

Consolidated Financial Statements of

**THE CORPORATION OF THE
COUNTY OF RENFREW**

Year ended December 31, 2022

THE CORPORATION OF THE COUNTY OF RENFREW

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the County of Renfrew (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.

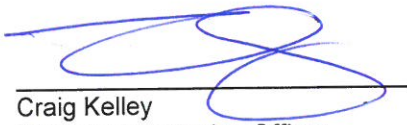
A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting 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 Finance & Administration Committee 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 Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the County's consolidated financial statements.

On behalf of the County:



Craig Kelley
Chief Administrative Officer



Jeffrey Foss, CPA, CMA, CMO
Director of Finance/Treasurer

June 28, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Renfrew

Opinion

We have audited the consolidated financial statements of the Corporation of the County of Renfrew (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change 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 the Entity as at December 31, 2022, 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 “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s 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.

Other Matter – Comparative Information

The financial statements as at and for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 29, 2022.



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.

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 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 these 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.

- 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 auditor's report to the related disclosures in the consolidated 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 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

June 28, 2023

THE CORPORATION OF THE COUNTY OF RENFREW

Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash	\$ 71,741,286	\$ 71,501,241
Investments (note 4)	7,375,074	7,371,394
Accounts receivable:		
Federal government	2,162,043	1,115,578
Provincial government	544,960	1,698,680
Municipalities	754,826	416,204
Other	1,200,286	805,228
	<u>83,778,475</u>	<u>82,908,325</u>
Financial liabilities:		
Accounts payable and accrued liabilities	24,416,824	19,830,148
Deferred revenue – obligatory reserve funds (note 5)	–	4,642,157
Deferred revenue	413,412	301,512
Long-term liabilities (note 6)	11,499,977	13,483,799
Accrued interest on long-term liabilities	76,089	91,046
Post-employment benefits (note 7)	12,519,111	12,008,567
	<u>48,925,413</u>	<u>50,357,229</u>
Net financial assets	34,853,062	32,551,096
Non-financial assets:		
Tangible capital assets (note 8)	228,898,220	214,532,484
Tangible capital assets - construction in progress (note 8)	87,019,008	85,972,772
Inventory	789,968	740,594
Prepaid expenses	1,415,903	422,048
	<u>318,123,099</u>	<u>301,667,898</u>
Contingent liabilities (note 11)		
Accumulated surplus (note 9)	<u>\$ 352,976,161</u>	<u>\$ 334,218,994</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board:



Director



Director

THE CORPORATION OF THE COUNTY OF RENFREW

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022 (note 12)	Actual 2022	Actual 2021
Revenue:			
Government grants	\$ 71,746,269	\$ 80,667,181	\$ 71,514,211
Levies on area municipalities	46,564,270	46,869,584	45,356,144
User fees and service charges	16,619,669	19,129,019	17,528,838
Payments-in-lieu of taxation	4,725,219	4,727,909	4,443,955
Other municipal revenue	3,968,606	3,982,494	3,928,517
Investment income	803,000	2,201,522	814,343
Donations, fines and other	5,013,500	1,446,813	1,622,283
Gain (loss) on disposal of tangible capital assets	–	(113,657)	12,298
	149,440,533	158,910,865	145,220,589
Expenses (note 13):			
General government	8,951,289	8,445,693	7,953,414
Protection services	1,095,999	896,604	880,241
Transportation services	19,034,022	19,674,762	18,437,951
Health services	23,496,660	28,058,792	29,201,352
Social and family services	62,998,626	64,214,437	59,002,857
Social housing	15,431,092	15,180,836	16,033,163
Recreation and cultural services	4,342,865	1,123,849	1,566,870
Planning and development	2,536,813	2,558,725	2,407,802
	137,887,366	140,153,698	135,483,650
Annual surplus	11,553,167	18,757,167	9,736,939
Accumulated surplus, beginning of year	334,218,994	334,218,994	324,482,055
Accumulated surplus, end of year	\$ 345,772,161	\$ 352,976,161	\$ 334,218,994

