

Consolidated Financial Statements of the

**CORPORATION OF THE COUNTY
OF LENNOX AND ADDINGTON**

Year ended December 31, 2021

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the County of Lennox and Addington (the "County") are the responsibility of the County's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The County's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The County's council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the County. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the County's consolidated financial statements.

Brenda Orchard
Chief Administrative Officer

Mark Day
Director, Financial Services



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Lennox and Addington

Opinion

We have audited the consolidated financial statements of Corporation of the County of Lennox and Addington (the "Entity"), which comprise:

- the consolidated statement of financial position as at end of December 31, 2021
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2021, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 Canadian public sector accounting standards 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 Entity's 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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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 generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, 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.



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- 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 Entity's 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group of the Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

August 10, 2022

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets:		
Cash	\$ 22,638,403	\$ 16,665,826
Accounts receivable	2,660,587	2,218,598
Investments (note 3)	13,463,651	13,502,363
	38,762,641	32,386,787
Liabilities:		
Accounts payable and accrued liabilities	11,336,083	10,055,393
Workplace Safety and Insurance liabilities (note 4)	1,869,465	1,669,724
Employee future benefits (note 5)	1,866,024	1,743,721
Deferred revenue	1,651,650	1,787,849
Short-term liabilities	195,388	–
Long-term liabilities (note 7)	2,291,390	3,299,203
	19,210,000	18,555,890
Net financial assets	19,552,641	13,830,897
Other non-financial assets:		
Tangible capital assets (note 8)	162,661,735	160,152,675
Inventories of supplies	17,444	32,650
Prepaid expenses	1,382,963	945,761
Total non-financial assets	164,062,142	161,131,086
Contingent liabilities (note 9)		
Commitments (note 10)		
Total accumulated surplus (note 11)	\$ 183,614,783	\$ 174,961,983

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

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2021, with comparative information for 2020

	Budget (note 12)	2021	2020
Revenue:			
Taxation from other governments	\$ 31,409,737	\$ 31,473,814	\$ 30,125,976
Fees and miscellaneous revenue	7,828,397	7,660,686	7,084,944
Government grants	43,533,195	45,284,417	42,260,425
Investment income	368,705	339,307	443,758
Fines and penalties (note 13)	1,876,100	1,685,191	1,433,561
Revenue from municipalities	2,183,986	1,852,712	1,945,157
Total revenue	87,200,120	88,296,127	83,293,821
Expenses (note 14):			
General government	1,187,100	1,103,613	976,523
Property services	1,073,750	847,795	703,148
Provincial offences (note 13)	1,221,405	1,082,720	974,946
Property assessment	701,385	701,383	704,324
Emergency Planning	30,700	25,349	27,685
Roadways and bridges	12,759,687	12,820,397	12,307,958
Public health services	6,649,365	6,649,365	5,394,637
Hospital support	100,000	100,000	200,000
Paramedic services	9,216,270	9,130,996	8,193,531
Social and family services	11,947,300	10,640,702	11,670,824
Assistance to aged persons	17,187,693	17,026,126	16,817,384
Assistance to children	7,168,300	7,101,600	5,435,981
Libraries	1,593,845	1,446,948	1,299,371
Museum and archives	1,175,790	935,903	859,167
Housing and homelessness	10,338,300	9,182,941	8,427,867
Economic development and planning	1,059,564	847,489	903,790
Total expenses	83,410,454	79,643,327	74,897,136
Annual surplus	3,789,666	8,652,800	8,396,685
Accumulated surplus, beginning of year	174,961,983	174,961,983	166,565,298
Accumulated surplus, end of year (note 11)	\$ 178,751,649	\$ 183,614,783	\$ 174,961,983

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

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Annual surplus	\$ 8,652,800	\$ 8,396,685
Acquisition of capital assets	(14,803,116)	(19,402,169)
Amortization of capital assets	12,292,796	11,840,159
Loss (gain) on retirement of assets	(405,196)	426
Proceeds from disposal of assets	406,455	
	6,142,739	835,101
Change in prepaid expenses	(437,201)	433,397
Change in inventories of supplies	15,206	-
Change in net financial assets	5,721,744	1,268,498
Net financial assets, beginning of year	13,830,897	12,562,399
Net financial assets, end of year	\$ 19,552,641	\$ 13,830,897

