

THE CORPORATION OF LOYALIST TOWNSHIP

**CONSOLIDATED FINANCIAL STATEMENTS
WITH AUDITOR'S REPORT**

DECEMBER 31, 2018



THE CORPORATION OF LOYALIST TOWNSHIP

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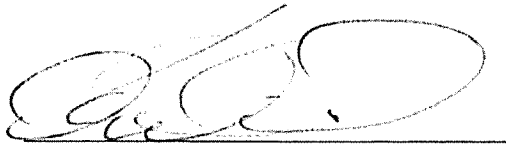
Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

Council 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 members of Council are also responsible for recommending the appointment of external auditors.

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



Chief Administrative Officer



Treasurer

INDEPENDENT AUDITOR'S REPORT

To: The Members of Council, Inhabitants and Ratepayers of:
The Corporation of Loyalist Township

Opinion

We have audited the accompanying consolidated financial statements of The Corporation of Loyalist Township which comprise the consolidated statement of financial position as at December 31, 2018 and the consolidated statements of operations and accumulated surplus, change in net financial liability and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of Loyalist Township as at December 31, 2018 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Matter

The consolidated financial statements of the The Corporation of Loyalist Township for the year ended December 31, 2017 were audited by Collins Blay LLP of Kingston, Ontario, Canada prior to its merger with MNP LLP. Collins Blay LLP expressed an unmodified opinion on those consolidated statements on June 11, 2018.

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

Management is responsible for the preparation and fair presentation of the 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. In preparing the consolidated financial statements, management is responsible for assessing The Corporation of Loyalist Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate The Corporation of Loyalist Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the The Corporation of Loyalist Township's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Kingston, Ontario
May 27, 2019

MNP LLP

**Chartered Professional Accountants
Licensed Public Accountants**

THE CORPORATION OF LOYALIST TOWNSHIP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash - Note 5	\$ 16,695,044	\$ 15,031,711
Taxes receivable	2,221,104	1,909,428
Accounts receivable	3,216,622	3,832,210
Utilities receivable	1,213,689	1,035,352
Land held for resale	1,713,856	1,737,877
Other assets	37,007	37,007
	25,097,322	23,583,585
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	6,803,750	6,440,400
Deferred revenue - Note 10	249,177	195,585
Deferred revenue - obligatory reserve funds - Note 10	2,613,896	2,713,694
Employee benefits payable and other liabilities - Note 8	1,889,411	1,837,652
Landfill closure and post-closure liability - Note 11	1,230,307	1,227,776
Contaminated sites liability	200,000	200,000
Long-term debt - Note 12	13,985,418	15,232,336
	26,971,959	27,847,443
NET FINANCIAL LIABILITIES	(1,874,637)	(4,263,858)
NON-FINANCIAL ASSETS		
Tangible capital assets - Note 16	135,235,095	130,003,275
Inventory	103,298	83,716
Prepaid expenses	295,806	277,835
	135,634,199	130,364,826
ACCUMULATED SURPLUS - Note 13	\$ 133,759,562	\$ 126,100,968
COMMITMENTS - Note 9		
CONTINGENT LIABILITIES - Note 18		