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF RENFREW

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022 (note 12)	Actual 2022	Actual 2021
Annual surplus	\$ 11,553,167	\$ 18,757,167	\$ 9,736,939
Amortization of tangible capital assets	14,307,035	14,418,797	14,180,261
Acquisition of tangible capital assets	–	(29,038,235)	(18,183,070)
Donated tangible capital assets under construction	–	–	(364,900)
Acquisition of tangible capital assets under construction	–	(1,046,236)	(2,514,963)
Loss (gain) on disposal of tangible capital assets	–	113,657	(12,298)
Proceeds on disposal of tangible capital assets	–	140,045	66,651
Increase in inventory	–	(49,374)	(63,568)
Increase in prepaid expenses	–	(993,855)	(72,944)
	14,307,035	(16,455,201)	(6,964,831)
Change in net financial assets	25,860,202	2,301,966	2,772,108
Net financial assets, beginning of year	32,551,096	32,551,096	29,778,988
Net financial assets, end of year	\$ 58,411,298	\$ 34,853,062	\$ 32,551,096

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF RENFREW

Consolidated Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 18,757,167	\$ 9,736,939
Items not involving cash:		
Amortization of tangible capital assets	14,418,797	14,180,261
Loss (gain) on disposal of tangible capital assets	113,657	(12,298)
Donated tangible capital assets	–	(364,900)
Post-employment benefits	510,544	4,589,921
Change in non-cash assets and liabilities:		
Accounts receivable		
Federal government	(1,046,465)	(169,300)
Provincial government	1,153,720	(1,698,680)
Municipalities	(338,622)	(416,204)
Other	(395,058)	687,553
Inventory	(49,374)	(63,568)
Prepaid expenses	(993,855)	(72,944)
Accounts payable and accrued liabilities	4,586,676	1,005,080
Accrued interest on long-term liabilities	(14,957)	(11,471)
Deferred revenue – obligatory reserve funds	(4,642,157)	2,768,580
Deferred revenue	111,900	80,290
	32,171,973	30,239,259
Capital activities:		
Acquisition of tangible capital assets	(29,038,235)	(18,183,070)
Proceeds on disposal of tangible capital assets	140,045	66,651
Additions to tangible capital assets under construction	(1,046,236)	(2,514,963)
	(29,944,426)	(20,631,382)
Investing activities:		
Redemption (purchase) of investments	(3,680)	1,004,504
Financing activities:		
Repayments of temporary construction loan	–	(4,684,900)
Principal repayments of long-term liabilities	(1,983,822)	(1,720,892)
Receipt of long-term liabilities	–	4,684,900
	(1,983,822)	(1,720,892)
Increase in cash	240,045	8,891,489
Cash, beginning of year	71,501,241	62,609,752
Cash, end of year	\$ 71,741,286	\$ 71,501,241

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to Consolidated Financial Statements

Year ended December 31, 2022

The Corporation of the County of Renfrew (the “County”) is an upper tier municipality in the Province of Ontario, Canada. The provisions of provincial statutes such as the Municipal Act and related legislation guide its operations.

1. Significant accounting policies:

The consolidated financial statements of the County are the representations of management and have been prepared in all material respects in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, operating revenues and expenditures, reserve, reserve funds, and changes in investment in tangible capital assets of the County. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the County and which are owned or controlled by the County. Interdepartmental and interorganizational transactions and balances between these organizations are eliminated. These consolidated financial statements include the Renfrew County Housing Corporation.

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these consolidated financial statements.

(b) Basis of accounting:

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

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. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

Trust funds and their related operations administered by County are not included in these consolidated financial statements.

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(c) Tangible capital assets:

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

	Useful Life - Years
Land improvements	20 to 25
Buildings	25 to 60
Machinery and equipment	5 to 25
Vehicles	4 to 20
Linear assets	15 to 99

Leasehold improvements are amortized on a straight-line basis over the current lease term plus one subsequent lease term.

