

Financial Statements of

**CORPORATION OF THE  
COUNTY OF FRONTENAC**

Year ended December 31, 2022

# CORPORATION OF THE COUNTY OF FRONTENAC

## Table of Contents

Year ended December 31, 2022

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	Page
<b>Management's Responsibility for the Financial Statements</b>	
<b>Independent Auditor's Report</b>	
<b>Financial Statements:</b>	
Statement of Financial Position	1
Statement of Operations	2
Statement of Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5
<b>TRUST FUNDS</b>	
Independent Auditor's Report	22
Statement of Financial Position	25
Statement of Financial Activities	26
Note to Financial Statements	27

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

The accompanying financial statements of the Corporation of the County of Frontenac (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 2 to the 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 financial statements. These systems are monitored and evaluated by management.

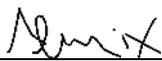
The Council meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

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



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Kelly Pender  
Chief Administrative Officer



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Alex Lemieux  
Director of Corporate Services/Treasurer



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## INDEPENDENT AUDITOR'S REPORT

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

### ***Opinion***

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

- the statement of financial position as at December 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the 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 financial position of the Entity as at December 31, 2022, and its results of operations, its changes in net financial assets, and its 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.



### ***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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

May 17, 2023

# CORPORATION OF THE COUNTY OF FRONTENAC

## Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash	\$ 21,283,152	\$ 19,592,114
Investments (note 3)	7,707,917	4,587,223
Accounts receivable	7,202,431	3,832,427
	<hr/>	<hr/>
	36,193,500	28,011,764
Financial liabilities:		
Accounts payable and accrued liabilities	10,136,413	4,587,203
Deferred revenue	2,194,589	1,548,160
Deferred revenue - obligatory reserve fund (note 4)	1,477,985	1,389,529
Employee future benefit obligations (note 5)	2,512,559	1,456,913
Long-term liabilities (note 6)	–	1,114,042
	<hr/>	<hr/>
	16,321,546	10,095,847
Net financial assets	19,871,954	17,915,917
Non-financial assets:		
Tangible capital assets (note 14)	24,798,681	22,519,100
Inventories	334,994	361,765
Prepaid expenses	198,156	232,218
Total non-financial assets	<hr/>	<hr/>
	25,331,831	23,113,083
Contingent liabilities (note 10)		
Commitments (note 12)		
Accumulated municipal equity (note 7)	<hr/>	<hr/>
	\$ 45,203,785	\$ 41,029,000

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

# CORPORATION OF THE COUNTY OF FRONTENAC

## Statement of Operations

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

	Budget (note 16)	2022	2021
Revenue:			
Government grants	\$ 22,705,347	\$ 25,616,357	\$ 22,503,979
Taxation from other governments	11,526,947	11,545,078	11,103,208
Revenue from municipalities	12,625,634	12,539,650	12,751,397
User charges	3,607,023	3,307,808	3,421,309
Other	1,036,379	1,115,135	1,132,216
Deferred revenues earned (note 4)	1,946,065	927,521	872,808
Investment income	132,000	513,012	183,817
Provincial offences fines penalties	106,136	44,862	13,812
Total revenue	53,685,531	55,609,423	51,982,546
Expenses (note 15):			
Paramedic services	22,165,179	23,833,416	22,996,147
Long-term care	16,121,859	16,733,406	16,192,361
General government	3,462,490	3,715,546	3,060,134
Transportation services	1,212,077	1,378,367	1,294,819
Other	1,094,864	1,020,802	1,094,910
Social and family services	1,143,192	952,723	1,006,064
Planning and development	1,334,458	1,404,846	1,053,930
Libraries	906,548	927,942	898,469
Health services	817,724	817,724	801,690
Social housing	683,874	646,158	612,690
Protection to persons and property	7,552	3,708	744
Total expenses	48,949,817	51,434,638	49,011,958
Annual surplus	4,735,714	4,174,785	2,970,588
Accumulated municipal equity, beginning of year	41,029,000	41,029,000	38,058,412
Accumulated municipal equity, end of year (note 7)	\$ 45,764,714	\$ 45,203,785	\$ 41,029,000