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

THE CORPORATION OF LOYALIST TOWNSHIP
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note 17 Budget (unaudited) 2018	Actual 2018	Actual 2017
REVENUE			
Municipal taxation	\$ 14,233,000	\$ 14,455,006	\$ 13,150,477
Taxation from other governments	1,373,900	1,320,653	1,308,252
User charges	12,671,300	12,949,820	13,286,374
Government transfers			
Government of Canada	11,500	10,410	11,985
Province of Ontario	2,913,800	2,871,463	2,794,848
Investment income	34,400	338,794	173,731
Deferred revenue earned	204,200	154,600	205,653
Interest and penalties on taxes	275,000	261,103	249,163
Donations	36,100	37,611	48,359
Other	88,500	1,039,156	281,527
	<u>31,841,700</u>	<u>33,438,616</u>	<u>31,510,369</u>
EXPENDITURES - Note 14			
General government	1,836,500	1,930,619	1,797,364
Protection to persons and property	5,045,200	5,111,073	4,923,532
Transportation services	8,730,700	9,344,981	9,518,252
Environmental services	8,406,600	7,878,396	7,820,452
Recreation and cultural services	3,695,800	3,804,950	3,879,023
Planning and development	1,126,500	1,243,494	1,016,183
Health services	92,900	41,458	28,546
	<u>28,934,200</u>	<u>29,354,971</u>	<u>28,983,352</u>
NET REVENUES	<u>2,907,500</u>	<u>4,083,645</u>	<u>2,527,017</u>
OTHER INCOME AND EXPENSES RELATED TO CAPITAL			
Contributed tangible capital assets	-	1,089,812	1,108,900
Government transfers			
Government of Canada	479,000	410,089	623,758
Province of Ontario	679,100	257,083	1,921,999
User charges	236,300	148,893	111,048
Deferred revenue earned	823,700	1,766,953	278,051
Donations and miscellaneous	1,364,800	10,783	28,627
Loss on disposal of tangible capital assets	-	(108,664)	(313,028)
	<u>3,582,900</u>	<u>3,574,949</u>	<u>3,759,355</u>
ANNUAL SURPLUS	<u>\$ 6,490,400</u>	<u>\$ 7,658,594</u>	<u>\$ 6,286,372</u>
ACCUMULATED SURPLUS - beginning of year	126,100,968	126,100,968	119,814,596
ACCUMULATED SURPLUS - end of year	<u>\$ 132,591,368</u>	<u>\$ 133,759,562</u>	<u>\$ 126,100,968</u>

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



THE CORPORATION OF LOYALIST TOWNSHIP
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note 17 Budget (unaudited) 2018	Actual 2018	Actual 2017
	<u>2018</u>	<u>2018</u>	<u>2017</u>
ANNUAL SURPLUS	\$ 6,490,400	\$ 7,658,594	\$ 6,286,372
Amortization of tangible capital assets	4,210,400	4,210,361	4,587,404
Net acquisitions of tangible capital assets	(9,688,500)	(8,492,130)	(5,514,752)
Contributed tangible capital assets	-	(1,089,812)	(1,108,900)
Loss on disposal of tangible capital assets	-	108,664	313,028
Proceeds on disposal of tangible capital assets	-	31,097	-
Change in inventories and prepaid	-	(37,553)	54,531
DECREASE IN NET FINANCIAL LIABILITY	<u>1,012,300</u>	<u>2,389,221</u>	<u>4,617,683</u>
Net financial liability - beginning of year	<u>(4,263,858)</u>	<u>(4,263,858)</u>	<u>(8,881,541)</u>
NET FINANCIAL LIABILITY - end of year	<u>\$ (3,251,558)</u>	<u>\$ (1,874,637)</u>	<u>\$ (4,263,858)</u>

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

THE CORPORATION OF LOYALIST TOWNSHIP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
OPERATING TRANSACTIONS		
Annual surplus	\$ 7,658,594	\$ 6,286,372
Item not requiring cash:		
Loss on disposal of tangible capital assets	108,664	313,028
Amortization of tangible capital assets	4,210,361	4,587,404
Contributed tangible capital assets	(1,089,812)	(1,108,900)
Change in employee benefits payable and other liabilities	51,759	63,678
Change in landfill closure and post-closure liability	2,531	7,413
	<u>10,942,097</u>	<u>10,148,995</u>
Changes in non-financial assets		
Inventory	(19,582)	55,134
Prepaid expenses	(17,971)	(603)
	<u>(37,553)</u>	<u>54,531</u>
Changes in non-cash assets and liabilities		
Taxes receivable	(311,676)	(16,466)
Accounts receivable	615,588	(458,624)
Utilities receivable	(178,337)	(71,196)
Land held for resale	24,021	(264,938)
Accounts payable and accrued liabilities	363,350	1,152,693
Deferred revenue	53,592	133,588
Deferred revenue - obligatory reserve funds	(99,798)	177,629
	<u>466,740</u>	<u>652,686</u>
Net change in cash from operating transactions	<u>11,371,284</u>	<u>10,856,212</u>
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	(7,856,435)	(4,764,045)
Proceeds on disposal of tangible capital assets	31,097	-
Cash used to acquire assets under construction	(635,695)	(752,676)
Net change in cash from capital transactions	<u>(8,461,033)</u>	<u>(5,516,721)</u>
FINANCING TRANSACTIONS		
Repayment of construction loan	-	(1,836,001)
Proceeds from long-term debt	-	2,936,165
Repayment of long-term debt	(1,246,918)	(1,107,269)
Net change in cash from financing transactions	<u>(1,246,918)</u>	<u>(7,105)</u>
NET INCREASE IN CASH	1,663,333	5,332,386
CASH - beginning of the year	<u>15,031,711</u>	<u>9,699,325</u>
CASH - end of the year	<u>\$ 16,695,044</u>	<u>\$ 15,031,711</u>