Construction in progress comprises capital assets under construction, not yet placed into service and pre-construction activities related to specific projects expected to be constructed. Amortization is not recorded on assets under construction until the asset is available for productive use, at which time they are capitalized.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of the transfer.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the Consolidated Statement of Operations and Accumulated Surplus in the year of disposal.

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 asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(d) Inventories:

Inventories held for consumption are recorded at the lower of cost or replacement cost.

(e) Investments:

Investments are recorded at cost plus accrued interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

Investment income is recognized as revenue in the period earned. Investment income earned on deferred revenue – obligatory reserve funds is added to the fund balance and forms part of respective deferred revenue balances.

(f) Deferred revenue – obligatory reserve funds:

The County receives restricted contributions under the authority of federal and provincial legislation. These funds are restricted in their use and until applied to applicable costs, are recorded as deferred revenue – obligatory reserve funds in the Consolidated Statement of Financial Position. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended. These amounts are recognized as revenue in the fiscal year the services are performed, or related expenses incurred.

(g) 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 fees and service charges 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.

(h) Deferred revenue:

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations by the transferor give rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recorded as deferred revenue and recognized as revenue as the liability is extinguished.

(i) Post-employment benefits:

The County accounts for its participation in the Ontario Municipal Employees Retirement System (“OMERS”), a multi-employer public sector pension fund, as a defined contribution plan. As a result, the County does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(j) Post-employment benefits (continued):

The County accrues its obligation for post-employment benefits, including sick leave benefits and benefits under the Workplace Safety and Insurance Board (“WSIB”). The County is a Schedule 2 employer under the WSIB Act, and as such, assumes the responsibility for financing its workplace safety and insurance costs. The costs of the WSIB benefits earned by employees are actuarially determined. Actuarial gains and losses are expensed in the fiscal year they arise.

(k) Liability for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- (a) an environmental standard exists;
- (b) contamination exceeds the environmental standard;
- (c) the County:
 - (i) is directly responsible; or
 - (ii) accepts responsibility
- (d) it is expected that future economic benefit will be given up; and
- (e) a reasonable estimate of the amount can be made.

The liability is recognized as management’s estimate of cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(l) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions which 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 revenues and expenses for the year. Significant areas requiring the use of management’s estimates include the actuarial assumptions used to develop the post-employment benefits liability. Actual results could differ from these estimates.

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

2. Trust funds:

Trust funds administered by the County amounting to \$164,650 (2021 - \$160,628) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the County for the benefit of others, they are not presented as part of the County's financial position of financial activities.

3. Pension agreement:

The County makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of participating employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all members and their employees, the County does not recognize any share of the OMERS pension surplus or deficit in these financial statements.

The latest available report for the OMERS plan was at December 31, 2022. At that time, the plan reported a \$6.7 billion (2021 - \$3.1 billion) actuarial deficit.

For the year ended December 31, 2022, the amount contributed to OMERS was \$3,588,470 (2021 - \$3,409,791) for current service and is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

4. Investments:

Investments are stated at cost plus accrued interest and are comprised of the following:

