

Financial statements of the

**United Counties of
Prescott and Russell**

December 31, 2020

United Counties of Prescott and Russell

December 31, 2020

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MNP LLP
300 McGill Street
Hawkesbury ON K6A 1P8
Canada

Tel.: 613-632-4178
Fax: 613-632-7703
www.mnp.ca

Independent Auditor's Report

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

Opinion

We have audited the financial statements of the United Counties of Prescott and Russell (the "United Counties"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the United Counties as at December 31, 2020, and the results of their operations, change in their net financial assets and their cash flow for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the United Counties in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter – Predecessor Report

The financial statements for the year ended December 31, 2019, were reviewed by another professionals firm who expressed an unmodified conclusion on those financial statements on April 22, 2020.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the United Counties' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the United Counties or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the United Counties' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the United Counties' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the United Counties' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the United Counties to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

April 28, 2021

United Counties of Prescott and Russell

Statement of operations

Year ended December 31, 2020

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
Revenue			
Taxation and user charges	57,371,600	57,024,299	55,489,673
Transfer payments			
Government of Canada	7,728,900	7,820,779	4,592,367
Province of Ontario	45,021,300	49,820,552	44,880,799
Other	4,928,700	5,434,686	5,831,201
	115,050,500	120,100,316	110,794,040
Expenses (Schedule 5)			
General government	4,182,000	4,766,595	3,843,714
Protection to persons and property	2,984,100	2,249,441	3,014,294
Transportation services	21,066,300	20,472,707	20,509,753
Health services	18,219,200	18,174,425	16,645,738
Social and family services	47,739,700	44,839,359	44,081,822
Social housing	8,196,200	7,439,559	7,601,915
Recreation and cultural services	139,000	167,805	267,595
Planning and development	5,006,500	4,096,079	3,908,895
	107,533,000	102,205,970	99,873,726
Annual surplus	7,517,500	17,894,346	10,920,314
Accumulated surplus, beginning of year	138,510,356	138,510,356	127,590,042
Accumulated surplus, end of year (Schedule 3)	146,027,856	156,404,702	138,510,356

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

United Counties of Prescott and Russell

Statement of financial position

As at December 31, 2020

	2020	2019
	\$	\$
Assets		
Financial assets		
Cash	60,000,813	47,950,106
Accounts receivable	9,710,959	3,863,323
	69,711,772	51,813,429
Liabilities		
Accounts payable and accrued liabilities	18,237,807	10,706,147
Deferred revenues	1,143,335	3,635,026
Employee benefits (Note 3)	4,702,803	4,567,709
Debts (Note 4)	3,651,119	898,644
	27,735,064	19,807,526
Net financial assets	41,976,708	32,005,903
Contingencies and commitments (Notes 8 and 9)		
Non-financial assets		
Tangible capital assets (Schedules 1 and 2)	112,250,021	104,567,185
Inventories	264,755	290,568
Prepaid expenses	1,913,218	1,646,700
	114,427,994	106,504,453
Accumulated surplus (Schedule 3)	156,404,702	138,510,356

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

Approved by Council

_____, Warden

_____, Chief Executive Officer

_____, Treasurer

United Counties of Prescott and Russell

Statement of change in net financial assets

Year ended December 31, 2020

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
Annual surplus	7,517,500	17,894,346	10,920,314
Amortization of tangible capital assets	7,570,600	8,083,970	7,578,249
Loss on sale of tangible capital assets	-	314,358	296,636
Purchase of tangible capital assets	(23,056,800)	(16,162,594)	(10,718,248)
Proceeds from sale of tangible capital assets	-	81,430	140,464
Decrease of inventories	-	25,813	94,705
(Increase) decrease of prepaid expenses	-	(266,518)	183,212
(Decrease) increase in net financial assets	(7,968,700)	9,970,805	8,495,332
Net financial assets, beginning of year	32,005,903	32,005,903	23,510,571
Net financial assets, end of year	24,037,203	41,976,708	32,005,903

