

Consolidated Financial Statements of

**THE CORPORATION OF THE COUNTY  
OF PRINCE EDWARD**

Year ended December 31, 2014

Consolidated Financial Statements of

## **THE CORPORATION OF THE COUNTY OF PRINCE EDWARD**

Year ended December 31, 2014

### **THE CORPORATION OF THE COUNTY OF PRINCE EDWARD**

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**The County**  
PRINCE EDWARD COUNTY • ONTARIO

## Management's Responsibility for the Consolidated Financial Statements

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

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

The Audit 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 Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the County's consolidated financial statements.

James Hepburn  
Acting Chief Administrative Officer /  
Director of Finance

M. Susan Turnbull  
Commissioner of Corporate  
Services and Finance



**KPMG LLP**  
863 Princess Street Suite 400  
Kingston ON K7L 5N4  
Canada

Telephone (613) 549-1550  
Fax (613) 549-6349  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **INDEPENDENT AUDITORS' REPORT**

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Prince Edward

We have audited the accompanying consolidated financial statements of The Corporation of the County of Prince Edward, which comprise the consolidated statement of financial position as at December 31, 2014, the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



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

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the County of Prince Edward as at December 31, 2014, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that underlines the text.

Chartered Professional Accountants, Licensed Public Accountants

July 28, 2015

Kingston, Canada

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD


## Consolidated Statement of Financial Position

December 31, 2014, with comparative information for 2013

	2014	2013
<b>Financial assets:</b>		
Cash (note 3)	\$ 17,526,962	\$ 17,469,165
Taxes receivable	4,144,350	4,266,374
Trade and other receivables	3,496,228	3,806,630
Long-term receivables	6,758	17,057
Long-term investments	55,763	55,763
	<u>25,230,061</u>	<u>25,614,989</u>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	10,010,385	7,110,177
Prepaid property taxes (reclassification) (note 7)	1,435,394	1,349,856
Solid waste landfill and post closure liabilities (note 8)	1,835,000	1,827,000
Deferred revenue	220,964	258,282
Deferred obligatory reserve funds (note 9)	6,729,927	6,337,172
Municipal debt (note 10)	36,568,275	38,931,731
Obligation under capital lease (note 11)	344,045	349,721
	<u>57,143,990</u>	<u>56,163,939</u>
Net debt	(31,913,929)	(30,548,950)
<b>Non-financial assets:</b>		
Tangible capital assets (note 12)	203,580,898	204,068,515
Inventory (note 13)	3,032,730	2,966,099
Prepaid expenses and deposits	348,113	148,362
	<u>206,961,741</u>	<u>207,182,976</u>
Contingent liabilities (note 17)		
Commitments (note 20)		
Accumulated surplus (note 14)	\$ 175,047,812	\$ 176,634,026

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

Approved by Council:



Robert L. Quaiff, Mayor



Kim White, Clerk

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2014, with comparative information for 2013

	Budget 2014 (note 23)	Actual 2014	Actual 2013
<b>Revenue:</b>			
Net taxes available for municipal purposes	\$ 30,365,170	\$ 30,623,479	\$ 28,915,503
User fees and sale of goods and services	10,963,795	11,015,230	10,889,061
Government grants	8,759,578	8,748,003	9,248,203
Other municipalities	–	183,948	26,817
Investment income	153,927	163,593	154,009
Fines and penalties	1,088,000	1,146,655	1,141,592
Donations	42,550	102,668	125,806
<b>Total revenue</b>	<b>51,373,020</b>	<b>51,983,576</b>	<b>50,500,991</b>
<b>Expenses (note 19):</b>			
General government	4,946,311	4,763,948	5,061,801
Protection services	9,080,399	8,929,627	8,195,157
Transportation services	11,786,556	12,909,725	12,041,509
Environmental services	11,488,680	11,033,716	10,136,860
Health services	3,345,841	3,264,398	3,229,437
Social and family services	7,022,823	7,123,473	7,109,086
Social housing	1,154,700	1,097,964	1,053,096
Recreation and cultural services	5,676,005	5,736,967	6,010,529
Planning and development	1,580,147	1,513,352	1,412,117
<b>Total expenses</b>	<b>56,081,462</b>	<b>56,373,170</b>	<b>54,249,592</b>
<b>Net expenses</b>	<b>(4,708,442)</b>	<b>(4,389,594)</b>	<b>(3,748,601)</b>
<b>Other income (expenses) related to capital:</b>			
Government transfers:			
Federal capital grants	1,888,000	1,589,342	986,243
Provincial capital grants	860,000	156,319	908,434
Other-capital	167,000	1,000,961	334,249
Revenue from obligatory reserves (note 9)	8,127	126,082	306,523
Tangible capital assets gain (loss)	48,000	(69,324)	(12,330,638)
	2,971,127	2,803,380	(9,795,189)
<b>Annual deficit</b>	<b>(1,737,315)</b>	<b>(1,586,214)</b>	<b>(13,543,790)</b>
Accumulated surplus, beginning of year		176,634,026	190,177,816
<b>Accumulated surplus, end of year (note 14)</b>		<b>\$ 175,047,812</b>	<b>\$ 176,634,026</b>

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

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

## Consolidated Statement of Change in Net Debt

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Annual deficit	\$ (1,586,214)	\$ (13,543,790)
Amortization of tangible capital assets	8,482,157	9,004,238
Acquisition of tangible capital assets	(8,133,866)	(3,814,155)
Loss on disposal of tangible capital assets	69,324	12,113,996
Proceeds on sale of tangible capital assets	70,002	109,235
Use of supplies inventories	(66,631)	(35,569)
Acquisition of prepaid expense	(199,751)	346,479
	221,235	17,724,224
Change in net debt	(1,364,979)	4,180,434
Net debt, beginning of year	(30,548,950)	(34,729,384)
Net debt, end of year	\$ (31,913,929)	\$ (30,548,950)