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

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Consolidated Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Operating activities:		
Annual surplus	\$ 8,652,800	\$ 8,396,685
Items not involving cash:		
Amortization of assets	12,292,796	11,840,159
Gain (loss) on retirement of assets	(405,196)	426
Change in employee future benefits	122,303	83,686
Change in Workplace Safety and Insurance liabilities	199,741	193,815
Change in non-cash assets and liabilities:		
Change in accounts receivable	(441,989)	(1,351,842)
Change in accounts payable and accrued liabilities	1,280,690	3,381,022
Change in deferred revenue	(136,198)	(33,590)
Change in prepaid expenses	(437,202)	433,397
Change in inventories of supplies	15,206	-
Net change in cash from operating activities	21,142,951	22,943,758
Capital activities:		
Cash used to acquire assets	(14,803,116)	(19,402,169)
Proceeds from disposal of assets	406,455	-
	(14,396,661)	(19,402,169)
Investing activities:		
Disposal of investments	38,712	138,654
Financing activities:		
Additions to short-term liabilities	195,388	-
Repayment of long-term liabilities	(1,007,813)	(1,503,018)
	(812,425)	(1,503,018)
Increase in cash	5,972,577	2,177,225
Cash, beginning of year	16,665,826	14,488,601
Cash, end of year	\$ 22,683,403	\$ 16,665,826

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

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements

Year ended December 31, 2021

1. Significant accounting policies:

The consolidated financial statements of the Corporation of the County of Lennox and Addington (the "County") are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Basis of consolidation:

Consolidated entities:

These consolidated statements reflect the assets, liabilities, revenue and expenses of the County and include the activities of all committees of Council which are owned or controlled by the County.

Interdepartmental and inter-organizational transactions and balances between these organizations have been eliminated.

These consolidated financial statements include:

Prince Edward-Lennox and Addington Housing Corporation; and

Kingston, Frontenac and Lennox and Addington Public Health (proportionately consolidated).

Proportionate consolidation:

Kingston, Frontenac and Lennox and Addington Public Health is accounted for using the proportionate consolidation method of accounting and reporting, whereby the County's pro-rata share of each of the assets, liabilities, revenue and expenses is combined on a line-by-line basis in the financial statements.

(b) Accrual accounting:

Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized as it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(c) Deferred revenue:

The County receives contributions pursuant to legislation, regulations or agreement that may only be used for certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(d) Workplace Safety and Insurance liabilities:

The County bears the cost of certain insurance and pension benefits awarded under Workplace Safety and Insurance legislation and has accrued the actuarially determined cost of these obligations. Actuarial gains (losses), which can arise from changes in actuarial assumptions, will be amortized over the expected average remaining service life of the related employee groups.

(e) Employee future benefits:

The County provides extended healthcare, dental and life insurance benefits, as well as a retirement program to eligible employees. The cost of these future benefits earned by employees is actuarially determined using management's best estimate of expected health care costs and retirement ages. Actuarial gains (losses), which can arise from changes in actuarial assumptions, will be amortized over the expected average remaining service life of the related employee groups.

(f) Government transfers:

Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except, when and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that give rise to a liability are recognized as revenue as the liability is extinguished.

(g) Investments:

Investments consist of guaranteed investment certificates which are recorded at cost plus accrued interest and bonds and debentures recorded at cost plus amortized purchase premiums and discounts. Premiums and discounts arising from the purchase of these investments are amortized over the term of the investments. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to reflect the loss.

(h) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items subject to such estimates and assumptions include the useful life of tangible capital assets, and obligations related to employee future benefits and Workplace Safety and Insurance liabilities.