	2022	2021
2.90% guaranteed investment certificate with Canadian Western Bank, maturing on May 8, 2024	\$ 1,018,910	\$ 1,018,910
2.63% guaranteed investment certificate with Bank of Montreal, maturing on May 8, 2024	1,017,149	1,017,149
2.31% guaranteed investment certificate with Bank of Montreal, maturing on October 15, 2024	1,004,936	1,004,936
2.11% guaranteed investment certificate with Bank of Montreal, maturing on May 7, 2025	1,013,816	1,013,816
3.51% guaranteed investment certificate with Bank of Montreal, maturing on November 6, 2023	1,005,385	1,005,385
1.75% guaranteed investment certificate with Manulife Bank, maturing on September 23, 2026	602,877	602,877
4.55% guaranteed investment certificate with Bank of Montreal, maturing on September 23, 2024	506,233	–
4.75% guaranteed investment certificate with BMO Trust Company, maturing on December 6, 2027	401,353	–
2.15% guaranteed investment certificate with Equitable Bank, maturing on September 23, 2026	100,589	100,589
2.15% guaranteed investment certificate with Equitable Trust, maturing on September 23, 2026	100,589	100,589
2.15% guaranteed investment certificate with Home Equity Bank, maturing on September 23, 2026	100,589	100,589
2.15% guaranteed investment certificate with Home Trust, maturing on September 23, 2026	100,589	100,589
1.95% guaranteed investment certificate with President's Choice Bank, maturing on September 23, 2026	100,534	100,534
5.15% guaranteed investment certificate with Canadian Western Bank, maturing on November 25, 2027	100,509	–
5.16% guaranteed investment certificate with Home Equity Bank, maturing on November 25, 2027	100,509	–
1.85% guaranteed investment certificate with RFA Bank of Canada, maturing on September 23, 2026	100,507	100,507
2.65% guaranteed investment certificate with Manulife Bank, matured on September 19, 2022	–	503,775
2.91% guaranteed investment certificate with Canadian Tire Bank, matured on December 5, 2022	–	100,215
2.90% guaranteed investment certificate with Concentra Bank GIC, matured on December 5, 2022	–	100,215
2.87% guaranteed investment certificate with B2B Bank, matured on December 5, 2022	–	100,213
2.87% guaranteed investment certificate with LBC Trust, matured on December 5, 2022	–	100,212
1.45% guaranteed investment certificate with Equitable Bank, matured on November 24, 2022	–	100,147
1.45% guaranteed investment certificate with Equitable Trust, matured on November 24, 2022	–	100,147
	\$ 7,375,074	\$ 7,371,394

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

5. Deferred revenue – obligatory reserve funds:

A requirement of the public sector accounting standards of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as federal and provincial legislation restricts how these funds may be used. The balance in the obligatory reserve fund is summarized below:

	2022	2021
Canada Community Building Fund (formerly Federal Gas Tax)	\$ –	\$ 2,695,828
Safe Restart Agreement	–	1,946,329
Balance, end of year	\$ –	\$ 4,642,157

The transactions for the year are summarized below:

	2022	2021
Balance, beginning of year	\$ 4,642,157	\$ 1,873,577
Revenue:		
Canada Community Building Fund	2,793,217	5,478,416
Ontario Community Infrastructure Fund	2,739,384	1,357,505
Safe Restart Agreement	–	713,334
Interest	–	10,629
Utilization:		
Transfer for capital	(8,228,429)	(4,249,729)
Transfer for operations	(1,946,329)	(541,575)
Balance, end of year	\$ –	\$ 4,642,157

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

6. Long-term liabilities:

	2022	2021
Long-term debt issued by the County bearing interest at 5.656%, payable \$313,405 on April 4 and October 4 of each year, including principal and interest, maturing October 4, 2024	\$ 1,169,764	\$ 1,707,496
3.01% Debenture, payable \$197,926 semi-annually, including principal and interest, maturing February 1, 2032	3,249,641	3,541,084
3.08% Debenture, payable \$219,284 semi-annually, including principal and interest, maturing April 16, 2028	2,203,349	2,565,662
2.61% Mortgage, payable \$8,274 monthly, including principal and interest, maturing November 1, 2023	89,839	185,445
2.60% Mortgage, payable \$10,349 monthly, including principal and interest, maturing June 1, 2028	636,063	742,306
2.52% Mortgage, payable \$13,740 monthly, including principal and interest, maturing August 1, 2023	108,874	268,845
2.08% Debenture, payable \$260,662 semi-annually, including principal and interest, maturing June 15, 2031	4,042,447	4,472,961
	<u>\$ 11,499,977</u>	<u>\$ 13,483,799</u>

Interest paid on long-term liabilities is \$372,124 (2021 - \$393,451).