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

# CORPORATION OF THE COUNTY OF FRONTENAC

## Statement of Changes in Net Financial Assets

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

	Budget (note 16)	2022	2021
Annual surplus	\$ 4,735,714	\$ 4,174,785	\$ 2,970,588
Acquisition of capital assets	(9,875,045)	(4,085,166)	(1,507,305)
Amortization of capital assets	1,902,536	1,759,110	1,792,024
Loss (gain) on sale of capital assets	–	(171,962)	14,391
Proceeds on sale of capital assets	–	218,437	3,187
Acquisition of inventories	–	(334,994)	(361,765)
Acquisition of prepaid expenses	–	(198,156)	(232,218)
Consumption of inventories	–	361,765	377,135
Consumption of prepaid expenses	–	232,218	256,305
	(7,972,509)	(2,218,748)	341,754
Change in net financial assets	(3,236,795)	1,956,037	3,312,342
Net financial assets, beginning of year	17,915,917	17,915,917	14,603,575
Net financial assets, end of year	\$ 14,679,122	\$ 19,871,954	\$ 17,915,917

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

# CORPORATION OF THE COUNTY OF FRONTENAC

## 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	\$ 4,174,785	\$ 2,970,588
Items not involving cash:		
Amortization of tangible capital assets	1,759,110	1,792,024
Loss (gain) on disposal of tangible capital assets	(171,962)	14,391
Change in employee future benefits	1,055,646	1,086,882
Change in non-cash assets and liabilities:		
Accounts receivable	(3,370,004)	(1,211,710)
Accounts payable and accrued liabilities	5,549,210	(1,083,528)
Deferred revenue	646,429	913,100
Deferred revenue - obligatory reserve fund	88,456	943,975
Inventories	26,771	15,370
Prepaid expenses	34,062	24,087
Net change in cash from operations	9,792,503	5,465,179
Capital activities:		
Acquisition of tangible capital assets	(4,085,166)	(1,507,305)
Proceeds on disposal of capital assets	218,437	3,187
Net change in cash from capital activities	(3,866,729)	(1,504,118)
Investing activities:		
Decrease (increase) in investments	(3,120,694)	4,252,281
Financing activities:		
Repayment of long-term liabilities	(1,114,042)	(1,408,157)
Increase in cash	1,691,038	6,805,185
Cash, beginning of year	19,592,114	12,786,929
Cash and cash equivalents, end of year	\$ 21,283,152	\$ 19,592,114

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

# CORPORATION OF THE COUNTY OF FRONTENAC

Notes to Financial Statements

Year ended December 31, 2022

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## 1. Status of the County of Frontenac:

The Corporation of the County of Frontenac (the "County") was incorporated in 1865 and assumed its responsibilities under the authority of the Provincial Secretary. The County operates as an upper tier government in the County of Frontenac, in the Province of Ontario, Canada and provides municipal services such as emergency measures, public health services, ambulance services, social and family assistance, planning and development and other general government operations.

## 2. Significant accounting policies:

The financial statements of the Corporation of the County of Frontenac (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) Non-consolidated entities:

Kingston, Frontenac and Lennox and Addington Public Health is not consolidated and only the contributions by the County are reported on the Statement of Operations.

The Kingston-Frontenac Public Library Board is not consolidated and only the contributions by the County are reported on the Statement of Operations.

### (b) Basis of accounting

(i) The 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.

(ii) 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.

(iii) Trust funds and their related operations administered by the County are not included in these financial statements but are reported separately on the Trust Funds Statement of Financial Activities and Financial Position.

# CORPORATION OF THE COUNTY OF FRONTENAC

Notes to Financial Statements

Year ended December 31, 2022

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## 2. Significant accounting policies (continued):

### (c) Taxation and related revenues:

Property tax billings are prepared by the County based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC). Tax rates are established by the County Council, incorporating amounts to be raised for local services, amounts to be raised on behalf of the Township of Frontenac Islands, Township of South Frontenac, Township of Central Frontenac and Township of North Frontenac for regional services, and amounts the County is required to collect on behalf of the Province of Ontario in respect of education taxes. Taxation revenues are recorded at the time tax billings are issued. Adjustments to taxation revenues can occur during the year related to the issuance of supplementary tax billings and/or assessment appeals. These adjustments are recorded when the amount of the adjustments can be quantified. The County is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period in which the interest and penalties are applied.