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

THE CORPORATION OF LOYALIST TOWNSHIP

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of The Corporation of Loyalist Township (the "Township") are the representation of management prepared in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies adopted by the Township are as follows:

a) Basis of consolidation:

i) Consolidated entities:

These consolidated statements reflect the assets, liabilities, revenue and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards which are owned or controlled by the Township.

ii) Accounting for County and school board transactions:

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the School Boards and the County of Lennox and Addington are not reflected in the municipal fund balances of these consolidated financial statements.

iii) Trust Funds:

Trust funds and their related operations administered by the Township are not consolidated but are reported separately on the "Trust Funds Statement of Continuity and Statement of Financial Position".

b) Basis of accounting:

The Township follows the accrual method of accounting for revenue and expenses. Revenue is normally recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

c) Employee benefit obligations:

The Township accrues its obligations for employee benefit plans. The cost of post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on services and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

Actuarial gains (losses), which can arise from changes in actuarial assumptions used to determine the accrued benefit obligation, are amortized over the average remaining service period of active employees.

Contributions to the multi-employer defined benefit plan are expensed when due.

d) Contaminated sites liability:

A liability for remediation of a contaminated sites is recognized at the best estimate of the amount required to remediate the contaminated sites when contamination exceeding an environmental standard exists, the Township is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2018.

At each financial reporting date, the Township reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Township continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

THE CORPORATION OF LOYALIST TOWNSHIP

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Landfill closure and post-closure liabilities:

The Township accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, ongoing environmental monitoring and site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a fifty-three year period using the best information available to management.

Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

f) Deferred revenue - obligatory reserve funds:

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

g) 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 the valuation of accounts receivable, fair value of contributed assets, employee benefit obligations, useful lives of tangible capital assets, contaminated sites liability, and landfill closure and post-closure 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.

h) Government transfers:

Government transfers are the transfer of monetary assets or tangible capital assets from other levels of government that are not the result of an exchange transaction and for which there is no expectation of repayment or direct financial return to the transferor in the future.

The Township receives government transfers from the federal and provincial governments to fund operating and capital expenditures. These transfers to the Township are recognized as revenues when the transfers are authorized and all of the eligibility criteria, if any, have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient. Prior to that time, any amounts received, along with restricted interest thereon are recorded as deferred revenue.

Authorized transfers from the Township to other organizations or individuals are recorded as an expense when the transfer has been authorized and the eligibility criteria, if any, have been met by the recipient. The transfers made by the Township are in the form of a grant to the recipient.

THE CORPORATION OF LOYALIST TOWNSHIP
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Property taxation:

Annually, the Township bills and collects property tax revenues for lower and upper tier municipal purposes and for education purposes. Tax revenues are based on market value assessments as determined by the Municipal Property Assessment Corporation (MPAC) and annually established tax rates. Lower tier municipal tax rates are set each year by Township Council to raise the tax revenue required to meet the Township's budget requirements. Upper tier municipal tax rates are established by the County of Lennox and Addington and tax rates for school purposes are established by the Province of Ontario. Upper tier and education taxes collected are remitted to the County and the Province and are excluded from revenues and expenses in the Consolidated Statement of Operations and Accumulated Surplus (see note 13).

A provision for uncollectible taxes has been recorded for potential losses on assessment appeals or other possible uncollectible taxes receivable outstanding at December 31, 2018 in the amount of \$325,323 (2017 - \$814,410). This provision reduces overall taxes receivable and reduces the Township's revenue from property taxation. The impact of the reduction on the County and Education share of taxes is set up as amounts recoverable from those entities.

j) Land held for resale:

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

k) 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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Consolidated Change in Net Financial Liability for the year.

