

Consolidated Financial Statements of

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

Year ended December 31, 2015

Consolidated Financial Statements of

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

Year ended December 31, 2015

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

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## 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.



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James Hepburn  
Chief Administrative Officer



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M. Susan Turnbull  
Commissioner of Corporate  
Services and Finance



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## **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, 2015, 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, 2015, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

July 26, 2016

Kingston, Canada

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

## Consolidated Statement of Financial Position

December 31, 2015, with comparative information for 2014

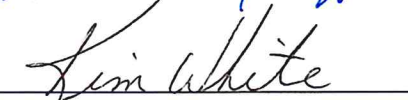
	2015	2014 (note 23)
<b>Financial assets:</b>		
Cash (note 4)	\$ 20,977,305	\$ 17,526,962
Taxes receivable	3,917,438	4,144,350
Trade and other receivables	3,719,461	3,496,228
Long-term receivables	1,387	6,758
Long-term investments	55,763	55,763
	<u>28,671,354</u>	<u>25,230,061</u>
<b>Liabilities:</b>		
Temporary borrowing (note 7)	5,686,797	—
Accounts payable and accrued liabilities	7,914,494	10,010,385
Prepaid property taxes (note 8)	1,470,156	1,435,394
Solid waste landfill closure and post closure liabilities (note 9)	1,875,825	1,835,000
Deferred revenue	239,135	220,964
Deferred obligatory reserve funds (note 10)	8,400,540	6,729,927
Long-term debt (note 11)	34,202,630	36,568,275
Obligation under capital lease	—	344,045
	<u>59,789,577</u>	<u>57,143,990</u>
Net debt	(31,118,223)	(31,913,929)
<b>Non-financial assets:</b>		
Tangible capital assets cost (note 12)	203,881,915	203,695,706
Inventory (note 13)	3,018,689	3,032,730
Prepaid expenses and deposits	141,702	348,113
	<u>207,042,306</u>	<u>207,076,549</u>
Contingent liabilities (note 17)		
Commitments (note 20)		
Accumulated surplus (note 14)	\$ 175,924,083	\$ 175,162,620

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, 2015, with comparative information for 2014

	Budget 2015 (note 22)	Actual 2015	Actual 2014 (note 23)
<b>Revenue:</b>			
Net taxes available for municipal purposes	\$ 31,893,003	\$ 32,389,394	\$ 30,623,479
User fees and sale of goods and services	11,600,543	13,265,308	11,348,926
Government grants	8,335,129	8,512,672	8,748,003
Other municipalities	—	—	183,948
Investment income	125,991	146,362	163,593
Fines and penalties	1,088,000	1,725,473	1,146,655
Donations	93,600	243,201	102,668
<b>Total revenue</b>	<b>53,136,266</b>	<b>56,282,410</b>	<b>52,317,272</b>
<b>Expenses (note 19):</b>			
General government	4,672,947	5,131,789	4,763,948
Protection services	8,678,038	8,813,567	8,929,627
Transportation services	12,171,856	12,585,020	12,499,962
Environmental services	11,809,292	11,644,993	11,328,332
Health services	3,462,284	3,440,026	3,264,398
Social and family services	7,481,216	7,470,770	7,123,473
Social housing	1,120,000	1,166,208	1,097,964
Recreation and cultural services	6,003,876	5,862,348	5,736,967
Planning and development	1,959,904	1,992,417	1,513,352
<b>Total expenses</b>	<b>57,359,413</b>	<b>58,107,138</b>	<b>56,258,023</b>
<b>Net expenses</b>	<b>(4,223,147)</b>	<b>(1,824,728)</b>	<b>(3,940,751)</b>
<b>Other income (expenses) related to capital:</b>			
Government transfers:			
Federal capital grants	2,425,000	922,333	1,589,342
Provincial capital grants	702,175	1,725,057	156,319
Other-capital	—	20,780	1,000,961
Revenue from obligatory reserves (note 10)	367,800	50,000	126,082
Loss on disposal of tangible capital assets	25,000	(131,979)	(69,324)
	<b>3,519,975</b>	<b>2,586,191</b>	<b>2,803,380</b>
<b>Annual surplus (deficit)</b>	<b>(703,172)</b>	<b>761,463</b>	<b>(1,137,371)</b>
Accumulated surplus, beginning of year		175,162,620	176,299,991
<b>Accumulated surplus, end of year (note 14)</b>		<b>\$ 175,924,083</b>	<b>\$ 175,162,620</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, 2015, with comparative information for 2014