### (d) 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, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land	
Land improvements	10 to 30
Buildings	10 to 50
Vehicles	4.5 to 10
Machinery and equipment	3 to 30
Bridges	16 to 50
Work-in-progress	

Amortization is charged for the months in use. Assets under construction are not amortized 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.

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 Statement of Operations in the year of disposal.

# CORPORATION OF THE COUNTY OF FRONTENAC

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 2. Significant Accounting Policies (continued):

### (d) Tangible capital assets (continued):

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 Statement of Operations.

### (e) Leases:

Leases are classified as capital or operating leases. Leases which transfer substantially all of 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.

### (f) Inventories and prepaid expenses:

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

### (g) Workplace safety and insurance liabilities:

The County bears the cost of certain insurance 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.

### (h) Pension and employee 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. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

### (i) 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.

# CORPORATION OF THE COUNTY OF FRONTENAC

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 2. Significant accounting policies (continued):

### (j) Government transfers:

Government transfers are recognized in the 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 give rise to a liability are recognized as revenue as the liability is extinguished.

### (k) Deferred revenue:

The County defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers of gas taxes are reported as deferred revenue in the Statement of Financial Position. These amounts will be recognized as revenue in the fiscal year the services are performed.

The County receives restricted contributions under the authority of Federal and Provincial legislation and County by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the County has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

### (l) Investments:

Investments are recorded at cost plus accrual 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 earned on available current funds and reserve funds (other than obligatory funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balance.

### (m) Use of estimates:

The preparation of 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 financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

# CORPORATION OF THE COUNTY OF FRONTENAC

Notes to Financial Statements (continued)

Year ended December 31, 2022

### 3. Investments:

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

	2022 Cost	2022 Market Value
Canadian equity, bonds and guaranteed investment certificates	\$ 7,707,917	\$ 7,444,927

	2021 Cost	2021 Market Value
Canadian equity, bonds and guaranteed investment certificates	\$ 4,587,223	\$ 4,591,416

### 4. Deferred revenue – obligatory reserve fund:

A requirement of 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 Provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The transactions for the year are summarized as follows:

	Infrastructure grants	Federal gas tax	Total
Balance, beginning of year	\$ 145,340	\$ 1,244,189	\$ 1,389,529
Government grant funding	100,000	846,065	946,065
Investment income	5,613	64,299	69,912
Utilization of funds	–	(927,521)	(927,521)
Balance, end of year	\$ 250,953	\$ 1,227,032	\$ 1,477,985

# CORPORATION OF THE COUNTY OF FRONTENAC

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 5. Employee future benefits:

- (a) The County provides extended health care and dental to employees who meet specific criteria within the Fairmount Home and Paramedic Services. Extended health care and dental benefits continue to be available to early retirees at 100% of their cost up to the age of 60, then between the age of 60 and 65, the retiree will generally be responsible for paying 50% of the benefit premiums.

An independent actuarial valuation of the future benefits with respect to the post-retirement benefits continuation program has been undertaken for the year ended December 31, 2021, with an extrapolation effective at December 31, 2022. The most recent valuation of future benefits with respect to the post-retirement benefits as of December 31, 2021 resulted in an actuarial loss of \$56,147 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 between fourteen to seventeen years (2021 - fourteen to seventeen years).

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

Interest discount rate	3.25% per annum
Medical rate of inflation	Escalate at 5.4166% for 2023 vs. 2022 reducing by 0.333% per year to 3.75% per year in 2028 vs 2027
Dental rate of inflation	3.75% per annum
Retirement rate	25% at first unreduced early Retirement age and 10% thereafter

	2022	2021
Accrued post-retirement benefit obligation at January 1	\$ 492,627	\$ 380,137
Benefit cost for the year	27,286	19,886
Increase due to plan amendment	–	36,472
Interest cost	16,234	15,297
Expected benefit payments	(13,541)	(15,312)
Actuarial loss	–	56,147
Accrued post-retirement benefit obligation at December 31	522,606	492,627
Unamortized actuarial loss	(62,844)	(66,220)
Accrued post-retirement benefit liability at December 31	\$ 459,762	\$ 426,407