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



# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

## Consolidated Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
<b>Operating activities:</b>		
Annual deficit	\$ (1,586,214)	\$(13,543,790)
Items not involving cash:		
Amortization	8,482,157	9,004,238
Loss on disposal of tangible capital assets	69,324	12,113,996
Solid waste landfill closure and post-closure liabilities	8,000	17,000
Change in non-cash assets and liabilities:		
Taxes receivable	122,024	(732,057)
Trade and other receivables	327,459	(608,616)
Prepaid expenses	(199,751)	346,479
Inventory	(66,631)	(35,569)
Long-term receivables	(6,758)	-
Accounts payable and accrued liabilities	2,900,208	(255,496)
Prepaid property taxes	85,538	51,193
Deferred revenue	(37,318)	(42,385)
Deferred revenue - obligatory reserve funds	392,755	833,487
<b>Net change in cash from operating activities</b>	<b>10,490,793</b>	<b>7,148,480</b>
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(8,133,866)	(3,814,155)
Proceeds on sale of tangible capital assets	70,002	109,235
<b>Net change in cash from capital activities</b>	<b>(8,063,864)</b>	<b>(3,704,920)</b>
<b>Financing activities:</b>		
Repayment of temporary borrowing	-	(8,200,000)
Proceeds from (repayment of) long-term debt	(2,363,456)	5,332,927
Repayment of obligation under capital lease	(5,676)	(4,568)
<b>Net change in cash from financing activities</b>	<b>(2,369,132)</b>	<b>(2,871,641)</b>
<b>Increase in cash</b>	<b>57,797</b>	<b>571,919</b>
Cash, beginning of year	17,469,165	16,897,246
<b>Cash, end of year</b>	<b>\$ 17,526,962</b>	<b>\$ 17,469,165</b>
<b>Supplemental cash flow information:</b>		
Interest received	\$ 163,593	\$ 153,748
Interest paid	1,385,168	1,322,661

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

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

## Notes to Consolidated Financial Statements

Year ended December 31, 2014

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The Corporation of the County of Prince Edward (the "County") is a municipality in the Province of Ontario, Canada and operates under the provisions of the Ontario Municipal Act.

### 1. Significant accounting policies:

The consolidated financial statements of The Corporation of the County of Prince Edward are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

These consolidated statements reflect the assets, liabilities, revenue, expenses and fund balances of the reporting entity. The reporting entity is comprised of all organizations, committees, joint services committee 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 inter-organizational transactions and balances between these organizations are eliminated.

These consolidated financial statements include:

The County of Prince Edward Public Library Board

Picton Business Improvement Area Board of Management

(ii) Proportionate consolidation:

The following joint boards are proportionately consolidated:

Centre and South Hastings Waste Services Board.

The County is a member of the Centre & South Hastings Waste Services Board, a Joint Municipal Service Board operating waste reduction programs including recycling, hazardous waste management and composting. Consistent with generally accepted accounting treatment for government partnerships, the joint service board is accounted for on a proportionate consolidated basis whereby the County's pro-rata share of each of the financial assets, liabilities, non-financial assets, revenue and expenses are combined on a line by line basis in the consolidated financial statements.

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

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## 1. Significant accounting policies (continued):

### (a) Basis of consolidation (continued):

#### (iii) Non-consolidated entities:

The following local board is not consolidated:

The Hastings and Prince Edward Counties Health Unit.

#### (iv) Accounting for school board transactions:

Taxation and other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements. Taxation collected on behalf of the school boards and transferred to the school boards during the year is reported in note 15 to these statements.

#### (v) Trust funds and their related operations administered by the County are not consolidated, but are reported separately on the "Trust Funds Statement of Financial Position" and the "Trust Funds Statement of Financial Activities and Changes in Fund Balances".

### (b) Basis of accounting:

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

### (c) Land held for resale:

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

### (d) Deferred revenue:

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

### (e) Deferred revenue – obligatory reserve funds:

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

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

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## 1. Significant accounting policies (continued):

### (f) Investments:

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

Investment income earned on available general funds, reserve funds (other than obligatory funds) are reported as revenue in the period earned.

### (g) Government transfers:

Government transfers are recognized as revenue or expenditures in the year that the events giving rise to the transfer occurred, provided the transfer is authorized, eligibility criteria, if any, have been met by the recipient, and a reasonable estimate of the amount can be made.

### (h) 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 annually by County Council incorporating amounts to be raised for local services and amounts the County is required to collect on behalf of the school boards.

Property tax revenue is recognized on the accrual basis using the approved tax rates and the anticipated assessment related to the current year.

### (i) Employee future benefits:

The County provides post-employment benefits to its employees as well as benefits to employees on long-term disability leave. The County has estimated this liability based on the value of estimated future premium payments. Calculation of this liability on an actuarial basis could result in amounts that differ from this estimate.

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

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## 1. Significant accounting policies (continued):

### (j) Non-financial assets:

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

### (i) Tangible capital assets:

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

<b>Asset</b>	<b>Useful Life - Years</b>
Land improvements	20 - 40
Buildings	20 - 50
Leasehold improvements	10
Vehicles	5 - 20
Equipment	5 - 30
Computer hardware and software	5 - 10
Bridges and structures	40 - 75
Plant and facilities	20 - 50
Roads	8 - 50
Underground and other networks	15 - 80

Annual amortization is charged in the first year after acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time the costs are transferred to the appropriate asset category.

### (ii) Contributions of tangible capital assets:

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

### (iii) Works of art:

Assets that have a historical or cultural significance, which include works of art, monuments and other cultural artifacts, are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with this property cannot be made.