	2015	2014
		(note 23)
Annual surplus (deficit)	\$ 761,463	\$ (1,137,371)
Amortization of tangible capital assets	9,118,101	9,002,147
Acquisition of tangible capital assets	(9,840,197)	(9,102,699)
Loss on disposal of tangible capital assets	131,979	69,324
Proceeds on sale of tangible capital assets	403,908	70,002
Change in inventory	14,041	(66,631)
Change in prepaid expenses	206,411	(199,751)
	34,243	(227,608)
Change in net debt	795,706	(1,364,979)
Net debt, beginning of year	(31,913,929)	(30,548,950)
Net debt, end of year	\$ (31,118,223)	\$ (31,913,929)

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, 2015, with comparative information for 2014

	2015	2014 (note 23)
Operating activities:		
Annual surplus (deficit)	\$ 761,463	\$ (1,137,371)
Items not involving cash:		
Amortization	9,118,101	9,002,147
Loss on disposal of tangible capital assets	131,979	69,324
Solid waste landfill closure and post-closure liabilities	40,825	8,000
Change in non-cash assets and liabilities:		
Taxes receivable	226,912	122,024
Trade and other receivables	(223,233)	327,459
Prepaid expenses	206,411	(199,751)
Inventory	14,041	(66,631)
Long-term receivables	5,371	(6,758)
Accounts payable and accrued liabilities	(2,095,891)	2,900,208
Prepaid property taxes	34,762	85,538
Deferred revenue	18,171	(37,318)
Deferred obligatory reserve funds	1,670,613	392,755
Net change in cash from operating activities	9,909,525	11,459,626
Capital activities:		
Acquisition of tangible capital assets	(9,840,197)	(9,102,699)
Proceeds on sale of tangible capital assets	403,908	70,002
Net change in cash from capital activities	(9,436,289)	(9,032,697)
Financing activities:		
Proceeds from temporary borrowing	5,686,797	-
Repayment of long-term debt	(2,365,645)	(2,363,456)
Repayment of obligation under capital lease	(7,053)	(5,676)
Disposal of capital lease	(336,992)	-
Net change in cash from financing activities	2,977,107	(2,369,132)
Increase in cash	3,450,343	57,797
Cash, beginning of year	17,526,962	17,469,165
Cash, end of year	\$ 20,977,305	\$ 17,526,962
Supplemental cash flow information:		
Interest received	\$ 146,362	\$ 163,593
Interest paid	1,372,328	1,385,168

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, 2015

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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 & 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, 2015

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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 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, 2015

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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, 2015

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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 lives as follows:

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

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, 2015

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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 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. Significant items subject to such estimates and assumptions include solid waste landfill closure and post-closure liability and the employee future benefit liability.

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. Changes in accounting policies:

The County has implemented Public Sector Accounting Board (PSAB) Section 3260 Liability for Contaminated Sites. Section 3260 requires governments to record a liability in their financial statements if they have a contaminated site that meets the requirements set out in the standard. The standard defines contamination as the introduction into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The standard generally applies to sites that are not in productive use. Sites that are in productive use are only considered contaminated if there was an unexpected event that resulted in contamination. This change has been applied retroactively without the restatement of prior periods.

The adoption of this standard did not have an impact on the County's financial statements.

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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## 3. 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.

## 4. Restricted assets:

Cash in the amount of \$8,400,540 (2014 - \$6,729,927) has been restricted to support obligatory reserve funds.

## 5. Contributions to consolidated joint boards:

Further to note 1(a)(ii) the County paid \$524,803 (2014 - \$399,253) to Centre & South Hasting Waste Services Board for recycling services.