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

United Counties of Prescott and Russell

Statement of cash flow

Year ended December 31, 2020

	2020	2019
	\$	\$
Operating activities		
Annual surplus	17,894,346	10,920,314
Change in non-cash assets and liabilities		
Increase in accounts receivable	(5,847,636)	(1,296,117)
Increase (decrease) in accounts payable and accrued liabilities	7,788,932	(2,335,727)
(Decrease) increase in deferred revenues	(2,491,691)	2,077,757
Increase in employee benefits	135,094	41,183
Decrease in inventories	25,813	94,705
(Increase) decrease in prepaid expenses	(266,518)	183,212
	(656,006)	(1,234,987)
Non-cash operating items		
Amortization of tangible capital assets	8,083,970	7,578,249
Loss on sale of tangible capital assets	314,358	296,636
	8,398,328	7,874,885
Net increase in cash from operating activities	25,636,668	17,560,212
Capital activities		
Purchase of tangible capital assets	(13,364,774)	(9,298,427)
Proceeds from sale of tangible capital assets	81,430	140,464
	(13,283,344)	(9,157,963)
Financing activities		
Debts principal repayment	(302,617)	(378,228)
Net increase in cash	12,050,707	8,024,021
Cash, beginning of year	47,950,106	39,926,085
Cash, end of year	60,000,813	47,950,106

See additional information presented in Note 5.

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

United Counties of Prescott and Russell

Notes to the financial statements

December 31, 2020

1. Accounting policies

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

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

Reporting entity

Financial statements

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

Reserves and reserve funds

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

Trust fund

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

Basis of accounting

Accrual basis

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

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use to provide services. They have useful lives extending beyond one year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provide the change in net financial assets.

United Counties of Prescott and Russell

Notes to the financial statements

December 31, 2020

1. Accounting policies (continued)

Basis of accounting (continued)

Tangible capital assets

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

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

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

Lands are not amortized.

Contribution of tangible capital assets

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

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Inventories

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

Deferred revenues

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

United Counties of Prescott and Russell

Notes to the financial statements

December 31, 2020

1. Accounting policies (continued)

Basis of accounting (continued)

Government transfers

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

Segment disclosures

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

Use of estimates

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

2. Contributions to non-consolidated entities

The United Counties contributed \$1,363,876 (\$1,432,049 in 2019) to the Eastern Ontario Health Unit for the Public Health Program. The municipalities have financial responsibility for this program with the Ministry of Health for the net expenses incurred for the delivery of the services. The sponsoring municipalities are as follows:

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

This is an ongoing responsibility for the participating municipalities.

United Counties of Prescott and Russell

Notes to the financial statements

December 31, 2020

3. Employee benefits

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

	2020	2019
	\$	\$
Sick leave benefits payable	62,951	60,481
Vacation payable	1,703,066	1,547,192
Workplace Safety and Insurance Board provision	2,936,786	2,960,036
	4,702,803	4,567,709

Workplace Safety and Insurance Board ("WSIB") provision

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

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

	2020	2019
	\$	\$
Accrued benefit obligations	2,340,808	2,343,151
Unamortized actuarial gain	595,978	616,885
Workplace Safety and Insurance Board provision	2,936,786	2,960,036

Other information

Current period benefit costs	281,237	272,951
Interest	88,228	84,312
Amortization of actuarial gain	(130,706)	(130,706)
Total expenditure	238,759	226,557
Expected benefit payments	(262,009)	(251,934)
	(23,250)	(25,377)

United Counties of Prescott and Russell

Notes to the financial statements

December 31, 2020

3. Employee benefits (continued)

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

	2020	2019
Discount rate	3.75%	3.75%
Claim count used for the current service cost	16	16

4. Debts

	2020	2019
	\$	\$
Mortgage, 1.716%, payable in monthly instalments of \$3,258 including interest, secured by lands and buildings for social housing, maturing in February 2021	6,501	45,122
Debentures, 6.089% to 6.339%, payable in annual instalments of \$317,003 including interest, secured by lands and buildings for social housing, maturing between December 2021 and December 2024	589,526	853,522
Capital lease, 1.560%, payable in instalments of \$366,478 including interest, secured by equipment, maturing in January 2029	3,055,092	-
	3,651,119	898,644

