

Financial statements of the

**United Counties of Prescott and
Russell**

December 31, 2022

United Counties of Prescott and Russell

December 31, 2022

Table of contents

	Page
Independent Auditor's Report	1 – 2
Statement of operations	3
Statement of financial position	4
Statement of change in net financial assets	5
Statement of cash flow	6
Notes to the financial statements	7 – 13
Schedules	
Tangible capital assets – Schedule 1	14
Tangible capital assets by functions – Schedule 2	15
Accumulated surplus – Schedule 3	16
Statement of change in reserves and reserve funds – Schedule 4	17
Statement of expenses by object – Schedule 5	18
Statement of amounts to be distributed – Provincial Offence Act – Schedule 6	19
Trust fund	
Independent Auditor's Report	20 – 21
Statement of operations and change in net financial assets	22
Statement of financial position	23
Notes to the financial statements	24

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, 2022, 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, 2022, 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 26, 2023

Chartered Professional Accountants
Licensed Public Accountants

United Counties of Prescott and Russell

Statement of operations

Year ended December 31, 2022

	2022 Budget	2022 Actual	2021 Actual
	\$	\$	\$
Revenues			
Taxation and user charges	60,389,800	62,601,066	59,197,179
Transfer payments			
Government of Canada	6,859,600	2,847,610	4,676,146
Province of Ontario	45,893,000	51,317,119	50,762,163
Other	7,259,000	12,751,032	8,820,405
	120,401,400	129,516,827	123,455,893
Expenses (Schedule 5)			
General government	4,378,500	4,302,366	4,728,590
Protection to persons and property	3,571,700	2,546,439	2,365,988
Transportation services	23,182,900	27,596,748	23,565,403
Health services	19,027,900	19,936,496	19,141,191
Social and family services	47,642,500	47,719,690	47,043,810
Social housing	7,878,700	7,630,326	7,809,241
Recreation and cultural services	92,700	72,067	137,142
Planning and development	7,103,100	3,925,558	4,007,896
	112,878,000	113,729,690	108,799,261
Annual surplus	7,523,400	15,787,137	14,656,632
Accumulated surplus, beginning of year	171,061,334	171,061,334	156,404,702
Accumulated surplus, end of year (Schedule 3)	178,584,734	186,848,471	171,061,334

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, 2022

	2022	2021
	\$	\$
Assets		
Financial assets		
Cash	63,166,771	64,997,101
Accounts receivable	7,715,651	5,018,551
	70,882,422	70,015,652
Liabilities		
Accounts payable and accrued liabilities	26,737,249	17,410,223
Deferred revenues	6,597,930	5,324,348
Employee benefits (Note 3)	4,603,320	4,586,941
Construction Loan (Note 12)	6,792,910	0
Debts (Note 4)	2,495,088	3,045,407
	47,226,497	30,366,919
Net financial assets	23,655,925	39,648,733
Contingencies and commitments (Notes 8 and 9)		
Non-financial assets		
Tangible capital assets (Schedules 1 and 2)	160,764,074	128,957,743
Inventories	442,562	360,901
Prepaid expenses	1,985,910	2,093,957
	163,192,546	131,412,601
Accumulated surplus (Schedule 3)	186,848,471	171,061,334

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

Approved by Council

_____, Warden

_____, Chief Executive Officer

_____, Treasurer

United Counties of Prescott and Russell

Statement of change in net financial assets

Year ended December 31, 2022

	2022 Budget	2022 Actual	2021 Actual
	\$	\$	\$
Annual surplus	7,523,400	15,787,137	14,656,632
Amortization of tangible capital assets	8,783,000	8,730,157	8,338,124
Gain on sale of tangible capital assets	0	(340,649)	(829,985)
Purchase of tangible capital assets	(46,131,400)	(40,845,012)	(25,777,668)
Proceeds from sale of tangible capital assets	0	649,173	1,561,807
Increase of inventories	0	(81,661)	(96,146)
Decrease (increase) of prepaid expenses	0	108,047	(180,739)
Decrease in net financial assets	(29,825,000)	(15,992,808)	(2,327,975)
Net financial assets, beginning of year	39,648,733	39,648,733	41,976,708
Net financial assets, end of year	9,823,733	23,655,925	39,648,733