## 6. 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, 2015, \$Nil (2014 - \$Nil) was drawn.

## 7. Temporary borrowing:

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, 2015, \$5,686,797 (2014 - \$Nil) was outstanding.

## 8. 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.

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 9. 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 8 years for Ameliasburgh, 11 years for Hillier, 6 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.

Reserves set aside for landfill site closure and post-closure requirements amounted to \$1,133,673 at December 31, 2015 (2014 - \$1,068,673).

	Remaining capacity (cubic meters)	Liability December 31, 2015	Liability December 31, 2014
Ameliasburgh	83,625	\$ 387,305	\$ 375,574
Hillier	44,360	492,281	479,850
South Marysburgh	22,010	478,323	461,498
Wellington	8,150	517,916	518,078
		\$ 1,875,825	\$ 1,835,000

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.

## 10. Deferred obligatory reserves funds:

The balance of deferred obligatory reserve funds consists of the following:

	Balance December 31, 2014	Additions	Transferred to income	Balance December 31, 2015
Externally restricted:				
Parkland	\$ 182,948	\$ 45,462	\$ -	\$ 228,410
Development charges	3,039,485	1,037,432	(57,000)	4,019,917
Gasoline tax - Federal	3,180,622	1,510,535	(922,548)	3,768,609
Building services	39,790	53,582	-	93,372
Water/sewer operations	287,082	3,150	-	290,232
Total	\$ 6,729,927	\$ 2,650,161	\$ (979,548)	\$ 8,400,540



# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 11. Long-term debt:

The balance of long-term debt consists of the following:

	2015	2014
Bank of Montreal - repayable by monthly payments of \$18,523, interest at a rate of 3.00%, maturing in 2015	\$ —	\$ 36,296
Bank of Montreal - repayable by monthly payments of \$12,442, interest at a rate of 4.51%, maturing in 2015	—	121,484
Bank of Montreal - repayable by monthly payments of \$7,393, interest at a rate of 4.51%, maturing in 2015	—	72,181
Bank of Montreal - repayable by monthly payments of \$14,354, interest at a rate of 4.88%, maturing in 2018	1,138,566	1,252,281
Bank of Montreal - repayable by monthly payments of \$5,842, interest at a rate of 4.35%, maturing in 2019	521,170	567,520
Bank of Montreal - repayable by monthly payments of \$32,794, interest at a rate of 3.90%, maturing in 2019	1,454,931	1,784,798
Bank of Montreal - repayable by monthly payments of \$12,626, interest at a rate of 3.25%, maturing in 2020	678,146	804,350
Bank of Montreal – repayable by monthly payments of \$3,429, interest at a rate of 3.19%, maturing in 2022	255,144	287,601
Bank of Montreal - repayable by monthly payments of \$13,530, interest at a rate of 3.19%, maturing in 2022	1,006,692	1,134,752
Bank of Montreal - repayable by monthly payments of \$10,058, interest at a rate of 3.75%, maturing in 2023	833,330	921,017
Infrastructure Ontario loan bears interest at 2.85%, payable in semi-annual payments of \$121,112 with maturity date of July 4, 2022	1,527,883	1,722,559
Infrastructure Ontario loan bears interest at 3.51%, payable in semi-annual payments of \$87,508 with maturity date of July 3, 2032	2,226,440	2,320,816
Balance forward	9,642,302	11,025,655

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 11. Long-term debt (continued):

	2015	2014
Balance forward	\$ 9,642,302	\$ 11,025,655
Infrastructure Ontario loan bears interest at 3.61%, payable in semi-annual payments of \$242,335 with maturity date of July 3, 2032	6,165,613	6,426,969
Infrastructure Ontario loan bears interest at 5.32%, payable in semi-annual payments of \$78,809 with maturity date of October 1, 2049	2,465,679	2,491,104
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	8,741,498	9,176,109
Infrastructure Ontario loan bears interest at 4.22%, payable in semi-annual payments of \$286,938 with maturity date of October 3, 2033	7,187,538	7,448,438
	<u>\$ 34,202,630</u>	<u>\$ 36,568,275</u>

Interest included in expenses in the Consolidated Statement of Operations relating to long-term debt totals \$1,363,632 (2014 - \$1,385,168).

