

Consolidated Financial Statements of the

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

Year ended December 31, 2017

Consolidated Financial Statements of the

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

Year ended December 31, 2017

CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Page

Management's Responsibility for the Consolidated Financial Statements

## **Audited Financial Statements:**

Independent Auditors' Report	1
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations and Accumulated Surplus	4
Consolidated Statement of Change in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7

### **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



---

Stephen Fox  
Director, Financial and Physical Services



KPMG LLP  
863 Princess Street, Suite 400  
Kingston ON K7L 5N4  
Canada  
Telephone 613-549-1550  
Fax 613-549-6349

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the consolidated financial statements of the Corporation of the County of Lennox and Addington, which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the County of Lennox and Addington as at December 31, 2017, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that tapers at both ends, serving as a decorative underline.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

May 9, 2018

# CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

## Consolidated Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets:		
Cash	\$ 10,675,668	\$ 11,702,042
Accounts receivable	1,400,108	1,929,988
Investments (note 3)	10,856,871	5,801,606
	22,932,647	19,433,636
Liabilities:		
Accounts payable and accrued liabilities	6,820,804	5,279,122
Workplace Safety and Insurance liabilities (note 4)	1,271,689	1,158,422
Employee future benefits (note 5)	1,424,927	1,357,896
Deferred revenue	796,856	831,485
Long-term liabilities (note 7)	7,628,023	8,955,438
	17,942,299	17,582,363
Net financial assets	4,990,348	1,851,273
Other non-financial assets:		
Tangible capital assets (note 8)	148,296,849	147,784,405
Inventories of supplies	37,014	37,316
Prepaid expenses	1,159,398	1,056,519
Total non-financial assets	149,493,261	148,878,240
Contingent liabilities (note 9)		
Commitments (note 10)		
Total accumulated surplus (note 11)	\$ 154,483,609	\$ 150,729,513

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, 2017, with comparative information for 2016

	Budget (note 12)	2017	2016
<b>Revenue:</b>			
Taxation from other governments	\$ 26,310,700	\$ 26,311,170	\$ 25,298,151
Fees and miscellaneous revenue	6,744,700	6,824,447	7,010,303
Government grants	35,029,500	33,993,691	31,588,012
Investment income	205,400	279,154	178,278
Fines and penalties (note 13)	2,855,500	3,003,580	3,044,332
Revenue from municipalities	2,190,900	2,034,264	2,279,254
<b>Total revenue</b>	<b>73,336,700</b>	<b>72,446,306</b>	<b>-69,398,330</b>
<b>Expenses (note 14):</b>			
General government	751,100	771,405	972,478
Property services	710,800	622,327	637,334
Provincial offences (note 13)	1,388,500	1,390,562	1,336,897
Property assessment	682,700	682,655	676,282
Emergency Planning	25,200	20,947	20,921
Roadways and bridges	11,531,400	11,271,640	10,514,945
Public health services	4,816,300	4,816,324	4,674,008
Hospital support	150,000	150,000	150,000
Paramedic services	6,830,700	6,776,526	6,249,618
Social and family services	13,112,400	12,202,431	11,870,564
Assistance to aged persons	14,802,600	14,675,673	14,238,935
Assistance to children	5,093,400	5,218,512	4,782,314
Libraries	1,405,300	1,406,031	1,401,650
Museum and archives	944,000	905,594	863,683
Housing and homelessness	7,983,300	7,241,796	7,015,408
Economic development and planning	611,300	539,787	501,775
<b>Total expenses</b>	<b>70,839,000</b>	<b>68,692,210</b>	<b>65,906,812</b>
<b>Annual surplus</b>	<b>2,497,700</b>	<b>3,754,096</b>	<b>3,491,518</b>
<b>Accumulated surplus, beginning of year</b>	<b>150,729,500</b>	<b>150,729,513</b>	<b>147,237,995</b>
<b>Accumulated surplus, end of year (note 11)</b>	<b>\$ 153,227,200</b>	<b>\$ 154,483,609</b>	<b>\$ 150,729,513</b>