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

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## 1. Significant accounting policies (continued):

(j) Non-financial assets continued:

(iv) 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.

(k) Inventories of supplies:

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

(l) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Significant items subject to such estimates and assumptions include landfill closure and post-closure liability and the employee post-employment benefit liability.

Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the consolidated financial statements in the period in which they become known.

## 2. Financial instruments:

The County's financial instruments consist of cash, taxes receivable, trade and other receivables, long-term receivables, long-term investments, bank indebtedness, temporary borrowing, accounts payable and accrued liabilities, other liabilities, municipal debt, and obligations under capital lease. Unless otherwise noted, it is management's opinion that the County is not exposed to significant interest rate, currency or credit risks arising from its financial instruments.

## 3. Restricted assets:

Cash in the amount of \$6,729,927 (2013 - \$6,337,172) has been restricted to support obligatory reserve funds.

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

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#### **4. Contributions to consolidated joint boards:**

Further to note 1(a)(ii) the County paid \$399,253 (2013 - \$383,815) to Centre & South Hasting Waste Services Board for recycling services.

#### **5. Bank indebtedness:**

The County has an operating line of credit of \$5 million at an interest rate of prime less 0.25%. As at December 31, 2014, \$Nil (2013 - \$Nil) was drawn.

#### **6. Temporary borrowings:**

The County has arranged bridge financing for a number of capital projects through the Ontario Infrastructure Projects Corporation (OPIC) and the Ontario Infrastructure and Lands Corporation (OILC).

As at December 31, 2014, \$Nil (2013 - \$Nil) remained outstanding.

#### **7. Prepaid property taxes:**

As a service to landowners, the County offers a monthly payment plan for property tax billings. The plan is set up such that the annual bill is paid by the end of September. As the billings are spread over the full twelve-month period, this leads to a prepayment of the subsequent year tax billings that is credited to the landowner account. These amounts reverse to net taxation revenue annually.

#### **8. Solid Waste landfill and post closure liabilities:**

The Ontario Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. The estimated liability for these expenditures is recognized based on the cumulative capacity used to date, compared to the total estimated landfill capacity.

The remaining life for the landfill sites is estimated to be 9 years for Ameliasburgh, 12 years for Hillier, 7 years for South Marysburgh and 7 years for the Wellington site. Post-closure care is estimated to continue for a period of approximately 20 years.

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

## 8. Solid Waste landfill and post closure liabilities (continued):

Reserves set aside for landfill site closure and post-closure requirements amounted to \$1,068,673 at December 31, 2014 (2013 - \$1,001,016).

	Remaining capacity (cubic meters)	Liability December 31, 2014	Liability December 31, 2013
Ameliasburgh	83,625	\$ 375,574	\$ 373,372
Hillier	44,360	479,850	477,457
South Marysburgh	22,010	461,498	457,709
Wellington	8,150	518,078	518,462
		\$ 1,835,000	\$ 1,827,000

Landfill site closure and post-closure care requirements include final cover and vegetation, and the treatment and monitoring of leachate, gas, and ground and surface water.

## 9. Deferred revenue - obligatory reserves funds:

The balance of deferred revenue consists of the following:

	Balance December 31, 2013	Additions	Transferred to income	Balance December 31, 2014
Externally restricted:				
Parkland	\$ 145,630	\$ 37,318	\$ -	\$ 182,948
Development charges	2,589,338	507,147	(57,000)	3,039,485
Gasoline tax – Federal	3,211,815	1,558,149	(1,589,342)	3,180,622
Building services	107,013	1,859	(69,082)	39,790
Water/sewer operations	283,376	3,706	-	287,082
<b>Total</b>	<b>\$ 6,337,172</b>	<b>\$ 2,108,179</b>	<b>\$ (1,715,424)</b>	<b>\$ 6,729,927</b>



# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

## 10. Municipal debt:

The balance of municipal debt consists of the following:

	2014	2013
Bank of Montreal - repayable by monthly payments of \$32,538, interest at a rate of 2.60%, maturing in 2014	\$ –	\$ 32,978
Bank of Montreal - repayable by monthly payments of \$18,523, interest at a rate of 3.00%, maturing in 2015	36,296	71,821
Bank of Montreal - repayable by monthly payments of \$12,442, interest at a rate of 4.51%, maturing in 2015	121,484	261,900
Bank of Montreal - repayable by monthly payments of \$7,393, interest at a rate of 4.51%, maturing in 2015	72,181	155,612
Bank of Montreal - repayable by monthly payments of \$14,354, interest at a rate of 4.88%, maturing in 2018	1,252,281	1,360,590
Bank of Montreal - repayable by monthly payments of \$5,842, interest at a rate of 4.35%, maturing in 2019	567,520	611,900
Bank of Montreal - repayable by monthly payments of \$32,794, interest at a rate of 3.90%, maturing in 2019	1,784,798	2,102,068
Bank of Montreal - repayable by monthly payments of \$12,626, interest at a rate of 3.25%, maturing in 2020	804,350	927,574
Bank of Montreal – repayable by monthly payments of \$3,429, interest at a rate of 3.19%, maturing in 2022	287,601	319,040
Bank of Montreal - repayable by monthly payments of \$13,530, interest at a rate of 3.19%, maturing in 2022	1,134,752	1,258,797
Bank of Montreal - repayable by monthly payments of \$10,058, interest at a rate of 3.75%, maturing in 2023	921,017	1,005,217
Infrastructure Ontario loan bears interest at 2.85%, payable in semi-annual payments of \$121,112 with maturity date of July 4, 2022	1,722,559	1,911,822
Infrastructure Ontario loan bears interest at 3.51%, payable in semi-annual payments of \$87,508 with maturity date of July 3, 2032	2,320,816	2,411,967
Balance forward	11,025,655	12,431,286