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, 2022

	2022	2021
	\$	\$
Operating activities		
Annual surplus	15,787,137	14,656,632
Change in non-cash assets and liabilities		
(Increase) decrease in accounts receivable	(2,697,100)	4,692,408
Increase (decrease) in accounts payable and accrued liabilities	4,225,348	(3,464,013)
Increase in deferred revenues	1,273,582	4,181,013
Increase (decrease) in employee benefits	16,379	(115,862)
Increase in inventories	(81,661)	(96,146)
Decrease (increase) in prepaid expenses	108,047	(180,739)
	2,844,595	5,016,661
Non-cash operating items		
Amortization of tangible capital assets	8,730,157	8,338,124
Gain on sale of tangible capital assets	(340,649)	(829,985)
	8,389,508	7,508,139
Net increase in cash from operating activities	27,021,240	27,181,432
Capital activities		
Purchase of tangible capital assets	(35,743,334)	(23,141,239)
Proceeds from sale of tangible capital assets	649,173	1,561,807
	(35,094,161)	(21,579,432)
Financing activities		
Debts principal repayment	(550,319)	(605,712)
Construction Loan	6,792,910	0
	6,242,591	(605,712)
Net (decrease) increase in cash	(1,830,330)	4,996,288
Cash, beginning of year	64,997,101	60,000,813
Cash, end of year	63,166,771	64,997,101

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, 2022

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, 2022

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, 2022

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 \$1,404,196 (\$1,404,215 in 2021) 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, 2022

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.

	2022	2021
	\$	\$
Sick leave benefits payable	29,957	31,145
Vacation payable	1,608,592	1,613,218
Workplace Safety and Insurance Board provision	2,964,771	2,942,578
	4,603,320	4,586,941

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.

	2022	2021
	\$	\$
Accrued benefit obligations	2,643,172	2,488,287
Unamortized actuarial gain	321,599	454,291
Workplace Safety and Insurance Board provision	2,964,771	2,942,578

Other information

Current period benefit costs	354,256	344,865
Interest	69,600	65,500
Amortization of actuarial gain	(132,692)	(141,687)
Total expenditure	291,164	268,678
Expected benefit payments	(268,971)	(262,886)
	22,193	5,792

United Counties of Prescott and Russell

Notes to the financial statements

December 31, 2022

3. Employee benefits (continued)

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

	2022	2021
Discount rate	2.75%	2.75%
Claim count used for the current service cost	25	25

4. Debts

	2022	2021
	\$	\$
Debentures, 6.089% to 6.339%, payable in annual instalments of \$245,722 including interest, secured by lands and buildings for social housing, maturing between December 2023 and December 2024	82,607	309,134
Capital lease, 1.560%, payable in instalments of \$366,478 including interest, secured by equipment, maturing in January 2029	2,412,481	2,736,273
	2,495,088	3,045,407

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

	Principal
	\$
2023	386,156
2024	359,268
2025	339,184
2026	344,475
2027 and after	1,066,005
	2,495,088

5. Additional information relating to the statement of cash flow

Non-cash transactions

During the year, TCA were acquired at an aggregate cost of \$40,845,012 (\$25,777,668 in 2021), of which \$9,467,414 (\$4,365,736 in 2021) were paid after year-end, Nil (Nil in 2021) was financed with a capital lease, and \$31,377,598 (\$21,411,932 in 2021) were paid during the year.

During the year, TCA were sold for \$649,173 (\$1,561,807 in 2021), of which \$649,173 (\$1,558,807 in 2021) were received during the year and Nil (\$3,000 in 2021) were received after year-end.

United Counties of Prescott and Russell

Notes to the financial statements

December 31, 2022

6. Trust fund

The Trust fund administered by the United Counties amounting to \$69,336 (\$57,692 in 2021), 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 384 members (395 in 2021) 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 2022, contributions to OMERS amounted to \$2,459,283 (\$2,529,066 in 2021) 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 \$62,977,948 and include the following amounts payable:

	\$
2023	40,018,388
2024	17,127,384
2025	1,136,483
2026	639,264
After 2026	4,056,429
	62,977,948

10. Budget amounts

The operating budget approved by the United Counties for 2022 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, 2022

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 \$1,025,247.

Cost Sharing Agreement

The United Counties have entered into a Cost Sharing Agreement for the design and construction of roadway improvements along County Road 28 with 795198 Ontario Inc. This agreement was signed in January 2023 and the work is expected to be completed by October 31, 2023. The total estimated amount receivable in 2023 is \$877,808.