# CORPORATION OF THE COUNTY OF FRONTENAC

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 5. Employee future benefits (continued):

(a) (continued):

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

	2022	2021
Remaining unamortized loss at January 1	\$ (66,220)	\$ (10,106)
Actuarial loss	–	(56,147)
Amortization during the year	3,376	33
Remaining unamortized loss at December 31	\$ (62,844)	\$ (66,220)

(b) Workplace Safety and Insurance Board (WSIB) liabilities:

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

An independent actuarial valuation of Workplace Safety and Insurance liabilities as at December 31, 2020 for future payments on Workplace Safety and Insurance Board claims occurring on or before December 31, 2020 has been undertaken. The next valuation will be effective December 31, 2023. The most recent actuarial valuation of Workplace Safety and Insurance liabilities resulted in an actuarial loss of \$2,001,836 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 (2021 - 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	2.75% per annum
Loss of earnings	0.25% per annum
Administration costs	27.0% of benefit costs

# CORPORATION OF THE COUNTY OF FRONTENAC

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 5. Employee future benefits (continued):

### (b) Workplace Safety and Insurance Board (WSIB) liabilities (continued):

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

	2022	2021
Accrued WSIB benefit obligation at January 1	\$ 2,832,158	\$ 2,273,047
Benefit cost for the year	1,386,417	899,737
Interest cost	95,209	69,244
Expected benefit payments	(478,524)	(409,870)
Accrued WSIB benefit obligation at December 31	3,835,260	2,832,158
Unamortized actuarial loss	(1,782,463)	(1,801,652)
Accrued WSIB liability at December 31	\$ 2,052,797	\$ 1,030,506

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

	2022	2021
Remaining unamortized loss at January 1	\$ (1,801,652)	\$ (2,001,836)
Amortization during the year	19,189	200,184
Remaining unamortized loss at December 31	\$ (1,782,463)	\$ (1,801,652)

# CORPORATION OF THE COUNTY OF FRONTENAC

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 6. Long term liabilities

- (a) The balance of long-term liabilities reported on the Statement of Financial Position is comprised of the following:

	2022	2021
Debenture issue	\$ –	\$ 1,114,042

A debenture was issued on September 12, 2002 that matured September 12, 2022, to finance a building project at Fairmount Home for the Aged. The debenture had an interest rate of 6.157% with principal repayments commencing on September 12, 2003. Debt repayment costs were recovered from future revenue. The City of Kingston's share of the debt repayment was established through a Mediated Settlement dated August 7, 2002 and was based on 50% of the repayments related to the 32 new beds and 74% of the repayments related to the 96 existing beds. The loan was fully repaid during the year.

- (b) Interest expense on long term liabilities in 2022 amounted to \$30,850 (2021 - \$121,410).
- (c) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

## 7. Municipal equity:

	2022	2021
Investment in tangible capital assets		
Tangible capital assets	\$ 24,798,681	\$ 22,519,100
Long term liabilities	–	(1,114,042)
	24,798,681	21,405,058
Unfunded future employee liabilities	(139,462)	(118,463)
Reserves (Schedule 1)	19,638,520	18,775,476
Reserve funds (Schedule 2)	906,046	966,929
Total municipal equity	\$ 45,203,785	\$ 41,029,000

# CORPORATION OF THE COUNTY OF FRONTENAC

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 8. Pension contributions:

The County makes contributions to the Ontario Municipal Employees Retirement System (“OMERS”), which is a multi-employer plan, on behalf of all permanent 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 the 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 Ontario municipalities and their employees, the County does not recognize any share of the OMERS pension surplus or deficit in these financial statements.

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

The amount contributed to OMERS was \$1,929,197 (2021 - \$1,884,107) for current services and is included as an expense on the Statement of Operations classified under the appropriate functional expenditure.

## 9. Trust funds:

Trust funds administered by the County amounting to \$11,195 (2021 - \$10,654) 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 or financial activities.

## 10. 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, 2022, 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.

## 11. Contributions to joint boards

- (a) The assets and liabilities of the Kingston-Frontenac Public Library Board (the “Library Board”) have not been consolidated. The County contributions to the Library Board for 2022 are \$927,942 (2021 \$898,469) and are reported on the Statement of Operations.
- (b) The assets and liabilities of the Kingston-Frontenac and Lennox and Addington Health Board have not been consolidated. The County made the following contributions to the Kingston Frontenac and Lennox and Addington Health Board for 2022 of \$817,724 (2021 - \$801,690).