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

## 10. Municipal debt (continued):

	2014	2013
Balance forward	\$ 11,025,655	\$ 12,431,286
Infrastructure Ontario loan bears interest at 3.61%, payable in semi-annual payments of \$242,335 with maturity date of July 3, 2032	6,426,969	6,679,387
Infrastructure Ontario loan bears interest at 5.32%, payable in semi-annual payments of \$78,809 with maturity date of October 1, 2049	2,491,104	2,515,228
Federation of Canadian Municipalities loan bears interest at 2.0%, payable in semi-annual payments of \$304,543 with maturity date of November 15, 2032	9,176,109	9,605,830
Infrastructure Ontario loan bears interest at 4.22%, payable in semi-annual payments of \$286,938 with maturity date of October 3, 2033	7,448,438	7,700,000
	<u>\$ 36,568,275</u>	<u>\$ 38,931,731</u>

Interest included in expenses in the Consolidated Statement of Operations relating to municipal debt totals \$1,385,168 (2013 - \$1,322,662).

Principal payments are estimated to be as follows:

2015	\$ 2,365,125
2016	2,263,323
2017	2,340,702
2018	2,420,703
2019	2,509,165
2020 and thereafter	24,669,257
	<u>\$ 36,568,275</u>

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

## 11. Capital lease obligations:

The following is a schedule of future minimum lease payments:

2015	\$	81,780
2016		81,780
2017		81,780
2018		81,780
2019		81,780
2020 and thereafter		552,015
Total minimum lease payments		960,915
Less: amount representing deemed interest		(616,870)
Balance of obligation		\$ 344,045

Assets under capital lease consist of a building. The lease has an initial term expiring in 2016. The County has the right to renew the lease for two further five year terms.

	2014	2013
Cost of leased tangible capital asset	\$ 375,000	\$ 375,000
Accumulated amortization of leased tangible capital asset	150,000	131,250
	\$ 225,000	\$ 243,750

Amortization expense includes \$18,750 (2013 - \$18,750) on leased tangible capital assets.

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

## 12. Tangible capital assets:

Cost	Balance at December 31, 2013	Additions	Disposals/ adjustments	Balance at December 31, 2014
General:				
Land	\$ 8,846,018	\$ 793	\$ (54,824)	\$ 8,791,987
Land improvements	10,612,725	–	(11,141)	10,601,584
Building and leasehold improvements	29,565,446	195,857	(9,924)	29,751,379
Vehicles	11,577,151	1,301,367	(114,476)	12,764,042
Computer hardware and software	1,283,200	122,387	(223,511)	1,182,076
Equipment	5,275,353	370,486	(232,957)	5,412,882
Infrastructure:				
Plants and facilities	51,646,144	812,557	(446,144)	52,012,557
Roads	166,369,293	1,298,602	(484,293)	167,183,602
Underground and other networks	46,133,937	434,365	(4,151)	46,564,151
Bridges and other structures	8,223,233	262,487	(10,806)	8,474,914
Assets under construction	2,945,595	3,783,106	(448,475)	6,280,226
<b>Total</b>	<b>\$ 342,478,095</b>	<b>\$ 8,582,007</b>	<b>\$ (2,040,702)</b>	<b>\$ 349,019,400</b>

Accumulated amortization	Balance at December 31, 2013	Disposals	Amortization expense	Balance at December 31, 2014
General:				
Land improvements	\$ 4,331,717	\$ (11,650)	\$ 353,535	\$ 4,673,602
Building and leasehold improvements	9,465,551	(8,821)	759,591	10,216,321
Vehicles	6,439,500	(115,764)	717,375	7,041,111
Computer hardware and software	676,283	(224,030)	146,373	598,626
Equipment	2,487,557	(237,182)	377,818	2,628,193
Infrastructure:				
Plants and facilities	15,089,249	(433,269)	1,599,598	16,255,578
Roads	87,028,204	(409,047)	3,802,654	90,421,811
Underground and other networks	10,772,014	(2,694)	599,928	11,369,248
Bridges and other structures	2,119,505	(10,806)	125,313	2,234,012
<b>Total</b>	<b>\$ 138,409,580</b>	<b>\$ (1,453,263)</b>	<b>\$ 8,482,185</b>	<b>\$ 145,438,502</b>

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

## 12. Tangible capital assets (continued):

	Net book value December 31, 2013	Net book value December 31, 2014
General:		
Land	\$ 8,846,018	\$ 8,791,987
Land improvements	6,281,008	5,927,982
Building and leasehold improvements	20,099,895	19,535,058
Vehicles	5,137,651	5,722,931
Computer hardware and software	606,917	583,450
Equipment	2,787,796	2,784,689
Infrastructure:		
Plants and facilities	36,556,895	35,756,979
Roads	79,341,089	76,761,791
Underground and other networks	35,361,923	35,194,903
Bridges and other structures	6,103,728	6,240,902
Assets under construction	2,945,595	6,280,226
<b>Total</b>	<b>\$ 204,068,515</b>	<b>\$ 203,580,898</b>

### (a) Work-in-progress:

Assets under construction having a value of \$6,280,226 (2013 - \$2,945,595) have not been amortized. Amortization of these assets will commence when the asset is put into service.

### (b) Works of art and historical treasures:

The County manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at County sites and public display areas, these assets are deemed worth of preservation because of the social rather than financial benefits they provide to the community.

### (c) Loss on disposal of tangible capital assets:

In 2013, the County was advised that the province assumed ownership of the Skyway Bridge. The cost and accumulated amortization was removed from the tangible capital assets totalling a net book value reduction of \$12,292,887.