Principal payments are estimated to be as follows:

2016	\$ 2,209,061
2017	2,280,521
2018	3,120,808
2019	2,609,930
2020	1,894,705
2021 and thereafter	22,087,605
	<u>\$ 34,202,630</u>

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 12. Tangible capital assets:

Cost	Balance at December 31, 2014	Additions	Disposals/ Adjustments	Balance at December 31, 2015
General:				
Land	\$ 8,791,987	\$ 33,027	\$ (67,084)	\$ 8,757,930
Land improvements	10,601,584	616,799	–	11,218,383
Building and leasehold improvements	29,751,379	1,572,728	(464,197)	30,859,910
Vehicles	12,764,042	576,202	(529,472)	12,810,772
Computer hardware and software	1,182,076	111,037	(39,347)	1,253,766
Equipment	5,412,882	646,459	(112,602)	5,946,739
Infrastructure:				
Plants and facilities	52,012,557	85,842	–	52,098,399
Roads	171,506,486	3,868,505	(2,529,461)	172,845,530
Underground and other networks	43,646,140	1,351,655	(23,142)	44,974,653
Bridges and other structures	8,474,914	1,253,692	(17,049)	9,711,557
Assets under construction	6,280,226	3,283,156	(3,558,905)	6,004,477
<b>Total</b>	<b>\$ 350,424,273</b>	<b>\$ 13,399,102</b>	<b>\$ (7,341,259)</b>	<b>\$ 356,482,116</b>

Accumulated amortization	Balance at December 31, 2014	Disposals/ Adjustments	Amortization expense	Balance at December 31, 2015
General:				
Land improvements	\$ 4,673,602	\$ –	\$ 353,139	\$ 5,026,741
Building and leasehold improvements	10,216,321	(240,127)	769,559	10,745,753
Vehicles	7,041,111	(479,540)	783,942	7,345,513
Computer hardware and software	598,625	(39,190)	154,456	713,891
Equipment	2,628,193	(109,959)	390,102	2,908,336
Infrastructure:				
Plants and facilities	16,255,578	–	1,364,588	17,620,166
Roads	92,406,657	(2,337,462)	4,610,325	94,679,520
Underground and other networks	10,674,468	(23,142)	562,302	11,213,628
Bridges and other structures	2,234,012	(17,047)	129,688	2,346,653
<b>Total</b>	<b>\$ 146,728,567</b>	<b>\$ (3,246,467)</b>	<b>\$ 9,118,101</b>	<b>\$ 152,600,201</b>

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 12. Tangible capital assets (continued):

	Net book value December 31, 2014	Net book value December 31, 2015
General:		
Land	\$ 8,791,987	\$ 8,757,930
Land improvements	5,927,982	6,191,642
Building and leasehold improvements	19,535,058	20,114,157
Vehicles	5,722,931	5,465,259
Computer hardware and software	583,451	539,875
Equipment	2,784,689	3,038,403
Infrastructure:		
Plants and facilities	35,756,979	34,478,233
Roads	79,099,829	78,166,010
Underground and other networks	32,971,672	33,761,025
Bridges and other structures	6,240,902	7,364,904
Assets under construction	6,280,226	6,004,477
<b>Total</b>	<b>\$ 203,695,706</b>	<b>\$ 203,881,915</b>

(a) Work-in-progress:

Assets under construction having a value of \$6,004,477 (2014 - \$6,280,226) 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:

The loss on disposal of tangible capital assets during the year was \$131,979 (2014 - \$69,324).