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

	Principal
	\$
2021	605,712
2022	550,318
2023	386,156
2024	359,268
2025	1,749,665
	3,651,119

5. Additional information relating to the statement of cash flow

Non-cash transactions

During the year, TCA were acquired at an aggregate cost of \$16,162,594 (\$10,718,248 in 2019), of which \$1,729,307 (\$1,986,579 in 2019) was paid after year-end, \$3,055,092 (Nil in 2019) was financed with a capital lease, \$11,378,195 (\$8,731,669 in 2019) was paid during the year.

During the year, TCA were sold for \$81,430 (\$140,464 in 2019), of which \$81,430 (\$140,464 in 2019) was received during the year.

United Counties of Prescott and Russell

Notes to the financial statements

December 31, 2020

6. Trust fund

The Trust fund administered by the United Counties amounting to \$60,597 (\$41,167 in 2019), in the name of the residents of the Prescott & Russell Residence, has not been included in the statement of financial position nor have its operations been included in the statement of operations.

7. Pension agreements

The United Counties make contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of 398 members (406 in 2019) of their staff and members of Council. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

For 2020, contributions to OMERS amounted to \$2,544,080 (\$2,514,243 in 2019) for current services and are included as an expense in the statement of operations.

8. Contingencies

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

9. Commitments

The United Counties lease some facilities and office equipment under operating lease agreements and have signed contracts for capital projects. Future payments aggregate \$94,285,941 and include the following amounts payable:

	\$
2021	22,213,443
2022	28,525,112
2023	30,361,032
2024	8,884,445
2025	473,311
After 2025	3,828,598
	94,285,941

10. Budget amounts

The operating budget approved by the United Counties for 2020 is reflected on the statement of operations. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expense amounts.

United Counties of Prescott and Russell

Notes to the financial statements

December 31, 2020

11. Contractual rights

Rental agreement

The United Counties have entered into an office rental agreement with the Province of Ontario. The agreement was signed in February 2017 and expires in August 2025. The total of estimated amounts receivable in the next five years is \$1,794,000.

Sale of wood

The United Counties have entered into multiple stumpage sale agreements for timber from the Larose Forest. The agreements were signed between February 2013 and April 2020 and expire between March 2021 and March 2022. The total of estimated amounts receivable in the next year is \$269,000.

Sugarbush

The United Counties have entered into multiple sale agreements for sap from the Larose Forest. The agreements were signed between May 2014 and July 2017 and expire between May 2029 and May 2032. The total of estimated amounts payable in the next twelve years is \$101,000.

United Counties of Prescott and Russell

Tangible capital assets

Year ended December 31, 2020

Schedule 1

	Lands	Land improvements	Buildings	Leasehold improvements	Vehicles	Equipment	Roads	Bridges and culverts	Other	Work in progress	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost												
Beginning of year	10,157,352	2,062,849	45,368,623	2,563,166	7,719,209	7,158,075	143,836,656	37,915,047	5,125,085	2,790,408	264,696,470	257,404,902
Acquisitions	58,440	93,324	225,156	-	990,253	3,580,011	6,249,711	2,237,070	50,760	2,677,869	16,162,594	10,718,248
Sales	(80,524)	(70,733)	(368,000)	-	(449,219)	(49,686)	(2,008,774)	(232,123)	-	-	(3,259,059)	(3,426,680)
Transfers	-	-	153,087	-	35,249	29,048	-	10,120	-	(227,504)	-	-
End of year	10,135,268	2,085,440	45,378,866	2,563,166	8,295,492	10,717,448	148,077,593	39,930,114	5,175,845	5,240,773	277,600,005	264,696,470
Accumulated amortization												
Beginning of year	-	679,642	38,843,465	1,873,464	5,202,810	4,730,490	86,914,461	20,280,503	1,604,450	-	160,129,285	155,540,616
Amortization	-	96,846	384,253	142,392	912,062	804,858	4,926,097	658,260	159,202	-	8,083,970	7,578,249
Accumulated amortization on sales	-	(65,817)	(128,800)	-	(401,607)	(32,749)	(2,008,772)	(225,526)	-	-	(2,863,271)	(2,989,580)
End of year	-	710,671	39,098,918	2,015,856	5,713,265	5,502,599	89,831,786	20,713,237	1,763,652	-	165,349,984	160,129,285
Net book value	10,135,268	1,374,769	6,279,948	547,310	2,582,227	5,214,849	58,245,807	19,216,877	3,412,193	5,240,773	112,250,021	104,567,185