12. Construction Loan

The United Counties have an authorized construction loan of \$70,000,000 (Nil in 2021) with Ontario Infrastructure and Lands Corporation (OILC), bearing interest at a floating rate per annum, of which \$63,207,090 (\$ Nil in 2021) remained unused at year-end. Once the construction project is completed, advances paid will be converted in a debenture repayable over a 25-year period, at the fixed debenture interest rate by OILC.

13. Reclassification

Certain corresponding figures have been reclassified to conform to the current year's presentation.

United Counties of Prescott and Russell

Tangible capital assets

Year ended December 31, 2022

Schedule 1

	Lands	Land improvements	Buildings	Leasehold improvements	Vehicles	Equipment	Roads	Bridges and culverts	Other	Work in progress	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost												
Beginning 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
Acquisitions	0	0	99,065	0	955,563	635,643	3,712,553	1,531,998	58,733	33,851,457	40,845,012	25,777,668
Sales	(255,895)	0	0	0	(900,298)	(444,482)	(721,094)	(89,663)	0	0	(2,411,432)	(5,677,564)
Transfers	0	0	0	0	50,453	17,113	0	39,615	0	(107,181)	0	0
End of year	9,349,936	2,123,494	45,871,264	1,847,210	8,551,560	10,977,044	153,734,422	43,478,846	5,234,578	54,965,335	336,133,689	297,700,109
Accumulated amortization												
Beginning 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
Amortization	0	97,293	327,433	231,969	900,177	893,270	5,393,460	725,334	161,221	0	8,730,157	8,338,124
Accumulated amortization on sales	0	0	0	0	(872,079)	(440,273)	(700,893)	(89,663)	0	0	(2,102,908)	(4,945,742)
End of year	0	905,995	39,747,374	834,333	6,188,438	5,950,264	97,685,712	21,971,402	2,086,097	0	175,369,615	168,742,366
Net book value	9,349,936	1,217,499	6,123,890	1,012,877	2,363,122	5,026,780	56,048,710	21,507,444	3,148,481	54,965,335	160,764,074	128,957,743

United Counties of Prescott and Russell

Tangible capital assets by functions

Year ended December 31, 2022

Schedule 2

	General government	Protection to persons and property	Transportation services	Health services	Social and family services	Social housing	Planning and development	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost									
Beginning of year	5,376,987	3,433,635	208,677,664	9,260,692	27,922,380	37,086,109	5,942,642	297,700,109	277,600,005
Acquisitions	150,987	0	9,874,342	1,041,253	29,614,794	109,475	54,161	40,845,012	25,777,668
Sales	(344,085)	0	(1,366,537)	0	(372,732)	(255,895)	(72,183)	(2,411,432)	(5,677,564)
Transfers	55,408	0	(143,739)	5,238	0	(28,054)	111,147	0	0
End of year	5,239,297	3,433,635	217,041,730	10,307,183	57,164,442	36,911,635	6,035,767	336,133,689	297,700,109
Accumulated amortization									
Beginning of year	3,655,436	696,378	120,999,782	5,040,326	5,175,805	31,841,022	1,333,617	168,742,366	165,349,984
Amortization	177,696	342,157	6,918,948	727,218	402,022	95,288	66,828	8,730,157	8,338,124
Accumulated amortization on sales	(342,038)	0	(1,315,956)	0	(372,731)	0	(72,183)	(2,102,908)	(4,945,742)
Transfers	55,408	0	(143,739)	5,238	0	(28,054)	111,147	0	0
End of year	3,546,502	1,038,535	126,459,035	5,772,782	5,205,096	31,908,256	1,439,409	175,369,615	168,742,366
Net book value	1,692,795	2,395,100	90,582,695	4,534,401	51,959,346	5,003,379	4,596,358	160,764,074	128,957,743