# CORPORATION OF THE COUNTY OF FRONTENAC

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 12. Commitments

- (a) In 2018, the County pledged \$55,061 annually for 10 years to the University Hospitals Kingston Foundation, a joint fund-raising appeal undertaken by the Foundation on behalf of local hospitals. The County has recognized \$275,305 for four of ten payments, as of December 31, 2022 (2021 - \$220,244).
- (b) The County has committed to the redevelopment of the administrative building along 2069 Battersea Road in Glenburnie, Ontario which involves the construction of a new combined entrance and reception area. The new premises are to be shared with Cataraqui Region Conservation Authority ("CRCA") with CRCA covering a portion of the redevelopment costs. The project is projected to cost \$5.1 million and is expected to be completed by December 2023.

## 13. Cost sharing allocations:

The Local Service Realignment sets out formulae under which the costs for Social Services, Child Care, Social Housing, Provincial Offences and Land Ambulance are shared between the County of Frontenac and the City of Kingston. A new cost sharing arrangement was derived for the period of 2004 to 2006 through an arbitrated settlement and continued on a year-to-year basis. Program costs for Social Services and Child Care are distributed on the basis of caseload and Social Housing costs are allocated by the location of the unit. The administrative costs for these services are allocated on the basis of weighted assessment. The cost of Land Ambulance and the net revenue of Provincial Offences are distributed on the basis of weighted assessment.

## 14. Tangible capital assets:

Cost	Balance at December 31, 2021	Transfers and Additions	Transfers, Disposals and Adjustments	Balance at December 31, 2022
Land	\$ 1,031,465	\$ 40,276	\$ -	\$ 1,071,741
Land improvements	4,237,844	256,618	-	4,494,462
Buildings	22,337,370	-	-	22,337,370
Vehicles	3,434,776	-	(147,989)	3,286,787
Machinery and equipment	7,059,628	2,282,764	(611,304)	8,731,088
Bridges	863,367	8,990	-	872,357
Work-in-progress	307,911	1,496,518	-	1,804,429
Total	\$ 39,272,361	\$ 4,085,166	\$ (759,293)	\$ 42,598,234

# CORPORATION OF THE COUNTY OF FRONTENAC

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 14. Tangible capital assets (continued):

Accumulated amortization	Balance at December 31, 2021	Amortization expense	Transfers, Disposals and Adjustments	Balance at December 31, 2022
Land	\$ –	\$ –	\$ –	\$ –
Land improvements	1,593,574	250,050	–	1,843,624
Buildings	8,184,465	471,608	–	8,656,073
Vehicles	2,030,012	429,755	(111,474)	2,348,293
Machinery and equipment	4,836,910	590,555	(601,344)	4,826,121
Bridges	108,300	17,142	–	125,442
Work-in-progress	–	–	–	–
<b>Total</b>	<b>\$ 16,753,261</b>	<b>\$ 1,759,110</b>	<b>\$ (712,818)</b>	<b>\$ 17,799,553</b>

	Net book value December 31, 2021	Net book value December 31, 2022
Land	\$ 1,031,465	\$ 1,071,741
Land improvements	2,644,270	2,650,838
Buildings	14,152,905	13,681,297
Vehicles	1,404,764	938,494
Machinery and equipment	2,222,718	3,904,967
Bridges	755,067	746,915
Work-in-progress	307,911	1,804,429
<b>Total</b>	<b>\$ 22,519,100</b>	<b>\$ 24,798,681</b>

## 15. Segmented Information

The County is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the statement of operations.

Departments have been separately disclosed in the segmented information, along with the service they provide, as set out in the schedule below.

For each reported segment, 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.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 2.