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(i) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Bridges	20 to 75
Buildings	15 to 50
Equipment	5 to 20
Furnishings	10 to 20
Land improvements	15 to 25
Lending materials	4
Office equipment	4 to 20
Roads	6 to 40
Vehicles	4 to 20

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

When conditions indicate that a tangible capital asset no longer contributes to the County's ability to provide services or the value of the future economic benefits associated with the tangible capital assets are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the assets are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustments would be reported as an expense on the "Consolidated Statement of Operations and Accumulated Surplus".

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(i) Non-financial assets (continued):

(iv) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

(v) Interest capitalization:

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

(vi) Inventories:

Inventories are recorded at the lower of cost and replacement cost.

(j) Taxation from other governments:

Taxation from other governments is recognized on the accrual basis using the approved tax rates and the anticipated assessment related to the current year.

2. Contributions to consolidated joint boards:

During the year, the following contributions were made by the County to this board:

	2021	2020
Kingston, Frontenac and Lennox and Addington Public Health	\$ 1,339,307	\$ 1,313,046

3. Investments:

Investments reported on the "Consolidated Statement of Financial Position" have cost and market values as follows:

	2021 Cost	2021 Market Value
Fixed income securities	\$ 13,463,651	\$ 13,415,922

	2020 Cost	2020 Market Value
Fixed income securities	\$ 13,502,363	\$ 13,716,615

The fixed income securities yield interest between 0.60% and 3.89% and have maturities ranging from March 2022 to June 2029.

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

4. Workplace Safety and Insurance Board (WSIB) liabilities:

In common with other Schedule 2 employers, the County funds its obligations to the Workplace Safety and Insurance Board on a self-funded basis for employees under Schedule 2.

An independent actuarial valuation of Workplace Safety and Insurance liabilities as at December 31, 2019 for future payments on Workplace Safety and Insurance Board claims occurring on or before December 31, 2019 has been undertaken. The next valuation will be effective December 31, 2022. The most recent actuarial valuation of Workplace Safety and Insurance liabilities as of December 31, 2019 has been undertaken which resulted in an actuarial loss of \$998,787 to be amortized on a straight-line basis over the expected average remaining benefit lifetime of the related employee groups, which is estimated to be ten years (2020 - ten years).

The significant actuarial assumptions adopted in estimating the County's Workplace Safety and Insurance Board accrued benefit obligation are as follows:

Interest discount rate	3.50% per annum
Loss of earnings	1.00% per annum
Administration costs	28.0% of benefit costs

Information with respect to the County's Workplace Safety and Insurance Board accrued benefit liability is as follows:

	2021	2020
Accrued WSIB benefit obligation at January 1	\$ 2,832,387	\$ 2,767,434
Benefit cost for the year	272,414	264,744
Interest cost	98,648	96,311
Expected benefit payments	(300,183)	(296,102)
Accrued WSIB benefit obligation at December 31	2,903,266	2,832,387
Unamortized actuarial loss	(1,033,801)	(1,162,663)
Accrued WSIB liability at December 31	\$ 1,869,465	\$ 1,669,724

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

4. Workplace Safety and Insurance Board ("WSIB") liabilities (continued):

Information with respect to the County's Workplace Safety and Insurance Board unamortized loss is as follows:

	2021	2020
Remaining unamortized loss at January 1	\$ (1,162,663)	\$ (1,291,525)
Amortization during the year	128,862	128,862
Remaining unamortized loss at December 31	\$ (1,033,801)	\$ (1,162,663)

5. Employee future benefits:

- (a) The County provides extended healthcare, dental and life insurance benefits up to the age of 65 for eligible employees who elect to take early retirement under the OMERS plan.

An independent actuarial valuation of the future benefits with respect to the post-retirement benefits continuation program has been undertaken to be effective December 31, 2019. The most recent valuation of future benefits with respect to the post-retirement benefits as of December 31, 2019 resulted in an actuarial loss of \$424,896 to be amortized on a straight-line basis over the expected average remaining benefit lifetime of the related employee groups, which is estimated to be thirteen years (2020 - thirteen years).