The 2.61% mortgage is secured by a first charge on the land and building located at 200 Caruso Street, Arnprior with a carrying value of \$810,371 (2021 - \$835,345).

The 2.60% mortgage is secured by a first charge on the land and building located at 26 Spruce Street, Arnprior with a carrying value of \$1,157,799 (2021 - \$1,198,389).

The 2.52% mortgage is secured by a first charge on the land and building located at 224 Vimy Boulevard, Renfrew with a carrying value of \$1,023,386 (2021 - \$416,471).

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

6. Long-term liabilities (continued):

Principal repayments relating to long-term liabilities are due as follows:

2023	\$	1,989,667
2024		1,856,303
2025		1,288,770
2026		1,323,341
2027		1,358,871
Thereafter		3,683,025
	\$	11,499,977

7. Post-employment benefits:

Post-employment benefits are summarized as follows:

	2022	2021
Sick leave benefits (note 7(a))	\$ 828,754	\$ 935,291
Workplace Safety and Insurance Board (note 7(b))	11,690,357	11,073,276
	\$ 12,519,111	\$ 12,008,567

(a) Under the sick leave benefit plan, unused sick leave can accumulate, and employees may become entitled to a cash payment when they leave the County's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to \$828,754 (2021 - \$935,291).

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

7. Post-employment benefits (continued):

(b) The County is a Schedule 2 employer under the Workplace Safety and Insurance Board Act (“WSIB”) and remits payments to the WSIB as required to fund disability payments. An independent actuarial valuation was undertaken at December 31, 2021 in order to determine the estimated liability reported in the consolidated financial statements and extrapolated to December 31, 2022. As at December 31, 2022, the County’s accrued benefit liability relating to future WSIB claims is \$11,690,357 (2021 - \$11,073,276).

The significant actuarial assumptions adopted in estimating the County’s accrued benefit obligation for WSIB claims are as follows:

	2022	2021
Discount rate	3.75% per annum	3.75% per annum
Inflation rate	2.50% per annum	2.50% per annum
Health care escalation	6.00% per annum	6.00% per annum

Information with respect to the County’s Workplace Safety and Insurance Board future payments is as follows:

	2022	2021
Accrued benefit liability, beginning of year	\$ 11,073,276	\$ 6,499,852
Expense recognized for the period	1,593,581	2,267,079
Benefits paid for the period	(976,500)	(1,487,175)
Actuarial loss recognized	–	3,793,520
Accrued benefit liability, end of year	\$ 11,690,357	\$ 11,073,276

The accrued benefit liability at December 31 includes the following components:

	2022	2021
Accrued benefit obligation	\$ 11,690,357	\$ 11,073,276
Unamortized actuarial losses (gains)	–	–
	\$ 11,690,357	\$ 11,073,276

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

8. Tangible capital assets:

Cost	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Land	\$ 6,344,209	\$ 20,763	\$ –	\$ 6,364,972
Land improvements	5,812,162	559,646	(114,672)	6,257,136
Buildings	120,186,874	3,349,573	(115,454)	123,420,993
Leasehold improvements	459,273	–	–	459,273
Machinery and equipment	12,777,310	636,542	(212,092)	13,201,760
Vehicles	16,649,804	660,731	(553,930)	16,756,605
Linear assets	355,125,662	23,810,980	(1,469,669)	377,466,973
	517,355,294	29,038,235	(2,465,817)	543,927,712
Construction-in-progress	85,972,772	1,046,236	–	87,019,008
	\$ 603,328,066	\$ 30,084,471	\$ (2,465,817)	\$ 630,946,720