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, 2017, with comparative information for 2016

	2017	2016
Annual surplus	\$ 3,754,096	\$ 3,491,518
Acquisition of capital assets	(11,387,854)	(8,604,040)
Amortization of capital assets	10,875,244	10,569,962
Gain on retirement of assets	(14,970)	(2,905)
Proceeds from sale of assets	15,136	34,110
	3,241,652	5,488,645
Change in prepaid expenses	(102,879)	(282,917)
Change in inventories of supplies	302	52
Change in net financial assets	3,139,075	5,205,780
Net financial assets (debt), beginning of year	1,851,273	(3,354,507)
Net financial assets, end of year	\$ 4,990,348	\$ 1,851,273

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, 2017, with comparative information for 2016

	2017	2016
<b>Operating activities:</b>		
Annual surplus	\$ 3,754,096	\$ 3,491,518
Items not involving cash:		
Amortization of assets	10,875,244	10,569,962
Gain on retirement of assets	(14,970)	(2,905)
Change in non-cash assets and liabilities:		
Change in employee future benefits	67,031	131,335
Change in Workplace Safety and Insurance liabilities	113,267	18,267
Change in accounts receivable	529,880	679,927
Change in accounts payable and accrued liabilities	1,541,682	357,857
Change in deferred revenue	(34,629)	405,939
Change in prepaid expenses	(102,879)	(282,917)
Change in inventories of supplies	302	52
<b>Net change in cash from operating activities</b>	<b>16,729,024</b>	<b>15,369,035</b>
<b>Capital activities:</b>		
Proceeds from sale of assets	15,136	34,110
Cash used to acquire assets	(11,387,854)	(8,604,040)
	<b>(11,372,718)</b>	<b>(8,569,930)</b>
<b>Investing activities:</b>		
Purchase of investments	(5,055,265)	(5,252)
<b>Financing activities:</b>		
Repayment of debt	(1,327,415)	(1,273,290)
<b>Increase (decrease) in cash</b>	<b>(1,026,374)</b>	<b>5,520,563</b>
Cash, beginning of year	11,702,042	6,181,479
<b>Cash, end of year</b>	<b>\$ 10,675,668</b>	<b>\$ 11,702,042</b>

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, 2017

---

## 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:

#### (i) 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.

#### (ii) Trust funds and their related operations administered by the County are not consolidated, but are reported separately on the "Trust Funds Statements of Continuity and Financial Position".

### (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, 2017

---

## 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, valuation for property tax write-offs 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, 2017

## 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.

### (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.

### (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.

# CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 1. Significant accounting policies (continued):

(i) Non-financial assets (continued):

(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:

	2017	2016
Kingston, Frontenac and Lennox and Addington Public Health	\$ 1,247,686	\$ 1,223,202

## 3. Investments:

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

	2017	2017
	Cost	Market Value
Canadian bonds and guaranteed investment certificates	\$10,856,871	\$10,622,115

  

	2016	2016
	Cost	Market Value
Canadian bonds and guaranteed investment certificates	\$ 5,801,606	\$ 5,819,423

# CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

#### 4. Workplace Safety and Insurance (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, 2016 for future payments on Workplace Safety and Insurance Board claims occurring on or before December 31, 2016 has been undertaken. The next valuation will be effective December 31, 2019 and will be undertaken in fiscal 2020. As at December 31, 2016, there was an actuarial loss of \$589,358 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.