The significant actuarial assumptions adopted in estimating the County's accrued benefit obligation are as follows:

Interest discount rate	3.75% per annum
Medical rate of inflation	Escalate at 6.42% for 2021, reducing by 0.333% per year to 3.755% in 2029 and 3.75% per year thereafter
Dental rate of inflation	3.75% per annum
Retirement rate	25% at first unreduced early Retirement age and 10% thereafter

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

5. Employee future benefits (continued):

(a) (continued)

Information with respect to the County's post-retirement benefit liability is as follows:

	2021	2020
Accrued post-retirement benefit obligation at January 1	\$ 1,606,523	\$ 1,602,268
Benefit cost for the year	66,984	63,295
Interest cost	59,475	59,057
Expected benefit payments	(108,097)	(118,097)
Accrued post-retirement benefit obligation at December 31	1,624,885	1,606,523
Unamortized actuarial loss	(363,873)	(388,281)
Accrued post-retirement benefit liability at December 31	\$ 1,261,012	\$ 1,218,242

Information with respect to the County's post-retirement unamortized loss is as follows:

	2021	2020
Remaining unamortized loss at January 1	\$ (388,281)	\$ (424,896)
Amortization during the year	24,408	36,615
Remaining unamortized loss at December 31	\$ (363,873)	\$ (388,281)

(b) The County provides a retirement allowance to eligible employees.

An independent actuarial valuation of the future benefits with respect to the retirement allowance has been undertaken and was completed at December 31, 2019. The most recent valuation of future benefits with respect to the post-retirement allowance as of December 31, 2019 resulted in an actuarial loss of \$61,710 to be amortized on a straight-line basis over the expected average remaining benefit lifetime of the related employee groups, which is estimated to be thirteen years (2020 - thirteen years).

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

5. Employee future benefits (continued):

(b) (continued)

The significant actuarial assumptions adopted in estimating the County's accrued benefit obligation are as follows:

Interest discount rate	3.75% per annum
Salary inflation	2.75% per annum
Retirement rate	25% at first unreduced early retirement age and 10% thereafter

Information with respect to the County's accrued retirement allowance liability is as follows:

	2021	2020
Accrued retirement benefit obligation at January 1	\$ 700,865	\$ 688,964
Benefit cost for the period	52,944	50,030
Interest	26,807	25,580
Expected benefit payments	(24,957)	(63,709)
Accrued retirement benefit obligation at December 31	755,659	700,865
Unamortized actuarial loss	(150,647)	(175,386)
Accrued retirement allowance liability at December 31	\$ 605,012	\$ 525,479

Information with respect to the County's retirement allowance unamortized loss is as follows:

	2021	2020
Remaining unamortized loss at January 1	\$ (175,386)	\$ (206,301)
Amortization during the year	24,739	30,915
Remaining unamortized loss at December 31	\$ (150,647)	\$ (175,386)

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

6. Pension agreements:

The County makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of 316 (2020 - 315) members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on their length of service and rates of pay.

The last available report for the OMERS plan was December 31, 2021. At that time, the plan reported a \$3.1 billion actuarial deficit (2020 - \$3.2 billion actuarial deficit).

The amount contributed to OMERS for 2021 current service was \$1,703,622 (2020 - \$1,682,390) and is included as an expense on the "Consolidated Statement of Operations and Accumulated Surplus".

7. Long-term liabilities:

(a) The long-term liabilities reported on the "Consolidated Statement of Financial Position" are as follows:

	2021	2020
OSIFA Debentures - infrastructure projects	\$ 673,730	\$ 886,229
OSIFA Debentures - The John M. Parrott Centre	-	547,313
Proportionate share of Kingston, Frontenac and Lennox and Addington Public Health debt	756,630	839,043
Meadow Lane mortgage	861,030	1,026,618
	\$ 2,291,390	\$ 3,299,203

(i) In 2004, the County issued debentures to the Ontario Strategic Infrastructure Financing Authority ("OSIFA") totalling \$3,599,000 to finance designated infrastructure projects. The debentures are repayable in equal semi-annual payments of \$117,794, principal and interest, over a twenty-year period until November 15, 2024 at an interest rate of 2.77%.