## 13. Inventory:

The inventory is comprised of the following:

	2015	2014
Inventory for resale	\$ 31,781	\$ 5,631
Inventory for own consumption	593,494	623,574
Gravel and sand supplies	2,393,414	2,403,525
<b>Balance, end of year</b>	<b>\$ 3,018,689</b>	<b>\$ 3,032,730</b>

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 14. Accumulated surplus:

The accumulated surplus is comprised of the following:

	2015	2014
Equity in tangible capital assets	\$ 203,881,915	\$ 203,695,706
Less: related debt	(34,202,630)	(34,684,698)
Less: unfinanced capital projects	(11,378,903)	(5,568,957)
Add: unspent capital funding	1,011,590	-
	<u>159,311,972</u>	<u>163,442,051</u>
Reserves set aside for specific purpose by Council:		
Acquisition of capital assets	4,561,514	4,010,026
Solid waste landfill and post-closure	1,133,673	1,068,673
Roads construction	4,349,702	2,566,628
Recreation programs and facilities	390,662	323,813
Working capital	604,670	604,670
Contingencies	1,496,644	1,822,603
Protection services	22,400	22,400
Water and sewer systems	6,762	6,762
Planning and development	185,908	316,441
Business Improvement Area	39,083	39,083
Social services	56,371	56,371
Pits and quarries	98,529	98,529
Cemetery maintenance	3,000	3,000
	<u>12,948,918</u>	<u>10,938,999</u>
Reserve funds set aside for specific purpose by Council:		
Acquisition of capital assets	92,131	91,176
Roads construction	454,540	449,611
Recreation programs and facilities	2021	-
Water and sewer systems	1,859,072	1,034,931
Cemetery maintenance	125,847	142,927
Parking	50,579	41,888
Lot levies	3,913	3,874
	<u>2,588,103</u>	<u>1,764,407</u>
Total reserves and reserve funds	<u>15,537,021</u>	<u>12,703,406</u>
Amounts to be recovered:		
Landfill closure and post-closure costs	(1,875,825)	(1,835,000)
Employee future benefits (note 1(i))	(326,687)	(257,559)
Unrestricted surplus:		
The County of Prince Edward	2,728,209	636,405
The County of Prince Edward Public Library Board	230,441	123,384
Business Improvement Area	7,718	4,179
Centre & South Hastings Waste Services Board	311,234	345,754
	<u>\$ 175,924,083</u>	<u>\$ 175,162,620</u>

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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## 15. Operations of school boards:

During 2015, 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:

	2015	2014
Amounts requisitioned	\$ 8,066,556	\$ 7,956,744

## 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 199 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 2015 was \$1,000,289 (2014 - \$998,932) 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 \$69,128 at December 31, 2015 (2014 - \$56,654). No amount has been accrued in the financial statements for this contingent liability.

(b) As at December 31, 2015, 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, 2015

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## 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 \$963,194 (2014 - \$626,151) 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 2015	Actual 2015	Actual 2014
Salaries, wages and employee benefits	\$ 18,540,108	\$ 19,273,528	\$ 18,402,652
Interest on long-term debt	1,516,574	1,363,632	1,385,168
Materials and supplies	10,913,587	10,904,898	10,300,040
Contracted services and general services	12,493,175	12,640,194	12,494,130
Rents and financial services	1,100,270	1,062,757	1,063,057
External transfers	3,638,518	3,744,028	3,636,868
Amortization of tangible capital assets	9,157,181	9,118,101	8,976,108
	<u>\$ 57,359,413</u>	<u>\$ 58,107,138</u>	<u>\$ 56,258,023</u>

## 20. Commitments:

The County has contracts committing it to payments in future years. The following agreements existed at December 31, 2015:

- (a) At December 31, 2015, the County has outstanding capital project contractual commitments of approximately \$7,913,162.
- (b) An agreement with the County of Hastings for the provision of land ambulance services. Costs will be charged on the basis of services used. Budgeted costs for 2016 are \$2,458,760.