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

Interest discount rate	3.75% per annum
Loss of earnings	1.25% per annum
Administration costs	38.0% of benefit costs

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

	2017	2016
Accrued WSIB benefit obligation at January 1	\$ 1,538,109	\$ 900,531
Benefit cost for the year	187,785	152,535
Plan amendments	13,558	–
Interest	58,418	40,693
Expected benefit payments	(175,477)	(145,008)
Actuarial loss during the year	–	589,358
Accrued WSIB benefit obligation at December 31	1,622,393	1,538,109
Remaining unamortized actuarial loss	(350,704)	(379,687)
Accrued WSIB liability at December 31	\$ 1,271,689	\$ 1,158,422

# CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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

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

	2017	2016
Remaining unamortized gain (loss) at January 1	\$ (379,687)	\$ 239,624
Actuarial loss during the year	-	(589,358)
Amortization during the year	28,983	(29,953)
<b>Remaining unamortized loss at December 31</b>	<b>\$ (350,704)</b>	<b>\$ (379,687)</b>

#### 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 and was completed at December 31, 2016. The next valuation will be effective December 31, 2019 and will be undertaken in fiscal 2020. As at December 31, 2016, there was an actuarial loss of \$265,390 to be amortized on a straight-line basis over the expected average remaining service life of the related employee groups, which is estimated to be thirteen years.

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

Interest discount rate	4.0% per annum
Medical rate of inflation	3.75% - 4.75% per annum
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, 2017

## 5. Employee future benefits (continued):

(a) (continued):

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

	2017	2016
Accrued post-retirement benefit obligation at January 1	\$ 1,279,903	\$ 973,140
Benefit cost for the year	49,494	46,687
Interest	50,530	46,112
Expected benefit payments	(82,752)	(51,426)
Actuarial loss during the year	-	265,390
Accrued post-retirement benefit obligation at December 31	1,297,175	1,279,903
Remaining unamortized actuarial loss	(236,219)	(266,183)
Accrued post-retirement benefit liability at December 31	\$ 1,060,956	\$ 1,013,720

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

	2017	2016
Remaining unamortized loss at January 1	\$ (266,183)	\$ (10,342)
Actuarial loss during the year	-	(265,390)
Amortization during the year	29,964	9,549
Remaining unamortized loss at December 31	\$ (236,219)	\$ (266,183)

(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, 2016. The next valuation will be effective December 31, 2019 and will be undertaken in fiscal 2020. As at December 31, 2016, there was an actuarial gain of \$6,593 to be amortized on a straight-line basis over the expected average remaining service life of the related employee groups, which is estimated to be thirteen years.



# CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 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	4.0% 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:

	2017	2016
Accrued retirement benefit obligation at January 1	\$ 569,822	\$ 525,236
Benefit cost for the period	35,602	36,514
Interest	22,171	25,557
Expected benefit payments	(66,701)	(10,892)
Actuarial gain during the year	–	(6,593)
Accrued retirement benefit obligation at December 31	560,894	569,822
Remaining unamortized actuarial loss	(196,923)	(225,646)
Accrued retirement allowance liability at December 31	\$ 363,971	\$ 344,176

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

	2017	2016
Remaining unamortized loss at January 1	\$ (225,646)	\$ (261,473)
Actuarial gain during the year	–	6,593
Amortization during the year	28,723	29,234
Remaining unamortized loss at December 31	\$ (196,923)	\$ (225,646)

# CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 6. Pension agreements:

The County makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 290 (2016 - 286) 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 amount contributed to OMERS for 2017 current service was \$1,485,055 (2016 - \$1,440,222) 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:

	2017	2016
OSIFA Debentures - infrastructure projects	\$ 1,489,755	\$ 1,680,112
OSIFA Debentures - The John M. Parrott Centre	3,579,704	4,501,068
Proportionate share of Kingston, Frontenac and Lennox and Addington Public Health debt	1,055,986	1,119,351
Meadow Lane mortgage	1,502,578	1,654,907
	<b>\$ 7,628,023</b>	<b>\$ 8,955,438</b>

(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 Ontario Strategic Infrastructure Financing Authority ("OSIFA") totalling \$12,000,000 to finance the construction of The John M. Parrott Centre. The debentures are 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%.