(ii) In 2006, the County issued debentures to the OSIFA totalling \$12,000,000 to finance the construction of The John M. Parrott Centre. The debentures were repayable in equal semi-annual payments of \$560,038, principal and interest, over a fifteen-year period until February 15, 2021, at an interest rate of 4.65%. This has been repaid in full during the year.

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

7. Long-term liabilities (continued):

(a) The long-term liabilities reported on the "Consolidated Statement of Financial Position" are as follows (continued):

(iii) The County's principal repayments due on the OSIFA debentures are as follows:

2022	\$	218,428
2023		224,520
2024		230,782
	\$	673,730

(iv) The Kingston, Frontenac and Lennox and Addington Public Health's debt matures on December 8, 2028 and has an interest rate of 6.09%. The County's proportionate share of the principal due on the debt is summarized as follows:

2022	\$	88,006
2023		93,982
2024		100,179
2025		107,259
2026 and thereafter		367,204
	\$	756,630

(v) The Meadow Lane mortgage is repayable in blended monthly payments of \$15,774 due August 1, 2024 at an interest rate of 2.505%.

The principal repayment due on the mortgage is as follows:

2022	\$	169,761
2023		174,040
2024		517,229
	\$	861,030

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

7. Long-term liabilities (continued):

(b) Total charges for the year for net long-term liabilities which are reported on the "Consolidated Statement of Operations and Accumulated Surplus" are as follows:

	2021	2020
Interest - Kingston, Frontenac and Lennox and Addington Public Health	\$ 52,670	\$ 58,078
Interest - Corporation of the County of Lennox and Addington	48,984	99,777
	<u>\$ 101,654</u>	<u>\$ 157,855</u>

(c) The long-term liabilities in note 7(a), issued in the name of the County, have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

8. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Bridges	\$ 21,365,164	\$ 1,578,740	\$ -	\$ 22,943,904
Buildings	82,101,551	2,488,441	78,792	84,511,200
Equipment	3,032,309	752,978	472,147	3,313,140
Furnishings	2,202,512	147,728	313,841	2,036,399
Land	1,297,302	61,125	1	1,358,426
Land improvements	1,738,225	168,543	18,139	1,888,629
Lending materials	375,574	79,570	70,483	384,661
Office equipment	2,375,643	593,116	306,815	2,661,944
Roads	186,483,213	10,462,466	2,863,941	194,081,738
Vehicles	2,009,338	245,501	-	2,254,839
Assets under construction	1,905,292	123,829	1,898,922	130,199
Total	<u>\$ 304,886,123</u>	<u>\$ 16,702,037</u>	<u>\$ 6,023,081</u>	<u>\$ 315,565,079</u>

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

8. Tangible capital assets (continued):

Accumulated amortization	Balance at December 31, 2020	Amortization	Disposals and adjustments	Balance at December 31, 2021
Bridges	\$ 9,242,567	\$ 530,384	\$ –	\$ 9,772,951
Buildings	43,375,540	2,655,920	77,695	45,953,765
Equipment	1,815,247	296,957	472,147	1,640,057
Furnishings	1,135,644	114,870	313,841	936,673
Land improvements	1,058,481	78,427	18,139	1,118,769
Lending materials	221,497	76,862	70,483	227,876
Office equipment	1,519,432	406,267	306,654	1,619,047
Roads	85,083,910	7,782,143	2,863,941	90,002,112
Vehicles	1,281,130	350,966	–	1,632,096
Total	\$ 144,733,448	\$ 12,292,796	\$ 4,122,900	\$ 152,903,344

	Net book value December 31, 2020	Net book value December 31, 2021
Bridges	\$ 12,122,597	\$ 13,170,953
Buildings	38,726,011	38,557,435
Equipment	1,217,062	1,673,083
Furnishings	1,066,868	1,099,726
Land	1,297,302	1,358,426
Land improvements	679,744	769,860
Lending materials	154,077	156,785
Office equipment	856,211	1,042,899
Roads	101,399,303	104,079,626
Vehicles	728,208	622,743
Assets under construction	1,905,292	130,199
Total	\$ 160,152,675	\$ 162,661,735

(a) Assets under construction:

Assets under construction having a value of \$130,199 (2020 - \$1,905,290) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$Nil (2020 - \$Nil).