# CORPORATION OF THE COUNTY OF FRONTENAC

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 15. Segmented Information (continued):

2022	General Government	Protection to Persons & Property	Transportation Services	Social Housing	Long-Term Care	Social & Family Services	Health Services	Paramedic Services	Libraries	Planning & Development	Other	Total
Operating Revenue												
Taxation from Other Governments	\$ 11,545,078	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,545,078
User Charges	53,669	-	254,608	-	2,920,839	-	-	76,642	-	2,050	-	3,307,808
Government Grants Provincial	-	-	-	-	-	-	-	-	-	-	-	-
Government Grants Other Municipalities	-	-	-	-	3,694,910	-	-	8,844,740	-	-	-	12,539,650
Government Grants Federal	163,517	-	1,126,890	-	11,916,400	-	-	12,033,418	-	376,132	-	25,616,357
Deferred Revenue	-	-	-	-	-	-	-	-	-	81,455	846,065	927,520
Provincial Offences Net Revenue	44,862	-	-	-	-	-	-	-	-	-	-	44,862
Investment Income	511,251	-	-	-	-	-	-	1,761	-	-	-	513,012
Other	602,038	-	10	-	169,815	-	-	53,451	-	289,522	300	1,115,136
<b>Total Operating Revenue</b>	<b>12,920,415</b>	<b>-</b>	<b>1,381,508</b>	<b>-</b>	<b>18,701,964</b>	<b>-</b>	<b>-</b>	<b>21,010,012</b>	<b>-</b>	<b>749,159</b>	<b>846,365</b>	<b>55,609,423</b>
Operating Expenses												
Salaries & Benefits	1,735,880	-	1,253,900	-	12,429,597	-	-	19,347,293	-	845,817	-	35,612,487
Materials	176,470	457	49,742	-	1,442,269	-	-	1,491,219	-	62,491	-	3,222,648
Contracted Services	1,386,418	3,251	69,521	646,158	2,233,974	952,723	817,724	2,194,612	927,942	495,672	-	9,727,995
Rents & Financing	11,396	-	-	-	33,905	-	-	218,257	-	-	-	263,558
External Transfers	-	-	-	-	-	-	-	-	-	-	1,015,502	1,015,502
Other	-	-	-	-	7,690	-	-	(179,652)	-	-	5,300	(166,662)
Amortization	405,382	-	5,204	-	585,971	-	-	761,687	-	866	-	1,759,110
<b>Total Operating Expenses</b>	<b>3,715,546</b>	<b>3,708</b>	<b>1,378,367</b>	<b>646,158</b>	<b>16,733,406</b>	<b>952,723</b>	<b>817,724</b>	<b>23,833,416</b>	<b>927,942</b>	<b>1,404,846</b>	<b>1,020,802</b>	<b>51,434,638</b>
<b>Net Revenue (Expenses)</b>	<b>\$ 9,204,869</b>	<b>\$ (3,708)</b>	<b>\$ 3,141</b>	<b>\$ (646,158)</b>	<b>\$ 1,968,558</b>	<b>\$ (952,723)</b>	<b>\$ (817,724)</b>	<b>\$ (2,823,404)</b>	<b>\$ (927,942)</b>	<b>\$ (655,687)</b>	<b>\$ (174,437)</b>	<b>\$ 4,174,785</b>

# CORPORATION OF THE COUNTY OF FRONTENAC

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 15. Segmented Information (continued):