United Counties of Prescott and Russell

Tangible capital assets by functions

Year ended December 31, 2020

Schedule 2

	General government	Protection to persons and property	Transportation services	Health services	Social and family services	Social housing	Recreational and cultural services	Planning and development	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost										
Beginning of year	5,343,971	12,064	196,426,927	8,248,113	10,470,262	37,477,584	1,670,439	5,047,110	264,696,470	257,404,902
Acquisitions	34,463	3,421,571	9,446,959	577,024	1,897,518	240,455	-	544,604	16,162,594	10,718,248
Sales	-	-	(2,504,812)	(632,861)	-	-	-	(121,386)	(3,259,059)	(3,426,680)
Transfers	182,025	-	(59,607)	(122,418)	-	-	-	-	-	-
End of year	5,560,459	3,433,635	203,309,467	8,069,858	12,367,780	37,718,039	1,670,439	5,470,328	277,600,005	264,696,470
Accumulated amortization										
Beginning of year	3,289,126	12,064	112,897,189	4,100,251	5,572,517	31,593,177	1,527,088	1,137,873	160,129,285	155,540,616
Amortization	225,667	342,157	6,317,897	659,767	250,434	153,501	68,148	66,399	8,083,970	7,578,249
Accumulated amortization										
on sales	-	-	(2,450,602)	(296,807)	-	-	-	(115,862)	(2,863,271)	(2,989,580)
Transfers	182,025	-	(59,607)	(122,418)	-	-	-	-	-	-
End of year	3,696,818	354,221	116,704,877	4,340,793	5,822,951	31,746,678	1,595,236	1,088,410	165,349,984	160,129,285
Net book value	1,863,641	3,079,414	86,604,590	3,729,065	6,544,829	5,971,361	75,203	4,381,918	112,250,021	104,567,185

United Counties of Prescott and Russell

Accumulated surplus

Year ended December 31, 2020

Schedule 3

	2020	2019
	\$	\$
Reserves		
Working capital	15,461,521	11,725,227
Human resources	462,072	462,072
Human resources – WSIB	150,000	150,000
Public housing	602,079	602,079
Ambulance service	5,460,634	4,752,757
Child care	554,936	554,937
Integrity commissioner	4,470	12,000
Economic development	90,000	60,000
Eastern Ontario Regional Network	173,200	173,200
COVID-19	2,313,106	-
Information technology	209,000	-
Provincial Offense Office	51,000	-
Contingency	350,445	350,445
	25,882,463	18,842,717
Reserve funds		
Human resources – involuntary departures	600,000	600,000
Public Works department – equipment and buildings	2,428,854	1,885,423
Public Works department – linear assets	3,311,938	1,038,927
Public Works department – Highway 17	518,514	512,493
Public Housing	656,838	649,209
Larose Forest – operating	52,782	169,325
Prescott & Russell Residence – tangible capital assets	14,354,411	11,143,721
	21,923,337	15,999,098
	47,805,800	34,841,815
Invested in tangible capital assets	108,598,902	103,668,541
	156,404,702	138,510,356

The operating surplus for the year ended December 31, 2020, in the amount of \$7,899,609 (\$5,596,890 in 2019) was transferred to the following reserves and reserve funds:

Reserves		
Working capital	3,874,801	-
Reserve funds		
Public Works department – linear assets	1,699,842	575,990
Prescott & Russell Residence – tangible capital assets	2,324,966	5,020,900
	7,899,609	5,596,890

From this surplus, an amount of \$1,090,888 (\$1,026,700 in 2019) had already been engaged as of December 31, 2020, for projects, which were started but not completed, leaving an operating surplus of \$6,808,721 (\$4,570,190 in 2019).