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

8. Tangible capital assets (continued):

(c) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

(d) Works of art and historical treasures:

The County manages and controls various works of art and non-operational historical cultural assets including artifacts, paintings and sculptures located at County sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

(e) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$Nil (2020 - \$Nil).

9. Contingent liabilities:

The nature of the County's activities is such that there may be litigation pending or in prospect at any time. With respect to claims at December 31, 2021, management believes that the County has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the County's financial position.

10. Commitments:

(a) The County has undertaken the following commitments to support community health care projects:

- i) University Hospitals Kingston Foundation to support community health care capital projects in the amount of \$75,000 per year for the years 2021 to 2028 inclusive.
- ii) Lenadco Access Clinic for \$25,000 per year for the years 2021 to 2022 inclusive.

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

11. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserve funds as follows:

	2021	2020
Surplus:		
Invested in tangible capital assets - general purposes	\$ 159,085,225	\$ 155,728,609
Invested in tangible capital assets - library purposes	340,228	332,850
Invested in tangible capital assets - Kingston, Frontenac and Lennox and Addington Public Health	944,892	792,014
Invested in inventories - general purpose	17,444	32,650
Other - general purposes	2,926,010	2,592,642
Other - library purposes	151,019	243,744
Other - Kingston, Frontenac and Lennox and Addington Public Health	721,384	781,032
Total surplus	164,186,202	160,503,541
Unfinanced Capital:		
Museum and archives	(107,653)	(326,637)
Total unfinanced capital	(107,653)	(326,637)
Reserves set aside by Council:		
Working capital - general purpose	937,555	937,555
Library expenditures	683,861	475,087
Roadways and bridges expenditures	4,987,851	3,370,341
Property capital projects	468,610	690,265
General expenditures	763,207	770,386
Social service expenditures	560,225	508,833
Economic development	373,284	336,564
Land use planning	99,875	58,873
Paramedic services expenditures	1,384,020	962,124
The John M. Parrott Centre	1,558,256	421,262
Rate stabilization	781,806	597,591
Modernization	164,704	488,504
Children Services General	144,075	-
COVID reserve	344,743	-
	13,252,072	9,617,385
Reserve funds set aside by Council:		
Children's Services	887,978	796,979
Social housing	4,498,112	3,645,810
Museum and Archives	898,072	724,905
	6,284,162	5,167,694
	\$ 183,614,783	\$ 174,961,983

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

12. Budget figures:

The budget data presented in these consolidated financial statements is based upon the 2021 operating and capital budgets approved by Council on March 24, 2021.

The Corporation of the County of Lennox and Addington reviews its operating and capital budgets annually. The approved operating and capital budgets for 2021 are reflected on the "Consolidated Statement of Operations and Accumulated Surplus".

The chart below reconciles the approved budget to the budget figures reported on the "Consolidated Statement of Operations and Accumulated Surplus".

	Budget amount
Revenue:	
Original budget	\$ 81,391,635
Health Unit consolidation	5,403,289
Gain on sale of assets	405,196
	<hr/> 87,200,120
Expenses:	
Original budget	81,391,635
Health Unit consolidation	5,310,058
Assets capitalized	(16,069,050)
Amortization expense	11,927,000
Debt principal repayment	(1,492,700)
Transfer from other funds	2,343,511
	<hr/> 83,410,454
Annual surplus	<hr/> \$ 3,789,666

13. Provincial offences administration:

The Provincial Offences Act 1997 (POA) is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-Laws and minor federal offences. The POA governs all aspects of the legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