2021	General Government	Protection to Persons & Property	Transportation Services	Social Housing	Long-Term Care	Social & Family Services	Health Services	Paramedic Services	Libraries	Planning & Development	Other	Total
Operating Revenue												
Taxation from Other Governments	\$ 11,103,208	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,103,208
User Charges	53,669	-	325,320	-	3,017,198	-	-	21,072	-	4,050	-	3,421,309
Government Grants Provincial	494,185	-	1,051,763	-	9,344,044	-	-	11,625,343	-	82,808	-	22,598,143
Government Grants Other Municipalities	-	-	-	-	3,189,906	-	-	9,395,821	-	-	-	12,585,727
Government Grants Federal	-	-	-	-	-	-	-	-	-	71,506	-	71,506
Deferred Revenue	-	-	-	-	-	-	-	-	-	26,396	846,412	872,808
Provincial Offences Net Revenue	13,812	-	-	-	-	-	-	-	-	-	-	13,812
Investment Income	179,994	-	-	-	-	-	-	3,823	-	-	-	183,817
Other	511,137	-	41	-	119,274	-	-	298,361	-	203,403	-	1,132,216
<b>Total Operating Revenue</b>	<b>12,356,005</b>	<b>-</b>	<b>1,377,124</b>	<b>-</b>	<b>15,670,422</b>	<b>-</b>	<b>-</b>	<b>21,344,420</b>	<b>-</b>	<b>388,163</b>	<b>846,412</b>	<b>51,982,546</b>
Operating Expenses												
Salaries & Benefits	1,524,936	-	1,129,301	-	12,551,578	-	-	18,639,465	-	733,603	-	34,578,883
Materials	160,602	95	63,603	-	1,387,187	-	-	1,450,781	-	46,823	-	3,109,091
Contracted Services	987,868	649	91,295	612,690	1,527,935	1,006,064	801,690	1,884,462	898,469	268,677	-	8,079,799
Rents & Financing	7,939	-	-	-	121,410	-	-	213,516	-	-	-	342,865
External Transfers	-	-	-	-	-	-	-	-	-	-	1,094,910	1,094,910
Other	-	-	-	-	1,573	-	-	12,813	-	-	-	14,386
Amortization	378,789	-	10,620	-	602,678	-	-	795,110	-	4,827	-	1,792,024
<b>Total Operating Expenses</b>	<b>3,060,134</b>	<b>744</b>	<b>1,294,819</b>	<b>612,690</b>	<b>16,192,361</b>	<b>1,006,064</b>	<b>801,690</b>	<b>22,996,147</b>	<b>898,469</b>	<b>1,053,930</b>	<b>1,094,910</b>	<b>49,011,958</b>
<b>Net Revenue (Expenses)</b>	<b>\$ 9,295,871</b>	<b>\$ (744)</b>	<b>\$ 82,305</b>	<b>\$ (612,690)</b>	<b>\$ (521,939)</b>	<b>\$ (1,006,064)</b>	<b>\$ (801,690)</b>	<b>\$ (1,651,727)</b>	<b>\$ (898,469)</b>	<b>\$ (665,767)</b>	<b>\$ (248,498)</b>	<b>\$ 2,970,588</b>

# CORPORATION OF THE COUNTY OF FRONTENAC

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 16. Budget figures:

The 2022 budget amounts that were approved were not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Board Standards). The budget included capital items such as infrastructure replacements and estimated costs for constructed assets, as program expenses, but the actual expenses have been removed in the Statement of Operations. The revenues attributable to these items continue to be included in the Statement of Operations, resulting in a significant variance. The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited financial statements:

	Budget	Actual
Total revenues	\$ 53,685,831	\$ 55,609,423
Total expenses	48,950,117	51,434,638
	4,735,714	4,174,785
Amortization	1,902,536	1,759,110
Funds available	6,638,250	5,933,895
Capital expenditures	(9,875,045)	(4,085,166)
Principal repayments	(1,114,042)	(1,114,042)
Unfunded	2,688,914	67,474
Decrease in operating surplus	\$ (1,661,923)	\$ 802,161
Allocated as follows:		
Net transfers from reserves	\$ (1,661,923)	\$ 802,161

# CORPORATION OF THE COUNTY OF FRONTENAC

## Schedule 1 – Continuity of Reserves and Reserve Funds

Year ended December 31, 2022

	Budget (note 16)	2022	2021
Revenue:			
Investment income	\$ 50,308	\$ 159,335	\$ 47,242
Net transfers from/to other funds:			
Transfers from operations	(202,691)	(538,872)	984,409
Transfers to capital acquisitions	(1,509,540)	1,181,698	847,951
	(1,712,231)	642,826	1,832,360
Balances, change in year	(1,661,923)	802,161	1,879,602
Balances, beginning of year	19,742,405	19,742,405	17,862,803
Reserves and reserve fund balances, end of year	\$ 18,080,482	\$ 20,544,566	\$ 19,742,405