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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## 20. Commitments (continued):

- (c) An agreement with the Province of Ontario for policing services. Costs will be charged on the basis of services used. Budgeted costs for 2016 are \$4,665,300.
- (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 2015 year were \$94,308.
- (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 2015 year were \$290,471.
- (f) An agreement with Waste Management of Canada Corporation for the collection of household waste and organics to July 31, 2018. Budgeted costs for 2016 are \$875,500.
- (g) The County has an outstanding commitment to University Hospitals Kingston Foundation of \$100,000 payable \$50,000 annually in 2016 and 2017.
- (h) The County has commitments under various operating leases. The minimum lease payments under these leases are as follows:

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2016	\$	113,978
2017		107,326
2018		104,409
2019		7670
	\$	333,383

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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, 2015

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## 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, 2015 are as follows:

	2015	2014
Gross revenues received	\$ 1,008,531	\$ 470,509
Gross expenditures	368,347	249,976
Net revenues	\$ 640,184	\$ 220,533

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 22. Budget figures:

The budget data presented in these consolidated financial statements is based upon the 2015 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 2015 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:

	2015 Budget
Reported on consolidated statement of operations:	
Operating revenue	\$ 45,760,082
Add:	
Water and Wastewater Services	7,489,076
Library Board	1,240,883
Center & South Hastings Waste Services	923,190
Less:	
Reserve fund transfers and other budget adjustments	2,276,965
Total adjusted budget for revenue	53,136,266
Operating expenses	46,211,180
Add:	
Water and Wastewater Services	7,489,076
Library Board	1,149,883
Center & South Hastings Waste Services	987,094
Estimate for amortization	9,157,181
Less:	
Principal repayments of debt	2,285,547
Reserve fund transfers and other budget adjustments	5,349,454
Total adjusted budget for expenses	57,359,413
Net budgeted expenses per statement of operations	(4,223,147)
Capital budgeted tax revenue	25,000
Capital grant and other revenue	3,486,848
Capital transfer from reserves	4,179,143
Capital expenditures	7,690,991
Water and Wastewater Services, capital revenue	2,397,582
Water and Wastewater Services, capital expenses	2,397,582

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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## 23. Recast of comparative information:

During the year, management became aware that certain assets had been previously expensed in error and also identified assets that were duplicated in the consolidated financial statements. Management has corrected these immaterial errors on a retroactive basis by recasting the comparative balances. As at December 31, 2014, tangible capital assets increased by \$114,808 and accumulated surplus increased by \$114,808. For the year ended December 31, 2014, transportation expenses decreased by \$409,763, environmental expenses decreased by \$39,080, the annual deficit decreased by \$448,843 and the opening accumulated surplus decreased by \$334,035.

## 24. Comparative information:

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

## 25. 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, 2015

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## 25. 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 is provided in accordance with the financial reporting guidelines established by the Public Sector Accounting Board of Canada. 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

## Schedule of Segment Disclosure

Year ended December 31, 2015

	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	\$ 217,191	\$ 804,587	\$ 263,814	\$ 8,865,213	\$ 42,358	\$ 1,700,397	\$ –	\$ 981,500	\$ 390,248	\$ 13,265,308
Government grants	1,531,400	1,208,249	2,745,316	542,169	1,319,504	3,584,139	–	198,932	30,353	11,160,062
Investment income	138,851	–	–	3,828	–	–	–	3,683	–	146,362
Fines and penalties	598,719	1,046,570	29,477	50,707	–	–	–	–	–	1,725,473
Donations	–	15,004	–	–	–	2,134	–	226,063	–	243,201
Other revenue	–	–	–	–	–	–	–	70,780	–	70,780
	2,486,161	3,074,410	3,038,607	9,461,917	1,361,862	5,286,670	–	1,480,958	420,601	26,611,186
<b>Expenses:</b>										
Salaries, wages and employee benefits	3,744,725	2,358,579	2,759,975	2,575,289	–	4,581,280	–	2,505,448	748,232	19,273,528
Interest on long-term debt	–	8,281	338,098	839,094	74,727	1,478	–	91,594	10,360	1,363,632
Materials and supplies	690,721	1,011,361	2,179,407	3,155,756	68,009	1,392,749	–	1,314,464	1,092,431	10,904,898
Contracted services and general services	477,436	4,714,973	1,673,378	2,633,774	2,407,043	286,099	–	437,176	10,315	12,640,194
Rents and financial	306,594	55,457	353,767	86,045	6,752	2,105	–	175,477	76,560	1,062,757
External transfers	100,000	349,127	–	–	639,199	1,063,932	1,166,208	396,438	40,000	3,754,904
Interfunctional adjustments	(361,000)	(29,876)	–	240,000	150,000	–	–	(10,000)	–	(10,876)
Amortization	173,313	345,665	5,280,395	2,115,035	94,296	143,127	–	951,751	14,519	9,118,101
	5,131,789	8,813,567	12,585,020	11,644,993	3,440,026	7,470,770	1,166,208	5,862,348	1,992,417	58,107,138
Excess of expenses over revenue before property tax	\$ (2,645,628)	\$ (5,739,157)	\$ (9,546,413)	\$ (2,183,076)	\$ (2,078,164)	\$ (2,184,100)	\$ (1,166,208)	\$ (4,381,390)	\$ (1,571,816)	\$ (31,495,952)
Property taxation										32,389,394
Net loss on disposal of tangible capital assets										(131,979)
Annual surplus										\$ 761,463