13. Provincial offences administration (continued):

Balances arising from the operation of the POA office have been consolidated with these financial statements. The revenue of the court office consists of fines levied under Parts I and III (including delay penalties) for POA charges filed in the Napanee Court. Offenders may pay their fines at any court office in Ontario, at which time their receipt is recorded in the Integrated Courts Operation Network System ("ICON") operated by the Province of Ontario. Revenue is recognized when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made. Total revenue and expenditures recorded as of December 31, 2021 are as follows:

	2021	2020
Gross revenue received	\$ 1,684,583	\$ 1,432,395
Gross expenditures	1,082,720	974,946
Net revenue	\$ 601,863	\$ 457,449

14. Supplementary information:

	2021	2020
Expenditures by object:		
Salaries, wages and employee benefits	\$ 35,351,203	\$ 33,499,799
Materials, services and rents	31,897,674	29,399,323
Debt services	101,654	157,855
Amortization	12,292,796	11,840,159
Total	\$ 79,643,327	\$ 74,897,136

15. Trust funds:

Trust funds administered by the County amounting to \$27,576 (2020 - \$19,895) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations and Accumulated Surplus".

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

16. Segmented information:

The Corporation of the County of Lennox and Addington is a municipal government institution that provides a range of services to its citizens as set out in the Schedule of Segment Disclosure. For management reporting purposes, the Corporation of the County of Lennox and Addington's operations and activities are organized and reported by department. Funds have been created for the purpose of recording specific activities in accordance with special regulations, restrictions or limitations.

The Corporation of the County of Lennox and Addington's services are provided by departments and their activities are reported in these funds. The following departments have been separately reported in the Schedule of Segment Disclosure.

(a) Roadways and Bridges:

The Corporation of the County of Lennox and Addington is responsible for 458 kilometres of arterial roads and 68 bridges and major culverts. The lower tier municipalities within the County provide maintenance services on these roads under a contract arrangement with the County.

(b) Assistance to Aged Persons:

The Corporation of the County of Lennox and Addington operates The John M. Parrott Centre, a 168-bed long-term care facility.

(c) Paramedic Services:

The Corporation of the County of Lennox and Addington provides paramedic services to its residents from five ambulance bases located in Napanee, Loyalist, Stone Mills, Northbrook and Denbigh.

(d) Social Assistance, Housing & Homelessness and Children's Services:

The Corporation of the County of Lennox and Addington is the Consolidated Municipal Service Manager for the Counties of Lennox and Addington and Prince Edward for the provision of social services.

(e) Libraries:

The Corporation of the County of Lennox and Addington provides library services to its residents at library branches located in the Town of Greater Napanee, Loyalist Township and the Township of Stone Mills.

(f) Museums and Archives:

The Corporation of the County of Lennox and Addington's Museum and Archives, which is located in Napanee, has over 10,000 artifacts in its collection.

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

16. Segmented information (continued):

(g) Economic Development & Planning:

The Corporation of the County of Lennox and Addington is responsible for business attraction, retention and promotion, as well as land use planning initiatives.

(h) Provincial Offences:

The Corporation of the County of Lennox and Addington administers the collection of approximately 7,200 Provincial Offences fines per year.

(i) General Government and Other Services:

General Government and Other Services includes County Council operations, Administration & Finance, Property Services, funding support for the Municipal Property Assessment Corporation, capital support for local hospitals and miscellaneous revenues such as investment income, payments-in-lieu of taxation and non-specific government grants, which have not been allocated to the County's various departments.

(j) Public Health Services:

The Kingston, Frontenac and Lennox and Addington Health Unit provides public health services to the residents of Lennox and Addington and is proportionately funded by participating Municipalities and the Province of Ontario.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

County services are funded in part from Property Taxation. Taxation is apportioned to these services based on the amounts established as part of the 2021 budget process.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