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, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful life as follows:

Land improvements	15 to 30 years
Buildings and building improvements	10 to 80 years
Bridges and other structures	20 to 60 years
Fleet	5 to 20 years
Office equipment, furniture and fixtures	5 to 10 years
Information technology hardware and software	3 to 10 years
Machinery and equipment	5 to 25 years
Water infrastructure	5 to 80 years
Sanitary infrastructure	5 to 80 years
Storm water infrastructure	30 to 80 years
Roads infrastructure	8 to 60 years

THE CORPORATION OF LOYALIST TOWNSHIP

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Non-financial assets (continued):

i) Tangible capital assets (continued)

Amortization is charged from the date the asset is put into use until such time it is disposed of or the end of its estimated useful life. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Township has a capitalization threshold so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

ii) Contribution 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.

iii) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

iv) Interest capitalization

Borrowing costs incurred for the acquisition or construction of an asset may be capitalized as part of the cost of that asset. Capitalization of interest costs will cease when the asset is ready for its intended use.

iv) Inventories of supplies

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

2. STATEMENT OF REMEASUREMENT GAINS AND LOSSES

A statement of remeasurement gains and losses has not been included in these financial statements as it would not provide additional meaningful information.

3. OPERATION OF SCHOOL BOARD AND THE COUNTY OF LENNOX AND ADDINGTON

During the year, requisitions were made by the School Boards and the County of Lennox and Addington requesting the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	<u>School Boards</u>	<u>County</u>
Taxation	\$ 4,374,434	\$ 10,295,889
Requisitions	<u>(4,374,434)</u>	<u>(10,295,889)</u>
	-	-

THE CORPORATION OF LOYALIST TOWNSHIP

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

4. TRUST FUNDS

Trust funds administered by the Township, amounting to \$77,220 (2017 - \$76,100), have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations and Accumulated Surplus".

5. CASH

Cash consists of the following:	<u>2018</u>	<u>2017</u>
Unappropriated cash	\$ 4,453,317	\$ 4,748,916
Development charges by-law	1,461,765	2,064,022
Asset Replacement Reserve Funds	1,104,237	618,125
Special Area Reserve Funds	5,852,727	4,830,682
Contingency Reserve Funds	223,178	161,038
Restricted Reserve Funds	2,248,736	1,771,131
Other Special Area Reserve Funds	198,955	188,125
Other Obligatory Reserve Funds	<u>1,152,129</u>	<u>649,672</u>
	<u>\$ 16,695,044</u>	<u>\$ 15,031,711</u>

6. BANK INDEBTEDNESS

The Township's financial agreement with its bank provides for an operating credit facility of up to \$5,000,000 to finance expenses, pending receipt of property taxes and other income. Interest on funds is charged at the bank's prime rate.

7. PENSION AGREEMENTS

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 130 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 amount contributed to OMERS for current service in 2018 was \$753,700 (2017 - \$710,600). The Township also made contributions to Registered Retirement Savings Plans on behalf of two (2017 - two) members of its staff. The amount contributed to these plans for the year was \$6,380 (2017 - \$4,370).

8. EMPLOYEE BENEFITS PAYABLE AND OTHER LIABILITIES

Employee benefit obligations of the Township as at are as follows:

	<u>2018</u>	<u>2017</u>
Non-pension retirement benefits	\$ 368,600	\$ 355,891
Workplace Safety and Insurance Board obligations	<u>1,520,811</u>	<u>1,481,761</u>
	<u>1,889,411</u>	<u>1,837,652</u>
Amounts previously funded from operations	-	-
Amounts to be recovered from reserve funds	<u>(223,178)</u>	<u>(161,038)</u>
Amounts to be recovered from future revenue	<u>\$ 1,666,233</u>	<u>\$ 1,676,614</u>

THE CORPORATION OF LOYALIST TOWNSHIP
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

8. EMPLOYEE BENEFITS PAYABLE AND OTHER LIABILITIES (continued)

a) *Employee non-pension retirement benefits (Extended health care and dental benefits for early retirees):*

The Township provides extended health care, dental and other benefits to its employees. Extended health care and dental benefits continue to be available to early retirees up to the age of 65, with the retiree generally being responsible for paying 50% of the benefit premiums.

An independent actuarial study of the employee non-pension retirement benefits has been undertaken. The most recent valuation of the employee future benefits was completed at December 31, 2016.

The accrued benefit obligation relating to employee non-pension retirement benefits has been actuarially determined using the projected benefit method pro-rated on services. At December 31, 2018 based on an actuarial update, the accrued benefit obligation was \$526,744 (2017 - \$537,654).