# CORPORATION OF THE COUNTY OF FRONTENAC

## Schedule 2 – Composition of Reserves and Reserve Funds

Year ended December 31, 2022

	2022	2021
Reserves set aside for specific purposes by Council:		
Operating:		
County of Frontenac - working fund	\$ 1,220,799	\$ 1,220,799
- operating	20,876	13,999
- WSIB	166,191	111,814
Frontenac Paramedic Service - severance	372,396	331,697
- WSIB	2,428,372	2,315,347
Fairmount Home - operating	219,878	157,368
- severance	145,291	142,072
Sustainability	257,009	233,829
Community development reserve	62,595	47,934
Safe Restart	908,332	1,332,619
Asset Replacement:		
Capital replacement	5,342,731	4,705,540
Ontarians with Disabilities	-	79,678
Fairmount Home - capital replacement	780,449	945,142
Fairmount Home - capital reserve fund	684,352	758,310
Frontenac Paramedic Service - vehicle replacement	1,608,381	849,568
- equipment replacement	2,111,874	1,923,995
External Agency Reserves:		
Library reserve	255,087	256,570
Social housing - Out of Scope	337,686	312,686
Strategic Regional Reserves:		
Strategic projects reserve	1,618,588	1,710,556
Stabilization Reserves:		
County of Frontenac	1,627,800	2,024,723
Legally Restricted:		
Donations	176,584	164,541
Pathways	45,109	44,077
FRC Frontenac Howe Islander Ferry Reserve	18,605	24,050
Frontenac Howe Island Ferry WSIB	64,101	35,491
Frontenac Paramedic Service – Operating	71,480	-
	<b>\$ 20,544,566</b>	<b>\$ 19,742,405</b>
Reserves	\$ 19,638,520	\$ 18,775,476
Reserve funds	906,046	966,929
<b>Total reserves and reserve funds</b>	<b>\$ 20,544,566</b>	<b>\$ 19,742,405</b>



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## INDEPENDENT AUDITOR'S REPORT

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

### ***Opinion***

We have audited the financial statements of the Trust Funds of the Corporation of the County of Frontenac (the Entity), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of financial activities for the year then ended
- and notes to the 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 financial position of the Entity as at December 31, 2022, and its financial activities 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.

### ***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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 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.

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 horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

May 17, 2023

# CORPORATION OF THE COUNTY OF FRONTENAC

## Trust Funds Statement of Financial Position

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

	Fairmount Home Residents'	Bridget Fowler	2022 Total	2021 Total
<b>Assets</b>				
Cash	\$ 5,233	\$ 5,962	\$ 11,195	\$ 10,654
<b>Fund Balance</b>				
Fund balance	\$ 5,233	\$ 5,962	\$ 11,195	\$ 10,654

The accompanying note is an integral part of these financial statements.

# CORPORATION OF THE COUNTY OF FRONTENAC

## Trust Funds

### Statement of Financial Activities

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

	Fairmount Home Residents'	Bridget Fowler	2022 Total	2021 Total
Receipts:				
Residents' deposits	\$ 5,953	\$ –	\$ 5,953	\$ 4,691
Interest	–	639	639	509
	5,953	639	6,592	5,200
Disbursements:				
Residents' withdrawals	5,751	300	6,051	6,545
Excess of revenue over expenses (expenses over revenue)	202	339	541	(1,345)
Balance, beginning of the year	5,031	5,623	10,654	11,999
Balance, end of year	\$ 5,233	\$ 5,962	\$ 11,195	\$ 10,654

The accompanying note is an integral part of these financial statements.

# CORPORATION OF THE COUNTY OF FRONTENAC

## Trust Funds

### Note to Financial Statements

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

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#### **1. Basis of accounting:**

The statement of Residents' Trust Accounts of the Corporation of the County of Frontenac reports the deposits and disbursements for the year ended December 31, 2022, in accordance with the significant accounting principles prescribed by the Ministry of Health and Ministry of Long-Term Care. General eligibility criteria for expenditures and reporting requirements are described in the 2022 Long-Term Care Home Annual Report Technical Instructions and Guidelines, dated April 30, 2021, issued by the Ministry of Health and Ministry of Long-Term Care of Ontario.

The purpose of the Statement is for the Entity to meet its obligation to report to the Ministry of Health and Long-Term Care of Ontario in accordance with the 2022 Long-Term Care Home Annual Report Technical Instructions and Guidelines dated April 30, 2021.

#### **2. Significant accounting policies:**

(a) Receipts:

Receipts are recorded on the cash basis.

(b) Disbursements:

Disbursements are recorded on the cash basis.