The loss on disposal of tangible capital assets during the year was \$69,324 (2013 - \$12,113,996).

## 13. Inventory:

The inventory is comprised of the following:

	2014	2013
Inventory for resale	\$ 5,631	\$ 10,053
Inventory for own consumption	623,574	530,906
Gravel and sand supplies	2,403,525	2,425,140
<b>Balance, end of year</b>	<b>\$ 3,032,730</b>	<b>\$ 2,966,099</b>

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

## 14. Accumulated surplus:

The accumulated surplus is comprised of the following:

	2014	2013
Equity in tangible capital assets	\$ 203,580,898	\$ 204,068,384
Less: related debt	(34,684,698)	(37,019,407)
Less: unfinanced capital projects	(5,568,957)	(4,071,149)
Add: unspent capital funding (surplus/deficit capital budget)	—	669,787
	163,327,243	163,647,615
Reserves set aside for specific purpose by Council:		
Acquisition of capital assets	4,010,026	3,509,227
Solid waste landfill and post-closure	1,068,673	1,001,016
Roads construction	2,566,628	1,563,002
Recreation programs and facilities	323,813	335,842
Working capital	604,670	600,840
Contingencies	1,822,603	1,388,376
Protection services	22,400	22,400
Water and sewer systems	6,762	6,762
Planning and development	316,441	485,183
Business Improvement Area	39,083	49,024
Social services	56,371	56,371
Pits and quarries	98,529	98,529
Cemetery maintenance	3,000	—
Total reserves	10,938,999	9,116,572
Reserve funds set aside for specific purpose by Council:		
Acquisition of capital assets	91,176	89,480
Roads construction	449,611	443,042
Water and sewer systems	1,034,931	1,673,915
Contingencies	—	1,336,018
Cemetery maintenance	142,927	155,913
Parking	41,888	29,115
Lot levies	3,874	3,824
Total reserve funds	1,764,407	3,731,307
Total reserves and reserve funds	12,703,406	12,847,879
Amounts to be recovered:		
Landfill closure and post-closure costs	(1,835,000)	(1,827,000)
Employee future benefits (note 1(i))	(257,559)	(253,000)
Unrestricted surplus:		
The County of Prince Edward	636,405	987,917
The County of Prince Edward Public Library Board	123,384	576,868
Business Improvement Area	4,179	9,046
Centre and South Hastings Waste Services Board	345,754	644,701
	\$ 175,047,812	\$ 176,634,026

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

## 15. Operations of school boards:

During the 2014, requisitions were made by the school boards requesting the County to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	2014	2013
Amounts requisitioned	\$ 7,956,744	\$ 7,996,586

## 16. Pension agreements:

The County makes contributions to the Ontario Municipal Employees Retirement System Pension Fund (OMERS) which is a multiemployer plan, on behalf of 187 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.

The amounts contributed to OMERS for current service in 2014 was \$998,932 (2013 - \$948,107) for current service and are included as an expenditure on the Consolidated Statement of Operations and Accumulated Surplus. There is no past service liability.

## 17. Contingent liabilities:

(a) As a result of arbitration awards provided in 1992, McFarland Home employees can use the portion of accumulated sick leave benefits that have not vested to increase their income under the short-term or long-term disability plans or Workplace Safety and Insurance Board benefits to regular payroll levels.

Water department employees can use the portion of sick leave benefits accumulated to April 30, 1997 that have not vested to increase their income under the long-term disability plan to 85% of regular payroll levels, and to 100% of regular payroll levels under the short-term disability plan or Workplace Safety and Insurance Board benefits.

These amounts are not available for cash payment and are forfeited upon retirement.

The contingent liability for these accumulated days amounted to \$56,654 at December 31, 2014 (2013 - \$54,881). No amount has been accrued in the financial statements for this contingent liability.

(b) As at December 31, 2014, certain legal actions are pending against the County. An estimate of the contingency cannot be made since the outcome of these matters cannot be determined at this time. The County carries liability insurance. Any settlement in excess of amounts which have been recorded in the accounts and insurance coverage will be accounted for as a current transaction in the year of settlement.

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

## 17. Contingent liabilities (continued):

- (c) The County has seven open gravel pit sites which will be reclaimed in the future. The estimated future costs of reclamation have not been accrued in these financial statements as an estimate cannot be reasonably determined at this time.

## 18. Trust funds:

Trust funds administered by the County amounting to \$626,151 (2013 - \$594,646) have not been included in the Consolidated Statement of Financial Position nor have their operations been included on the Consolidated Statement of Operations. Such balances are held in trust by the County for the benefit of others and are therefore not presented as part of the Municipal financial position or operations.

## 19. Supplementary information:

	Budget 2014	Actual 2014	Actual 2013
Salaries, wages and employee benefits	\$ 18,109,347	\$ 18,402,652	\$ 18,079,185
Interest on long-term debt	1,669,439	1,385,168	1,322,662
Materials and supplies	10,016,347	10,300,040	9,732,066
Contracted services and general services	13,126,157	13,129,267	11,343,159
Rents and financial services	1,091,343	1,063,057	977,895
External transfers	3,612,711	3,636,868	3,790,387
Amortization of tangible capital assets	8,456,118	8,456,118	9,004,238
	\$ 56,081,462	\$ 56,373,170	\$ 54,249,592

## 20. Commitments:

The County has contracts committing it to payments in future years. The following agreements existed at December 31, 2014:

- (a) At December 31, 2014, the County has outstanding capital project contractual commitments of approximately \$1,475,791.
- (b) An agreement with the County of Hastings for the provision of land ambulance services to December 31, 2015. Costs will be charged on the basis of services used. Base charges for the 2014 year were \$2,268,050.
- (c) An agreement with the Province of Ontario for policing services to 2014. Costs will be charged on the basis of services used. Base charges for the 2014 year were \$5,111,075.



# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

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## 20. Commitments (continued):

- (d) An agreement with the City of Quinte West for the provision of bulk water to the areas of Consecon and Carrying Place to July 27, 2027. Costs will be charged on the basis of water used. Base charges for the 2014 year were \$101,706.
- (e) An agreement with the City of Belleville for the provision of bulk water to the areas of Rossmore and Fenwood Gardens to December 31, 2020. Costs will be charged on the basis of water used. Base charges for the 2014 year were \$320,332.
- (f) An agreement with Waste Management of Canada Corporation for the collection of household waste and organics to July 31, 2018. Base charges for the 2014 year were \$931,900.
- (g) The County has an outstanding commitment to Tri-County Healthcare Foundation Joint Diagnostic Imaging Campaign of \$50,000 payable in 2015.
- (h) The County has an outstanding commitment to University Hospitals Kingston Foundation of \$150,000 payable \$50,000 annually from 2015 to 2017.
- (i) The County has commitments under various operating leases. The minimum lease payments under these leases are as follows:

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2015	\$	145,731
2016		104,163
2017		101,335
2018		98,509
2019		1,770
		<hr/>
		\$ 451,508

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## 21. Provincial offences administration:

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

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

## 21. Provincial offences administration (continued):

Balances arising from the operation of the POA office have been consolidated with these financial statements. The revenue of the court office consists of fines levied under Parts I and III (including delay penalties) for POA charges filed in the Picton Court. Offenders may pay their fines at any court office in Ontario, at which time their receipt is recorded in the Integrated Courts Operation Network System ("ICON") operated by the Province of Ontario. Revenue is recognized when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made. Total revenue and expenditures recorded as of December 31, 2014 are as follows:

	2014	2013
Gross revenues received	\$ 470,509	\$ 529,539
Gross expenditures	249,976	291,317
Net revenues	\$ 220,533	\$ 238,222

## 22. Segmented information:

The County provides a wide range of services to its residents. Segmented information has been identified based upon lines of service provided by the County. Services are delivered directly by departments of the County, by boards and agencies or by contract through other organizations. The lines of service that have been separately disclosed along with the department or body responsible for providing the service are as follows:

(a) General Government:

The General Government Services segment is comprised of the following service areas: Council and Mayor's Office, Administration/CAO's Office, Clerk's Office, Finance Department, Purchasing Department, Information Technology and Human Resources.

(b) Protection services:

The Protection Services segment is comprised of the following service areas: Police Services; Source Water Protection; Fire Protection and Rescue; Building Services; By-law Enforcement and Canine Control; Provincial Offences Administration and Quinte Conservation Authority. Policing is provided by contract with the Ontario Provincial Police.

(c) Transportation services:

The Transportation Services segment is comprised of the following service areas: Roads & Bridges including road and roadside maintenance, storm water maintenance, winter control, street lights and traffic signals; project planning, engineering and management; development planning and servicing; and Parking.

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

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## 22. Segmented information (continued):

(d) Environmental services:

The Environmental Services segment is comprised of Water treatment and distribution; Wastewater collection and treatment; and Waste Management Services. Most waste management services are provided under contract.

(e) Health services:

The Health Services segment is comprised of Ambulance Services; Public Health Services provided by the Hastings and Prince Edward Health Unit; and Cemetery Maintenance. Ambulance service is provided under contract with Hastings County.

(f) Social and family services:

Social and Family Services segment is comprised of Children's Services and Ontario Works provided by Prince Edward- Lennox and Addington Social Services, and Assistance to Aged Persons - H. J. McFarland Memorial Home.

(g) Social housing:

Social Housing services are provided by Prince Edward- Lennox and Addington Social Services.

(h) Recreation and cultural services:

The Recreation and Cultural Services segment is comprised of the following service areas: Parks, Trails and Sports fields; Community Centres and Arenas; Harbours, Marinas and Boat Launches; Libraries and Archives; Community Halls/Theatre; Museums; and Recreational and Cultural Activities.

(i) Planning and development:

The Planning and Development Services segment is comprised of the following service areas: Planning and Zoning and Community Development.

The segmented information was provided in accordance with the financial reporting guidelines established by the Public Sector Accounting Board of the CICA (section PS2700). Certain allocation methodologies are employed in the preparation of segmented financial information.

User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made.

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

## 23. Budget figures:

The budget data presented in these consolidated financial statements is based upon the 2014 operating and capital budgets approved by Council. In accordance with Ontario Regulation 284/09, the budget approved by Council excluded amortization expense. Estimates for certain revenue and expenses that were not included as part of the approved operating budgets have been included in the 2014 budget figures reported on the consolidated statement of operations, including an estimate for amortization expense. The reconciliation of the approved budget to the budget figures reported in these consolidated financial statements is detailed below:

	2014 Budget
Reported on consolidated statement of operations:	
Operating revenue	\$ 44,814,632
Add:	
Water and Wastewater Services	7,390,936
Library Board	1,210,203
Center and South Hastings Waste Services	368,624
Less:	
Reserve fund transfers and other budget adjustments	2,411,375
Total adjusted budget for revenue	51,373,020
Operating expenses	45,589,780
Add:	
Water and Wastewater Services	7,390,936
Library Board	1,094,335
Center and South Hastings Waste Services	508,061
Estimate for amortization	8,456,118
Less:	
Principal repayments of debt	2,277,053
Reserve fund transfers and other budget adjustments	4,680,715
Total adjusted budget for expenses	56,081,462
Net budgeted expenses per statement of operations	4,708,442
Capital budgeted tax revenue	25,000
Capital grant and other revenue	2,938,000
Capital transfer from reserves	3,415,838
Capital expenditures	6,378,838
Water and Wastewater Services, capital revenue	1,243,749
Water and Wastewater Services, capital expenses	1,243,749