Accumulated amortization	Balance at December 31, 2021	Amortization	Disposals	Balance at December 31, 2022
Land	\$ –	\$ –	\$ –	\$ –
Land improvements	3,010,117	192,333	(86,907)	3,115,543
Buildings	53,689,552	2,828,564	(99,154)	56,418,962
Leasehold improvements	105,454	14,561	–	120,015
Machinery and equipment	8,871,178	687,467	(202,935)	9,355,710
Vehicles	10,679,585	1,647,034	(553,930)	11,772,689
Linear assets	226,466,924	9,048,838	(1,269,189)	234,246,573
	302,822,810	14,418,797	(2,212,115)	315,029,492
Construction-in-progress	–	–	–	–
	\$ 302,822,810	\$ 14,418,797	\$ (2,212,115)	\$ 315,029,492

Net book value	Balance at December 31, 2021	Balance at December 31, 2022
Land	\$ 6,344,209	\$ 6,364,972
Land improvements	2,802,045	3,141,593
Buildings	66,497,322	67,002,031
Leasehold improvements	353,819	339,258
Machinery and equipment	3,906,132	3,846,050
Vehicles	5,970,219	4,983,916
Linear assets	128,658,738	143,220,400
	214,532,484	228,898,220
Construction-in-progress	85,972,772	87,019,008
	\$ 300,505,256	\$ 315,917,228

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

8. Tangible capital assets (continued):

On April 28, 2016, the County's Council passed a by-law to enter into a significant Asset Donation Agreement with Canadian Pacific Railway Company. The County and its partners, the County of Lanark and Township of Papineau-Cameron, will be acquiring 296 km of the Canada Pacific Rail Corridor beginning in October 2016. The County will be responsible for a cash payment of \$360,300 and a donation tax receipt for \$55,624,583. Furthermore, it is anticipated that this transaction will cost a further \$164,000 in legal, survey and closing costs.

As at December 31, 2022, the portion of the Canada Pacific Rail Corridor acquired of \$50,233,631 (2021 - \$50,207,900) is recorded as a tangible capital asset - construction in progress on the Consolidated Statement of Financial Position. It is anticipated that the remaining amount under this commitment will be transferred in 2023.

9. Accumulated surplus:

Accumulated surplus is comprised of:

	2022	2021
Investment in tangible capital assets:		
Tangible capital assets	\$ 315,917,228	\$ 300,505,256
Long-term liabilities	(11,499,977)	(13,483,799)
	<u>304,417,251</u>	<u>287,021,457</u>
Reserves – current (note 10)	8,960,466	7,143,027
Reserves – capital (note 10)	52,117,555	52,281,145
Unfunded:		
Tangible capital assets	–	(218,068)
Post-employment benefits	(12,519,111)	(12,008,567)
	<u>(12,519,111)</u>	<u>(12,226,635)</u>
Accumulated surplus	<u>\$ 352,976,161</u>	<u>\$ 334,218,994</u>

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

10. Reserves:

	2022	2021
Reserves - current:		
Ottawa Valley Ontario Health Team	\$ 65,000	\$ -
Safe Restart Agreement	1,711,768	-
Child Care Funding Mitigation	1,534,681	1,534,678
Economic Development Ontario Small Town and Rural Development program	35,000	35,000
General Fund Insurance	150,000	150,000
General Fund Sick Leave	69,458	69,458
Cannabis	149,979	149,979
Housing Non Profit Provider Capital	116,222	116,222
Housing Statutory Severance Entitlement	150,903	146,993
Community Paramedic	626,005	738,884
Paramedic Services Severance	1,378,862	1,378,862
Operations Winter Control	250,000	250,000
Social Services Fiscal Pressure	339,942	339,942
Algonquin Trail	54,125	54,125
Ontario Winter Games	200,000	200,000
General Fund WSIB	621,546	621,547
Miramichi Lodge Sick Leave	186,402	186,402
Miramichi Lodge Case Mix Stabilization	100,614	-
Miramichi Lodge WSIB	228,442	228,442
Bonnechere Manor Case Mix Stabilization	248,242	248,242
Bonnechere Manor WSIB	594,792	545,768
Renfrew County Housing Corporation WSIB	148,483	148,483
	\$ 8,960,466	\$ 7,143,027
Reserves - capital:		
Reforestation	\$ 237,169	\$ 235,893
Development	9,013	8,780
General Fund Tangible Capital Asset Renewal	17,940,265	17,526,393
General Fund Working Capital	19,378,285	19,378,285
General Fund Building	3,508,954	3,528,757
OPP Building	863,037	808,540
Paramedic Service Equipment	2,579,908	2,229,761
Miramichi Lodge Equipment	38,782	38,782
Miramichi Lodge Butterfly Model of Care	159,419	159,419
Miramichi Lodge Working Capital	227,835	947,809
Bonnechere Manor Equipment	100,000	100,000
Bonnechere Manor Butterfly Model of Care	149,318	149,318
Bonnechere Manor Working Capital	3,140,157	3,248,734
Renfrew County Housing Corporation Working Capital	50,000	50,000
Renfrew County Housing Corporation Capital Renewal	3,735,413	3,870,674
	\$ 52,117,555	\$ 52,281,145