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

2018	\$ 1,160,372
2019	1,211,209
2020	1,264,335
2021	759,813
2022	218,428
2023 and thereafter	455,302
	<b>\$ 5,069,459</b>

# CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 7. Long-term liabilities (continued):

(a) (continued):

(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:

2018	\$ 67,308
2019	72,420
2020	77,106
2021	82,431
2022	87,969
2023 and thereafter	668,752
	\$ 1,055,986

(v) The Meadow Lane mortgage is repayable in blended monthly payments of \$15,620, due August 1, 2019 at an interest rate of 2.225%.

The principal repayment due on the mortgage is as follows:

2018	\$ 155,737
2019	1,346,841
	\$ 1,502,578

(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:

	2017	2016
Interest - Kingston, Frontenac and Lennox and Addington Public Health	\$ 71,138	\$ 75,796
Interest - Corporation of the County of Lennox and Addington	262,037	313,197
	\$ 333,175	\$ 388,993

(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.

# CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 8. Tangible capital assets:

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Bridges	\$ 21,117,718	\$ 4,963	\$ -	\$ 21,122,681
Buildings	76,123,385	577,715	-	76,701,100
Equipment	2,117,281	555,040	185,157	2,487,164
Furnishings	2,016,183	159,022	69,535	2,105,670
Land	753,962	-	-	753,962
Land improvements	1,537,245	45,010	-	1,582,255
Lending materials	395,845	74,859	78,392	392,312
Office equipment	2,005,043	306,912	156,407	2,155,548
Roads	158,532,953	9,216,914	3,813,099	163,936,768
Vehicles	1,447,194	334,264	120,080	1,661,378
Assets under construction	234,757	347,912	234,757	347,912
<b>Total</b>	<b>\$ 266,281,566</b>	<b>\$ 11,622,611</b>	<b>\$ 4,657,427</b>	<b>\$ 273,246,750</b>

Accumulated amortization	Balance at December 31, 2016	Amortization	Disposals and adjustments	Balance at December 31, 2017
Bridges	\$ 7,235,107	\$ 487,299	\$ -	\$ 7,722,406
Buildings	33,043,325	2,532,025	-	35,575,350
Equipment	1,030,205	235,706	185,157	1,080,754
Furnishings	844,193	137,008	69,369	911,832
Land improvements	735,509	78,824	-	814,333
Lending materials	244,024	78,014	78,392	243,646
Office equipment	977,805	335,230	156,407	1,156,628
Roads	73,309,865	6,797,030	3,813,099	76,293,796
Vehicles	1,077,128	194,108	120,080	1,151,156
<b>Total</b>	<b>\$118,497,161</b>	<b>\$10,875,244</b>	<b>\$ 4,422,504</b>	<b>\$ 124,949,901</b>

# CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 8. Tangible capital assets (continued):

	Net book value December 31, 2016	Net book value December 31, 2017
Bridges	\$ 13,882,611	\$ 13,400,275
Buildings	43,080,060	41,125,750
Equipment	1,087,076	1,406,410
Furnishings	1,171,990	1,193,838
Land	753,962	753,962
Land improvements	801,736	767,922
Lending materials	151,821	148,666
Office equipment	1,027,238	998,920
Roads	85,223,088	87,642,972
Vehicles	370,066	510,222
Assets under construction	234,757	347,912
<b>Total</b>	<b>\$ 147,784,405</b>	<b>\$ 148,296,849</b>

(a) Assets under construction:

Assets under construction having a value of \$347,912 (2016 - \$234,757) 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 (2016 - \$Nil).

(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 (2016 - \$Nil).

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

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

---

## **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, 2017, 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:**

The County has undertaken a commitment to University Hospitals Kingston Foundation to support community health care capital projects in the amount of \$60,000 for 2018.

# CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 11. Accumulated surplus:

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

	2017	2016
Surplus:		
Invested in tangible capital assets - general purposes	\$ 139,716,179	\$ 137,866,651
Invested in tangible capital assets - library purposes	308,820	315,627
Invested in tangible capital assets - Kingston, Frontenac and Lennox and Addington Public Health	643,827	646,689
Invested in inventories - general purpose	37,014	37,316
Other - general purposes	1,264,321	1,306,684
Other - library purposes	8,719	19,248
Other - Kingston, Frontenac and Lennox and Addington Public Health	689,269	652,185
<b>Total surplus</b>	<b>142,668,149</b>	<b>140,844,400</b>
Unfinanced Capital:		
Social services office building	-	(388,387)
Museum and archives	(1,072,997)	(1,311,346)
<b>Total unfinanced capital</b>	<b>(1,072,997)</b>	<b>(1,699,733)</b>
Reserves set aside by Council:		
Working capital - general purpose	937,555	937,555
Library expenditures	551,156	560,038
Roadways and bridges expenditures	4,003,026	3,323,618
Property capital projects	302,682	399,799
General expenditures	616,944	582,296
Social service expenditures	508,833	508,833
Economic development	81,517	81,517
Land use planning	33,873	33,873
Paramedic services expenditures	1,357,117	894,293
The John M. Parrott Centre	589,692	570,582
Rate stabilization	233,157	233,157
	<b>9,215,552</b>	<b>8,125,561</b>
Reserve funds set aside by Council:		
Meadow Lane	169,161	167,542
Children's Services	1,148,406	1,137,411
Social housing	1,946,601	1,765,006
Museum & Archives	408,737	389,326
	<b>3,672,905</b>	<b>3,459,285</b>
	<b>\$ 154,483,609</b>	<b>\$ 150,729,513</b>

# CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 12. Budget figures:

The budget data presented in these consolidated financial statements is based upon the 2017 operating and capital budgets approved by Council on April 12, 2017.

The Corporation of the County of Lennox and Addington reviews its operating and capital budgets annually. The approved operating and capital budgets for 2017 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	\$ 69,749,000
Health Unit consolidation	3,602,800
Gain on sale of assets	(15,100)
	<u>73,336,700</u>
Expenses:	
Original budget	69,749,000
Health Unit consolidation	3,568,600
Assets capitalized	(14,746,600)
Amortization expense	10,855,500
Debt principal repayment	(1,852,500)
Transfer from other funds	3,265,000
	<u>70,839,000</u>
Annual surplus	<u>\$ 2,497,700</u>

## 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, 2017

## 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, 2017 are as follows:

	2017	2016
Gross revenue received	\$ 2,997,752	\$ 3,038,850
Gross expenditures	1,390,562	1,336,897
Net revenue	\$ 1,607,190	\$ 1,701,953

## 14. Supplementary information:

	2017	2016
Expenditures by object:		
Salaries, wages and employee benefits	\$ 29,533,215	\$ 28,354,693
Materials, services and rents	27,950,576	26,593,164
Debt services	333,175	388,993
Amortization	10,875,244	10,569,962
Total	\$ 68,692,210	\$ 65,906,812

## 15. Trust funds:

Trust funds administered by the County amounting to \$25,903 (2016 - \$33,291) 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, 2017

---

## 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 four ambulance bases located in Napanee, Loyalist, 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, 2017

---

## 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 15,000 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 2017 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, 2017