United Counties of Prescott and Russell

Accumulated surplus

Year ended December 31, 2022

Schedule 3

	2022	2021
	\$	\$
Reserves		
Working capital	23,522,845	18,025,983
Human resources	462,072	462,072
Human resources – WSIB	150,000	150,000
Public housing	580,179	602,079
Ambulance service	6,703,782	5,879,006
Child care	554,936	554,936
Economic development	150,000	120,000
Eastern Ontario Regional Network	173,200	173,200
COVID-19	3,296,515	3,578,027
Information technology	475,529	364,223
Provincial Offense Office	96,000	81,000
Contingency	350,445	350,445
	36,515,503	30,340,971
Reserve funds		
Human resources – involuntary departures	600,000	600,000
Public Works department – equipment and buildings	3,330,127	3,076,890
Public Works department – linear assets	5,778,050	5,064,931
Public Works department – Highway 17	671,009	522,826
Public Housing	2,433,225	1,940,659
Larose Forest – operating	559,537	0
Prescott & Russell Residence – tangible capital assets	1,871,072	3,602,721
	15,243,020	14,808,027
	51,758,523	45,148,998
Invested in tangible capital assets	151,476,074	125,912,336
Unfinanced tangible capital assets	(16,386,126)	0
	186,848,471	171,061,334

The operating surplus for the year ended December 31, 2022, in the amount of \$7,435,565 (\$5,842,749 in 2021) was transferred to the following reserves and reserve funds:

Reserves		
Working capital	5,365,342	2,969,138
Reserve funds		
Public Works department – linear assets	794,411	1,627,935
Prescott & Russell Residence – tangible capital assets	1,275,812	1,245,676
	7,435,565	5,842,749

From this surplus, an amount of \$1,142,629 (\$557,946 in 2021) had already been engaged as of December 31, 2022, for projects, which were started but not completed, leaving an operating surplus of \$6,292,936 (\$5,284,803 in 2021).

United Counties of Prescott and Russell

Statement of change in reserves and reserve funds

Year ended December 31, 2022

Schedule 4

	2022 Budget	2022 Actual	2021 Actual
	\$	\$	\$
Revenues			
Interest and other	0	331,063	149,394
Net transfers to operations	(6,336,000)	6,278,462	(2,806,196)
Change in reserves and reserve funds	(6,336,000)	6,609,525	(2,656,802)
Reserves and reserve funds, beginning of year	45,148,998	45,148,998	47,805,800
Reserves and reserve funds, end of year	38,812,998	51,758,523	45,148,998

United Counties of Prescott and Russell

Statement of expenses by object

Year ended December 31, 2022

Schedule 5

	2022 Budget	2022 Actual	2021 Actual
	\$	\$	\$
Expenses			
Salaries, wages and benefits	41,802,100	41,305,509	40,844,595
Debt charges – interest	61,900	61,881	84,274
Materials	17,959,400	23,446,773	18,684,369
Contracted services	14,401,200	12,901,246	12,614,279
Rents and financial expenses	859,300	883,244	852,999
External transfers	29,011,100	26,400,880	27,380,621
Amortization of tangible capital assets	8,783,000	8,730,157	8,338,124
	112,878,000	113,729,690	108,799,261

United Counties of Prescott and Russell

Statement of amounts to be distributed – Provincial Offence Act Year ended December 31, 2022

Schedule 6

	2022 Budget	2022 Actual	2021 Actual
	\$	\$	\$
Revenues			
Fines	1,800,000	1,239,525	1,197,107
Transfer from Provincial Offense Office Reserve	5,000	5,000	30,084
	1,805,000	1,244,525	1,227,191
Expenses			
Salaries, benefits and administrative charges	423,700	422,776	412,710
Materials, services and rents	1,057,100	484,050	503,564
Transfer to Provincial Offense Office Reserve	20,000	20,000	40,000
	1,500,800	926,826	956,274
Annual surplus	304,200	317,699	270,917
Amounts distributed to municipalities	304,200	152,100	106,352
Balance payable to municipalities	0	165,599	164,565
	304,200	317,699	270,917

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, 2022, 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, 2022, 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 26, 2023

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, 2022

Prescott & Russell Residence

	2022 Budget	2022 Actual	2021 Actual
	\$	\$	\$
Revenues			
Residents	0	78,946	107,677
Interest earned	0	611	248
	0	79,557	107,925
Expenses			
Residents	0	67,913	110,830
Annual surplus (deficit)	0	11,644	(2,905)
Trust fund balance, beginning of year	57,692	57,692	60,597
Trust fund balance, end of year	57,692	69,336	57,692

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, 2022

Prescott & Russell Residence

	2022	2021
	\$	\$
Assets		
Financial assets		
Cash	75,742	65,966
Liabilities		
Accounts payable	6,406	8,274
Net financial assets being Trust fund balance	69,336	57,692

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, 2022

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.