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## **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 at December 31, 2015, 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, 2015, 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 26, 2016

Kingston, Canada

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

## Trust Funds Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
<b>Assets</b>		
Cash	\$ 745,636	\$ 430,264
Investments (note 3)	215,475	193,804
Loans to homeowners	2,083	2,083
	<u>\$ 963,194</u>	<u>\$ 626,151</u>
<b>Liabilities and Fund Balances</b>		
Fund balances	\$ 963,194	\$ 626,151

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, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Individuals' deposits	\$ 424,026	\$ 456,406
Interest earned	11,589	12,151
	<u>435,615</u>	<u>468,557</u>
Expenditures:		
Payments on behalf of individuals	100,993	428,221
Cemetery maintenance	2,462	2,960
Collection and management fees	2,091	1,871
Library books	4,000	4,000
	<u>109,546</u>	<u>437,052</u>
Change in fund balances	326,069	31,505
Fund balances, beginning of year	626,151	594,646
Inherited Salem Cemetery trust fund	10,974	–
Fund balances, end of year	<u>\$ 963,194</u>	<u>\$ 626,151</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, 2015

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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, 2015 are comprised of repayable loans of \$2,083 (2014 - \$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, 2015

### 3. Investments:

Investments consist of the following:

	2015		2014	
	Cost	Market value	Cost	Market value
Bloomfield Cemetery Perpetual Care - Mutual Fund	\$ 83,667	\$ 85,845	\$ 81,588	\$ 82,895
Rose Cemetery Perpetual Care - Mutual Fund	40,830	40,506	38,685	38,469
Sophiasburgh Cemetery Perpetual Care - Mutual Fund	59,028	58,447	53,386	54,226
Bowerman/McFaul Cemetery Perpetual Care - Mutual Fund	21,100	20,842	20,145	20,561
Salem Cemetery Perpetual Care - Mutual Fund	10,850	11,114	—	—
	<b>\$ 215,475</b>	<b>\$ 216,754</b>	<b>\$ 193,804</b>	<b>\$ 196,151</b>

### 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, 2015

	Cash	Investments	Loans to homeowners	Total assets	Fund balances
McFarland Home Residents	\$ 104,341	\$ —	\$ —	\$ 104,341	\$ 104,341
McFarland Home Bequests	1,610	—	—	1,610	1,610
McFarland Home Craft	3,743	—	—	3,743	3,743
Macaulay Heritage Park	98,706	—	—	98,706	98,706
Library large print books	22,466	—	—	22,466	22,466
Performance guarantee	470,359	—	—	470,359	470,359
Ameliasburgh Scholarship	22,400	—	—	22,400	22,400
Ameliasburgh Museum Endowment	4,902	—	—	4,902	4,902
Wellington Museum Lily Walt Endowment	3,009	—	—	3,009	3,009
Consecon Cemetery Perpetual Care	13,706	—	—	13,706	13,706
Bloomfield Cemetery Perpetual Care	7	73,378	—	73,385	73,385
Bloomfield Cemetery Perpetual and Stone Care	1	10,289	—	10,290	10,290
Rose Cemetery Perpetual Care	4	40,830	—	40,834	40,834
Sophiasburgh Cemetery Perpetual Care	6	59,028	—	59,034	59,034
Bowerman/McFaul Cemetery Perpetual Care	2	21,100	—	21,102	21,102
Salem Cemetery Care	1	10,850	—	10,851	10,851
Pioneer Cemeteries Perpetual Care	373	—	—	373	373
Home Renewal Program	—	—	2,083	2,083	2,083
	\$ 745,636	\$ 215,475	\$ 2,083	\$ 963,194	\$ 963,194