## 16. Segmented information (continued):

	Roadways & Bridges	Assistance to Aged Persons	Paramedic Services	Social Assistance	Housing & Homelessness	Children's Services	Libraries
<b>Revenue:</b>							
Taxation	\$ 12,325,700	\$ 2,344,700	\$ 3,535,900	\$ 1,193,000	\$ 2,098,900	\$ 283,800	\$ 1,230,800
Fees and other revenue	50,540	4,267,643	26,519	—	1,782,605	—	22,910
Government grants	1,719,023	8,584,966	3,180,140	10,292,278	1,807,866	4,767,156	120,254
Investment income	—	—	—	—	—	—	—
Fine revenue	—	—	—	—	—	—	5,848
Recoveries from Municipalities	—	—	87,659	673,173	1,105,808	167,544	—
<b>Total revenue</b>	<b>14,095,263</b>	<b>15,197,309</b>	<b>6,830,218</b>	<b>12,158,451</b>	<b>6,795,179</b>	<b>5,218,500</b>	<b>1,379,812</b>
<b>Expenses:</b>							
Salaries and benefits	446,927	10,828,095	5,209,804	2,901,934	1,172,037	457,101	1,027,806
Materials	494,697	1,511,459	623,404	368,066	1,801,096	21,447	147,354
Contracted services	2,753,722	488,809	191,626	181,196	291,437	4,579,823	27,897
Rents and financial expenses	—	—	32,580	78,481	—	—	—
External transfers	—	102,054	—	8,002,418	2,320,789	16,471	—
Debt services	44,560	182,646	—	—	34,831	—	—
Interfunctional adjustments	229,469	635,754	346,469	573,690	195,021	143,670	103,037
Amortization	7,302,265	926,856	372,643	96,647	1,426,585	—	99,937
<b>Total expenses</b>	<b>11,271,640</b>	<b>14,675,673</b>	<b>6,776,526</b>	<b>12,202,432</b>	<b>7,241,796</b>	<b>5,218,512</b>	<b>1,406,031</b>
<b>Net revenue (expenses)</b>	<b>\$ 2,823,623</b>	<b>\$ 521,636</b>	<b>\$ 53,692</b>	<b>\$ (43,981)</b>	<b>\$ (446,617)</b>	<b>\$ (12)</b>	<b>\$ (26,219)</b>

# CORPORATION OF THE COUNTY OF LENNOX AND ADDINGTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 16. Segmented information (continued):

	Museum & Archives	Economic Development & Planning	Provincial Offences	General Government & Other Services	Sub Total	Public Health Services	Total
<b>Revenue:</b>							
Taxation	\$ 986,400	\$ 512,300	\$ (1,468,200)	\$ 2,020,170	\$ 25,063,470	\$ 1,247,700	\$ 26,311,170
Fees and other revenue	16,877	18,465	20	454,556	6,640,135	184,312	6,824,447
Government grants	28,803	46,964	—	27,773	30,575,223	3,418,468	33,993,691
Investment income	—	—	—	279,154	279,154	—	279,154
Fine revenue	—	—	2,997,732	—	3,003,580	—	3,003,580
Recoveries from Municipalities	—	—	—	—	2,034,184	80	2,034,264
<b>Total revenue</b>	<b>1,032,080</b>	<b>577,729</b>	<b>1,529,552</b>	<b>2,781,653</b>	<b>67,595,746</b>	<b>4,850,560</b>	<b>72,446,306</b>
<b>Expenses:</b>							
Salaries and benefits	442,758	301,966	443,070	2,430,147	25,661,645	3,871,570	29,533,215
Materials	112,114	198,375	748,400	811,387	6,837,799	561,500	7,399,299
Contracted services	7,974	12,342	112,194	984,580	9,631,600	202,873	9,834,473
Rents and financial expenses	—	—	—	14,011	125,072	—	125,072
External transfers	—	—	—	150,000	10,591,732	—	10,591,732
Debt services	—	—	—	—	262,037	71,138	333,175
Interfunctional adjustments	196,087	26,544	86,898	(2,536,639)	—	—	—
Amortization	146,661	560	—	393,847	10,766,001	109,243	10,875,244
<b>Total expenses</b>	<b>905,594</b>	<b>539,787</b>	<b>1,390,562</b>	<b>2,247,333</b>	<b>63,875,886</b>	<b>4,816,324</b>	<b>68,692,210</b>
<b>Net revenue (expenses)</b>	<b>\$ 126,486</b>	<b>\$ 37,942</b>	<b>\$ 138,990</b>	<b>\$ 534,320</b>	<b>\$ 3,719,860</b>	<b>\$ 34,236</b>	<b>\$ 3,754,096</b>