United Counties of Prescott and Russell

Statement of change in reserves and reserve funds

Year ended December 31, 2020

Schedule 4

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
Revenue			
Interest and other	-	166,690	208,765
Net transfers to operations	(5,400,800)	12,797,295	7,630,422
Change in reserves and reserve funds	(5,400,800)	12,963,985	7,839,187
Reserves and reserve funds, beginning of year	34,841,815	34,841,815	27,002,628
Reserves and reserve funds, end of year	29,441,015	47,805,800	34,841,815

United Counties of Prescott and Russell

Statement of expenses by object

Year ended December 31, 2020

Schedule 5

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
Expenses			
Salaries, wages and benefits	40,818,800	39,752,000	37,712,057
Debt charges – interest	53,100	53,012	71,973
Materials	17,187,100	16,392,773	16,476,167
Contracted services	14,291,000	11,116,735	11,622,182
Rents and financial expenses	819,400	672,692	472,731
External transfers	26,793,000	26,134,788	25,940,367
Amortization of tangible capital assets	7,570,600	8,083,970	7,578,249
	107,533,000	102,205,970	99,873,726

United Counties of Prescott and Russell

Statement of amounts to be distributed – Provincial Offence Act
 Year ended December 31, 2020

Schedule 6

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
Revenue			
Fines	1,900,000	1,191,652	2,024,642
Expenses			
Salaries, benefits and administrative charges	303,000	313,863	398,652
Materials, services and rents	1,063,700	531,704	939,441
Transfer to Provincial Offense Office Reserve	-	51,000	-
	1,366,700	896,567	1,338,093
Annual surplus	533,300	295,085	686,549
Amounts distributed to municipalities	-	-	215,950
Balance payable to municipalities	533,300	295,085	470,599
	533,300	295,085	686,549

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



MNP LLP
300 McGill Street
Hawkesbury ON K6A 1P8
Canada

Tel.: 613-632-4178
Fax: 613-632-7703
www.mnp.ca

Independent Auditor's Report

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

Opinion

We have audited the financial statements of the Trust fund of the United Counties of Prescott and Russell (the "United Counties"), which comprise the statement of financial position as at December 31, 2020, and the statement of operations and change in net financial assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the United Counties as at December 31, 2020, and the results of their operations for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the United Counties in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter – Predecessor Report

The financial statements for the year ended December 31, 2019, were reviewed by another professionals firm who expressed an unmodified conclusion on those financial statements on April 22, 2020.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the United Counties' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the United Counties or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the United Counties' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the United Counties' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the United Counties' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the United Counties to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Licensed Public Accountants

April 28, 2021

United Counties of Prescott and Russell

Trust fund

Statement of operations and change in net financial assets
Year ended December 31, 2020

Prescott & Russell Residence			
	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
Revenue			
Residents	-	100,982	123,012
Interest earned	-	321	698
	-	101,303	123,710
Expenses			
Residents	-	81,873	123,459
Annual surplus	-	19,430	251
Trust fund balance, beginning of year	41,167	41,167	40,916
Trust fund balance, end of year	41,167	60,597	41,167

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

United Counties of Prescott and Russell

Trust fund

Statement of financial position
As at December 31, 2020

Prescott & Russell Residence		
	2020	2019
	\$	\$
Assets		
Financial assets		
Cash	65,103	51,209
Liabilities		
Accounts payable	4,506	10,042
Net financial assets being Trust fund balance	60,597	41,167

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

United Counties of Prescott and Russell

Trust fund

Notes to the financial statements
December 31, 2020

1. Purpose of the Trust fund

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

2. Accounting policy

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

Basis of accounting

Accrual basis

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

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

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