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

11. Contingent liabilities:

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2022, management believes that the County has valid defences and appropriate revenues and insurance coverages in place.

In the event any claims are successful, the amount of any potential liability is not determinable, therefore, no amount has been accrued in the consolidated financial statements.

12. Budget figures:

The 2022 approved budget was prepared on a cash-based approach with a reconciliation to a budget based on Public Sector Accounting Standards. The cash-based approach includes capital expenses, repayment of long-term debt and transfers to and from reserves which are removed in the year end Consolidated Statement of Operations and Accumulated Surplus. The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited consolidated financial statements.

	Budget 2022	Actual 2022
Total revenue	\$ 149,440,533	\$ 158,910,865
Total expenses	(137,887,366)	(140,153,698)
Net revenue	11,553,167	18,757,167
Amortization	14,307,035	14,418,797
Capital purchases	(35,295,134)	(30,084,471)
Principal repayments	(2,201,890)	(1,983,822)
Net transfers from (to) reserves	11,636,822	(156,926)
Allocation of operating surplus to reserves	–	(950,745)
Increase in operating surplus	\$ –	\$ –

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

13. Segmented information:

The County is a municipal government organization that provides a range of services to its residents. The County's services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

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.

- (a) General government consists of the activities of Council and general financial and administrative management of the County and its programs and services.
- (b) Protection services include emergency measures and provincial offences operation for the County.
- (c) Transportation services include the construction and maintenance of the County's roads and bridges.
- (d) Health services consists of land ambulance services and contributions to the local Health Unit.
- (e) Social and family services consist of general assistance to inhabitants, homes of the aged and childcare services.
- (f) Social housing services provide affordable housing to qualified inhabitants of the County.
- (g) Recreation services include the trial development activities of the County.

Planning and development services function manages commercial, industrial and residential development within the County.