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

## Schedule of Segment Disclosure

Year ended December 31, 2014

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	Total
<b>Revenue:</b>										
User charges	\$ 173,787	\$ 626,249	\$ 239,186	\$ 6,958,806	\$ 27,772	\$ 1,663,089	\$ –	\$ 1,028,303	\$ 298,038	\$ 11,015,230
Government grants	1,808,738	1,340,620	2,038,883	199,191	1,289,981	3,606,404	–	179,123	30,724	10,493,664
Other municipalities	–	–	–	–	–	183,948	–	–	–	183,948
Investment income	153,059	–	–	5,492	–	–	–	5,042	–	163,593
Fines and penalties	591,841	486,032	21,581	47,201	–	–	–	–	–	1,146,655
Donations	–	3,700	–	–	–	4,769	–	94,199	–	102,668
Other revenue	–	69,082	897,695	–	–	–	–	160,266	–	1,127,043
	2,727,425	2,525,683	3,197,345	7,210,690	1,317,753	5,458,210	–	1,466,933	328,762	24,232,801
<b>Expenses:</b>										
Salaries, wages and employee benefits	3,201,699	2,195,520	2,905,892	2,233,613	–	4,716,023	–	2,450,345	699,560	18,402,652
Interest on long-term debt	–	–	367,805	828,369	76,104	5,283	–	96,068	11,539	1,385,168
Materials and supplies	865,599	872,475	2,309,985	3,199,963	69,419	958,299	–	1,362,680	661,620	10,300,040
Contracted services and general services	484,782	5,176,877	2,453,820	2,142,959	2,295,972	172,061	–	393,524	9,272	13,129,267
Rents and financial	243,452	66,902	438,762	37,695	7,566	2,573	–	189,311	76,796	1,063,057
External transfers	150,000	312,082	–	–	603,132	1,130,436	1,097,964	298,181	40,000	3,631,795
Interfunctional adjustments	(342,500)	(11,627)	–	240,000	125,000	–	–	(5,800)	–	5,073
Amortization	160,916	317,398	4,433,461	2,351,117	87,205	138,798	–	952,658	14,565	8,456,118
	4,763,948	8,929,627	12,909,725	11,033,716	3,264,398	7,123,473	1,097,964	5,736,967	1,513,352	56,373,170
<b>Excess of expenses over revenue before property tax</b>										
	\$ (2,036,523)	\$ (6,403,944)	\$ (9,712,380)	\$ (3,823,026)	\$ (1,946,645)	\$ (1,665,263)	\$ (1,097,964)	\$ (4,270,034)	\$ (1,187,590)	\$ (32,140,369)
Property taxation										30,623,479
Net loss on disposal of tangible capital assets										(69,324)
<b>Annual deficit</b>										<b>\$ (1,586,214)</b>



**KPMG LLP**  
863 Princess Street Suite 400  
Kingston ON K7L 5N4  
Canada

Telephone (613) 549-1550  
Fax (613) 549-6349  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Prince Edward

We have audited the accompanying financial statements of the Trust Funds of The Corporation of the County of Prince Edward, which comprise the statement of financial position as December 31, 2014, the statement of financial activities and changes in fund balances for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these 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.

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds of The Corporation of the County of Prince Edward as at December 31, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

July 28, 2015

Kingston, Canada

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

## Trust Funds Statement of Financial Position

December 31, 2014, with comparative information for 2013

	2014	2013
<b>Assets</b>		
Cash	\$ 430,264	\$ 421,699
Investments (note 3)	193,804	201,494
Loans to homeowners	2,083	2,083
	<u>\$ 626,151</u>	<u>\$ 625,276</u>
<b>Liabilities and Fund Balances</b>		
Payable to County	\$ -	\$ 30,630
Fund balances	626,151	594,646
	<u>\$ 626,151</u>	<u>\$ 625,276</u>

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



# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

## Trust Funds

### Statement of Financial Activities and Changes in Fund Balances

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Revenue:		
Individuals' deposits	\$ 456,406	\$ 70,577
Interest earned	12,151	15,882
	<u>468,557</u>	<u>86,459</u>
Expenditures:		
Payments on behalf of individuals	428,221	57,222
Cemetery maintenance	2,960	3,241
Collection and management fees	1,871	1,866
Deposits refunded	—	61,043
Library books	4,000	4,000
	<u>437,052</u>	<u>127,372</u>
Change in fund balances	31,505	(40,913)
Fund balances, beginning of year	594,646	635,559
Fund balances, end of year	<u>\$ 626,151</u>	<u>\$ 594,646</u>

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

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Trust Funds  
Notes to Financial Statements

Year ended December 31, 2014

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## 1. Significant accounting policies:

The financial statements of the Trust Funds of The Corporation of the County of Prince Edward are prepared by management in accordance with Canadian public sector accounting standards.

### (a) Basis of accounting:

Revenue and expenditures are recorded on an accrual basis of accounting.

The accrual basis recognizes revenues in the period in which the transactions or events occurred and are measurable. Expenditures are recognized in the period in which they are incurred and measurable and a legal obligation to pay is created. Refunds are reported in the period that they are issued.

### (b) Investments:

Investments are recorded at cost.

### (c) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 expenditures during the period. Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

## 2. Ontario Home Renewal Program:

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7,500 of which the maximum forgivable portion is \$4,000.