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

## Trust Funds

### Schedule of Continuity of Trust Funds

Year ended December 31, 2015

Receipts	Balance, beginning of year	Individuals' deposits	Interest earned	Total Receipts
4				
McFarland Home Residents	\$ 102,082	\$ 66,163	\$ 838	\$ 67,001
McFarland Home Bequests	1,594	–	17	17
McFarland Home Craft	3,705	–	37	37
Macaulay Heritage Park	97,684	–	1,022	1,022
Library large print books	26,193	–	273	273
Performance guarantees	155,056	348,876	2,678	351,554
Ameliasburgh Scholarship	22,168	–	232	232
Ameliasburgh Museum Endowment	4,851	–	51	51
Wellington Museum Lily Walt Endowment	2,978	–	31	31
Consecon Cemetery Perpetual Care	13,564	–	142	142
Bloomfield Cemetery Perpetual	71,773	960	2,266	3,226
Bloomfield Cemetery Stone Care	9,822	300	450	750
Rose Cemetery Perpetual Care	38,690	1,800	1,204	3,004
Sophiasburgh Cemetery Perpetual Care	53,392	5,157	1,693	6,850
Bowerman/McFaul Cemetery Perpetual Care	20,147	770	633	1,403
Salem Cemetery Care	–	–	18	18
Pioneer Cemeteries Perpetual Care	369	–	4	4
Home Renewal Program	2,083	–	–	–
	\$ 626,151	\$ 424,026	\$ 11,589	\$ 435,615

# THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Trust Funds

Schedule of Continuity of Trust Funds (continued)

Year ended December 31, 2015

Expenditures	Payments on behalf of individuals	Cemetery maintenance	Collection and management fees	Library book	Total expenditures	Inherited	Balance, end of year
McFarland Home Residents	\$ 64,743	\$ -	\$ -	\$ -	\$ 64,743	\$ -	\$ 104,340
McFarland Home Bequests	-	-	-	-	-	-	1,611
McFarland Home Craft	-	-	-	-	-	-	3,742
Macaulay Heritage Park	-	-	-	-	-	-	98,706
Library large print books	-	-	-	4,000	4,000	-	22,466
Performance guarantees	36,250	-	-	-	36,250	-	470,360
Ameliasburgh Scholarship	-	-	-	-	-	-	22,400
Ameliasburgh Museum Endowment	-	-	-	-	-	-	4,902
Wellington Museum Lily Walt Endowment	-	-	-	-	-	-	3,009
Consecon Cemetery Perpetual Care	-	-	-	-	-	-	13,706
Bloomfield Cemetery Perpetual Care	-	1,006	607	-	1,613	-	73,386
Bloomfield – Cemetery Stone Care	-	-	283	-	283	-	10,289
Rose Cemetery Perpetual Care	-	537	323	-	860	-	40,834
Sophiasburgh Cemetery Perpetual Care	-	753	454	-	1,207	-	59,035
Bowerman/McFaul Cemetery Perpetual Care	-	166	283	-	449	-	21,101
Salem Cemetery Care	-	-	141	-	141	10,974	10,851
Pioneer Cemeteries Perpetual Care	-	-	-	-	-	-	373
Home Renewal Program	-	-	-	-	-	-	2,083
	\$ 100,993	\$ 2,462	\$ 2,091	\$ 4,000	\$ 109,546	\$ 10,974	\$ 963,194