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

13. Segmented information (continued):

2022									
	General Government	Protection Services	Transportation Services	Health Services	Social and Family Services	Social Housing	Recreation and Culture	Planning and Development	Total
Revenue:									
Government grants	\$ 2,202,723	\$ -	\$ 8,228,429	\$ 13,174,554	\$ 50,903,167	\$ 5,857,064	\$ 56,600	\$ 244,644	\$ 80,667,181
Levies on area municipalities and payments-in-lieu of taxation	19,400,020	(364,483)	9,621,255	11,629,147	4,246,260	5,038,383	343,877	1,683,034	51,597,493
User fees and service charges	996,516	-	236,283	2,760,437	9,220,393	5,349,292	28,288	537,810	19,129,019
Other municipal revenue	49,417	115,155	5,039	1,420,014	1,760,936	559,883	-	72,050	3,982,494
Investment income	2,201,522	-	-	-	-	-	-	-	2,201,522
Donations, fines and other	230,125	1,216,688	-	-	-	-	-	-	1,446,813
Loss on disposal of tangible capital capital assets	(113,657)	-	-	-	-	-	-	-	(113,657)
	24,966,666	967,360	18,091,006	28,984,152	66,130,756	16,804,622	428,765	2,537,538	158,910,865
Expenses:									
Salaries, wages and benefits	3,903,492	393,020	3,912,089	20,963,319	31,521,280	2,209,450	89,234	1,978,861	64,970,745
Interest on long-term debt	264,655	-	-	-	81,725	25,744	-	-	372,124
Materials	1,436,388	303,056	5,005,487	3,525,378	7,084,371	9,118,488	980,275	534,294	27,987,737
Contracted services	1,888,529	197,269	903,940	631,367	13,384,036	1,961,735	54,340	23,117	19,044,333
Rents and financial expense	129,423	-	66,790	82,554	32,470	694,524	-	-	1,005,761
Transfer payments	-	-	-	1,733,289	10,620,912	-	-	-	12,354,201
Amortization of tangible capital assets	823,206	3,259	9,786,456	1,122,885	1,489,643	1,170,895	-	22,453	14,418,797
	8,445,693	896,604	19,674,762	28,058,792	64,214,437	15,180,836	1,123,849	2,558,725	140,153,698
Annual surplus (deficit)	\$ 16,520,973	\$ 70,756	\$ (1,583,756)	\$ 925,360	\$ 1,916,319	\$ 1,623,786	\$ (695,084)	\$ (21,187)	\$ 18,757,167

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

13. Segmented information (continued):

2021	General Government	Protection Services	Transportation Services	Health Services	Social and Family Services	Social Housing	Recreation and Culture	Planning and Development	Total
Revenue:									
Government grants	\$ 280,240	\$ 226,746	\$ 4,229,094	\$ 14,283,143	\$ 44,869,693	\$ 6,786,013	\$ 511,114	\$ 328,168	\$ 71,514,211
Levies on area municipalities and payments-in-lieu of taxation	17,671,993	(457,580)	8,419,449	12,911,899	4,294,579	4,944,870	290,656	1,724,233	49,800,099
User fees and service charges	986,876	-	288,796	1,600,468	9,209,002	4,834,354	40,376	568,966	17,528,838
Other municipal revenue	4,133	113,893	21,334	1,587,609	1,631,298	554,930	-	15,320	3,928,517
Investment income	653,476	-	-	113,499	-	47,368	-	-	814,343
Donations, fines and other	1,623	1,192,131	364,900	16,034	7,595	-	40,000	-	1,622,283
Gain on disposal of tangible capital assets	37,854	-	-	-	-	(25,556)	-	-	12,298
	19,636,195	1,075,190	13,323,573	30,512,652	60,012,167	17,141,979	882,146	2,636,687	145,220,589
Expenses:									
Salaries, wages and benefits	3,702,083	403,996	3,627,380	22,415,533	30,793,273	2,190,215	68,122	1,856,618	65,057,220
Interest on long-term debt	247,410	-	-	-	111,295	34,746	-	-	393,451
Materials	1,020,365	279,448	4,059,810	3,116,237	7,407,911	10,046,004	1,437,068	484,348	27,851,191
Contracted services	1,955,403	190,797	998,477	726,307	9,700,913	1,717,869	61,680	42,720	15,394,166
Rents and financial expense	360,101	-	64,005	77,686	54,136	860,304	-	-	1,416,232
Transfer payments	-	-	-	1,733,289	9,457,840	-	-	-	11,191,129
Amortization of tangible capital assets	668,052	6,000	9,688,279	1,132,300	1,477,489	1,184,025	-	24,116	14,180,261
	7,953,414	880,241	18,437,951	29,201,352	59,002,857	16,033,163	1,566,870	2,407,802	135,483,650
Annual surplus (deficit)	\$ 11,682,781	\$ 194,949	\$ (5,114,378)	\$ 1,311,300	\$ 1,009,310	\$ 1,108,816	\$ (684,724)	\$ 228,885	\$ 9,736,939

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

14. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.