Ontario Home Renewal Program loans receivable at December 31, 2014 are comprised of repayable loans of \$2,083 (2013 - \$2,083) and no forgivable loans. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Trust Funds

Notes to Financial Statements (continued)

Year ended December 31, 2014

### 3. Investments:

Investments consist of the following:

	2014		2013	
	Cost	Market value	Cost	Market value
Performance guarantees - guaranteed investment certificates	\$ -	\$ -	\$ 15,839	\$ 15,839
Bloomfield Cemetery Perpetual Care - Mutual Fund	81,588	82,895	78,595	78,833
Rose Cemetery Perpetual Care - Mutual Fund	38,685	38,469	36,370	35,234
Sophiasburgh Cemetery Perpetual Care - Mutual Fund	53,386	54,226	51,745	51,480
Bowerman/McFaul Cemetery Perpetual Care - Mutual Fund	20,145	20,561	18,945	18,998
	\$ 193,804	\$ 196,151	\$ 201,494	\$ 200,384

### 4. Statement of cash flows:

A statement of cash flows has not been included in these financial statements as the information is readily determinable.

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

## Trust Funds

### Schedule of Trust Fund Assets and Liabilities

December 31, 2014

	Cash	Investments	Loans to homeowners	Total assets	Fund balances
McFarland Home Residents	\$ 102,082	\$ -	\$ -	\$ 102,082	\$ 102,082
McFarland Home Bequests	1,594	-	-	1,594	1,594
McFarland Home Craft	3,706	-	-	3,706	3,706
Macaulay Heritage Park	97,684	-	-	97,684	97,684
Library large print books	26,193	-	-	26,193	26,193
Performance guarantees	155,056	-	-	155,056	155,056
Ameliasburgh Scholarship	22,168	-	-	22,168	22,168
Ameliasburgh Museum Endowment	4,851	-	-	4,851	4,851
Wellington Museum Lily Walt Endowment	2,978	-	-	2,978	2,978
Consecon Cemetery Perpetual Care	13,564	-	-	13,564	13,564
Bloomfield Cemetery Perpetual Care	7	71,766	-	71,773	71,773
Bloomfield Cemetery Perpetual and Stone Care	1	9,821	-	9,822	9,822
Rose Cemetery Perpetual Care	4	38,685	-	38,689	38,689
Sophiasburgh Cemetery Perpetual Care	6	53,386	-	53,392	53,392
Bowerman/McFaul Cemetery Perpetual Care	2	20,145	-	20,147	20,147
Pioneer Cemeteries Perpetual Care	369	-	-	369	369
Home Renewal Program	-	-	2,083	2,083	2,083
	\$ 430,265	\$ 193,803	\$ 2,083	626,151	\$ 626,151

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

## Trust Funds

### Schedule of Continuity of Trust Funds

Year ended December 31, 2014

Receipts	Balance, beginning of year	Individuals' deposits	Interest earned	Total Receipts
McFarland Home Residents	\$ 102,631	\$ 53,886	\$ 953	\$ 54,839
McFarland Home Bequests	1,574	–	20	20
McFarland Home Craft	3,661	–	44	44
Macaulay Heritage Park	96,471	–	1,213	1,213
Library large print books	29,823	–	370	370
Performance guarantees	129,339	396,000	2,550	398,550
Ameliasburgh Scholarship	21,893	–	275	275
Ameliasburgh Museum Endowment	4,791	–	60	60
Wellington Museum Lily Walt Endowment	2,941	–	37	37
Consecon Cemetery Perpetual Care	13,396	–	168	168
Bloomfield Cemetery Perpetual	68,973	2,160	2,436	4,596
Bloomfield Cemetery Stone Care	9,634	150	321	471
Rose Cemetery Perpetual Care	36,374	2,000	1,242	3,242
Sophiasburgh Cemetery Perpetual Care	51,751	1,180	1,794	2,974
Bowerman/McFaul Cemetery Perpetual Care	18,947	1,030	663	1,693
Pioneer Cemeteries Perpetual Care	364	–	5	5
Home Renewal Program	2,083	–	–	–
	\$ 594,646	\$ 456,406	\$ 12,151	\$ 468,557

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

## Trust Funds

### Schedule of Continuity of Trust Funds

Year ended December 31, 2014

Expenditures	Payments on behalf of individuals	Cemetery maintenance	Collection and management fees	Library book	Total expenditures	Balance, end of year
McFarland Home Residents	\$ 55,388	\$ -	\$ -	\$ -	\$ 55,388	\$ 102,082
McFarland Home Bequests	-	-	-	-	-	1,594
McFarland Home Craft	-	-	-	-	-	3,705
Macaulay Heritage Park	-	-	-	-	-	97,684
Library large print books	-	-	-	4,000	4,000	26,193
Performance guarantees	372,833	-	-	-	372,833	155,056
Ameliasburgh Scholarship	-	-	-	-	-	22,168
Ameliasburgh Museum Endowment	-	-	-	-	-	4,851
Wellington Museum Lily Walt Endowment	-	-	-	-	-	2,978
Consecon Cemetery Perpetual Care	-	-	-	-	-	13,564
Bloomfield Cemetery Perpetual Care	-	1,218	578	-	1,796	71,773
Bloomfield – Cemetery Stone Care	-	-	283	-	283	9,822
Rose Cemetery Perpetual Care	-	628	298	-	926	38,690
Sophiasburgh Cemetery Perpetual Care	-	904	429	-	1,333	53,392
Bowerman/McFaul Cemetery Perpetual Care	-	210	283	-	493	20,147
Pioneer Cemeteries Perpetual Care	-	-	-	-	-	369
Home Renewal Program	-	-	-	-	-	2,083
	\$ 428,221	\$ 2,960	\$ 1,871	\$ 4,000	\$ 437,052	\$ 626,151