,917	295,085

The amounts presented in this schedule reflect the revenues and expenses according to the agreement signed with the municipalities. The expenses do not include amortization of tangible capital assets.

To the Members of Council, Inhabitants and Ratepayers of the
United Counties of Prescott and Russell

Opinion

We have audited the financial statements of the Trust fund of the United Counties of Prescott and Russell (the "United Counties"), which comprise the statement of financial position as at December 31, 2021, and the statement of operations and change in net financial assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the United Counties as at December 31, 2021, and the results of their operations and change in net financial assets for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the United Counties 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 PSAS, 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 United Counties' 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 United Counties or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the United Counties' 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 GAAS 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 these financial statements.

As part of an audit in accordance with Canadian GAAS, 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 United Counties' internal control.
- 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 United Counties' 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 United Counties 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.

We 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.

Hawkesbury ON
April 27, 2022

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

United Counties of Prescott and Russell

Trust fund

Statement of operations and change in net financial assets
Year ended December 31, 2021

Prescott & Russell Residence

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Revenues			
Residents	0	107,677	100,982
Interest earned	0	248	321
		107,925	101,303
Expenses			
Residents	0	110,830	81,873
Annual (deficit) surplus	0	(2,905)	19,430
Trust fund balance, beginning of year	60,597	60,597	41,167
Trust fund balance, end of year	60,597	57,692	60,597

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

United Counties of Prescott and Russell Trust fund

Statement of financial position
As at December 31, 2021

Prescott & Russell Residence

	2021	2020
	\$	\$
Assets		
Financial assets		
Cash	65,966	65,103
Liabilities		
Accounts payable	8,274	4,506
Net financial assets being Trust fund balance	57,692	60,597

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

United Counties of Prescott and Russell

Trust fund

Notes to the financial statements
December 31, 2021

1. Purpose of the Trust fund

The United Counties of Prescott and Russell are responsible to manage funds for some of the residents living at the Prescott & Russell Residence.

2. Accounting policy

The financial statements have been prepared in accordance with Canadian public sector accounting standards and reflect the following significant accounting policy:

Basis of accounting

Accrual basis

Expenses and related sources of financing are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenses are recognized in the period the goods and services are acquired and responsibility is incurred.

3. Statement of cash flow and of change in net financial assets not presented

The statements of cash flow and of change in net financial assets have not been prepared since the information is readily apparent from other financial statements and related notes.