16. Segmented information (continued):

	Roadways & Bridges	Assistance to Aged Persons	Paramedic Services	Social Assistance	Housing & Homelessness	Children's Services	Libraries
Revenue:							
Taxation	\$ 14,872,891	\$ 3,422,606	\$ 4,915,473	\$ 1,017,900	\$ 2,306,400	\$ 290,700	\$ 1,410,745
Fees and other revenue	102,693	4,141,569	80,855	(10,108)	2,273,925	88,823	23,002
Government grants	3,443,268	11,424,059	4,806,708	9,051,952	3,531,515	6,773,194	93,351
Investment income	-	-	-	-	-	-	-
Fine revenue	-	-	-	-	-	-	608
Recoveries from municipalities	-	-	109	552,754	1,172,577	107,851	-
	18,418,852	18,988,234	9,803,145	10,612,498	9,284,417	7,260,568	1,527,706
Expenses:							
Salaries and benefits	587,120	12,747,070	6,919,481	2,820,002	1,338,615	508,675	1,017,818
Materials	646,278	1,871,660	952,325	160,475	2,132,812	2,890	156,365
Contracted services	2,897,319	625,441	190,525	128,964	1,611,062	6,383,826	69,341
Rents and financial expenses	-	-	20,441	63,153	-	-	-
External transfers	-	16,536	-	6,838,609	2,558,246	5,821	-
Debt services	22,411	3,216	-	-	23,357	-	-
Interfunctional adjustments	325,431	751,794	472,791	571,292	208,858	174,849	105,508
Amortization	8,341,838	1,010,409	575,433	58,207	1,309,991	25,539	97,916
	12,820,397	17,026,126	9,130,996	10,640,702	9,182,941	7,101,600	1,446,948
Net revenue (expenses)	\$ 5,598,455	\$ 1,962,108	\$ 672,149	\$ (28,204)	\$ 101,476	\$ 158,968	\$ 80,758

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

16. Segmented information (continued):

	Museum & Archives	Economic Development & Planning	Provincial Offences	General Government & other Services	Subtotal	Public Health Services	Total
Revenue:							
Taxation	\$ 1,018,625	\$ 645,500	\$ (653,695)	\$ 887,362	\$ 30,134,507	\$ 1,339,307	\$ 31,473,814
Fees and other revenue	10,383	13,879	-	928,840	7,653,861	6,825	7,660,686
Government grants	91,683	140,933	-	535,081	39,891,744	5,392,673	45,284,417
Investment income	-	-	-	335,602	335,602	3,705	339,307
Fine revenue	-	-	1,684,583	-	1,685,191	-	1,685,191
Recoveries from municipalities	-	-	-	19,335	1,852,626	86	1,852,712
	1,120,691	800,312	1,030,888	2,706,220	81,553,531	6,742,596	88,296,127
Expenses:							
Salaries and benefits	435,793	335,583	460,802	2,910,110	30,081,069	5,270,134	35,351,203
Materials	151,188	182,599	420,791	786,263	7,463,646	538,929	8,002,575
Contracted services	7,638	293,338	133,884	1,314,890	13,656,228	617,267	14,273,495
Rents and financial expenses	-	-	-	18,798	102,392	-	102,392
External transfers	-	-	-	100,000	9,519,212	-	9,519,212
Debt services	-	-	-	-	48,984	52,670	101,654
Interfunctional adjustments	203,880	35,409	67,243	(2,917,055)	-	-	-
Amortization	137,404	560	-	565,134	12,122,431	170,365	12,292,796
	935,903	847,489	1,082,720	2,778,140	72,993,962	6,649,365	79,643,327
Net revenue (expenses)	\$ 184,788	\$ (47,177)	\$ (51,832)	\$ (71,920)	\$ 8,559,569	\$ 93,231	\$ 8,652,800

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

17. Impact of COVID-19 pandemic:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian, Ontario and municipal governments, enacting emergency measures to combat the spread of the virus. The pandemic has had significant operational and financial impacts as a result of social and market disruption.

The County continues to experience impacts of the pandemic in the 2021 fiscal year.

Impacts have been mitigated by associated funding and other cost saving measures. The outcome and time frame for a recovery from the pandemic is unknown, and therefore it is not practicable to estimate and disclose its financial effect on future operations at this time.