Actuarial gains and losses are amortized over the expected average remaining service life of the employees, which is estimated to be 11 years.

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

Discount rate	4.00% per annum
Inflation rate	1.75% per annum
Salary escalation	2.75% per annum
Dental benefits escalation	3.75% per annum
Health benefits escalation	4.42% per annum*

*reducing 0.3333% per annum to reach 3.75% in 2020

Information with respect to the Township's non-pension retirement obligations is as follows:

	<u>2018</u>	<u>2017</u>
Accrued benefit liability, beginning of the year	\$ 355,891	\$ 343,880
Expense recognized for the year	14,074	13,268
Interest cost	20,871	21,312
Benefits paid for the year	(45,855)	(46,188)
Amortization of loss	<u>23,619</u>	<u>23,619</u>
Accrued benefit liability, end of year	<u>\$ 368,600</u>	<u>\$ 355,891</u>

The accrued benefit liability at includes the following components:

	<u>2018</u>	<u>2017</u>
Accrued benefit obligation	\$ 526,744	\$ 537,654
Unamortized actuarial loss	<u>(158,144)</u>	<u>(181,763)</u>
Accrued benefit liability, end of year	<u>\$ 368,600</u>	<u>\$ 355,891</u>

THE CORPORATION OF LOYALIST TOWNSHIP

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

8. EMPLOYEE BENEFITS PAYABLE AND OTHER LIABILITIES (continued)

b) Workplace Safety and Insurance Board Act:

In common with other Schedule 2 employers, the Township funds its obligations to the Workplace Safety and Insurance Board on a "pay-as-you-go" basis for employees under Schedule 2. The most recent valuation of this obligation was completed at December 31, 2016.

At December 31, based on an actuarial update, the Township's accrued benefit obligation relating to future payments on Workplace Safety and Insurance Board claims is \$1,542,932 (2017 - \$1,505,545).

Actuarial gains and losses are amortized over the expected average remaining service life of the employees, which is estimated to be 9 years.

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

Discount rate	4.0% per annum
Loss of earnings	1.5% per annum
Administration costs	38% of benefit costs

Information with respect to the Township's Workplace Safety and Insurance Board future payments, as determined by actuarial valuation, is as follows:

	<u>2018</u>	<u>2017</u>
Accrued benefit liability, beginning of the year	\$ 1,481,761	\$ 1,430,094
Expense recognized for the year	106,036	102,938
Interest cost	59,774	58,104
Benefits paid for the year	(128,423)	(113,255)
Amortization of loss	<u>1,663</u>	<u>3,880</u>
Accrued benefit liability, end of year	<u>\$ 1,520,811</u>	<u>\$ 1,481,761</u>

The accrued benefit liability at includes the following components:

	<u>2018</u>	<u>2017</u>
Accrued benefit obligation	\$ 1,542,932	\$ 1,505,545
Unamortized actuarial loss	<u>(22,121)</u>	<u>(23,784)</u>
Accrued benefit liability, end of year	<u>\$ 1,520,811</u>	<u>\$ 1,481,761</u>

9. COMMITMENTS

- (a) In April 2013, the Township awarded a seven-year contract to BFI Canada Inc. (now operating as Progressive Waste Solutions Ltd.) for garbage collection services, effective July 1, 2013. Costs are expected to be approximately \$300,000 in 2019 (\$312,200 in 2018) and are financed out of operating revenue.

THE CORPORATION OF LOYALIST TOWNSHIP

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

9. COMMITMENTS (continued)

- (b) In April 2013, the Township awarded a seven-year contract to BFI Canada Inc. (now operating as Progressive Waste Solutions Ltd.) for recycling collection services, effective July 1, 2013. Costs are expected to be approximately \$475,000 in 2019 (\$450,000 in 2018) and are financed out of operating revenue.
- (c) In September 2013, the Township entered into a new five-year contract with the City of Kingston for Transit services. In 2016, changes were made to the contract with an implementation date of May 2, 2016. The weekly service hours were reduced to 115 hours per week at \$88.08 per hour (2017 rate). The capital payment was reduced to \$44,390 per year (2017 rate) to reflect the use of a single bus. The gross operating budget for the Amherstview Service Area will be \$702,900 in 2019 (\$681,000 in 2018) with an hourly rate of \$93.33 (\$91.19 in 2018) and capital cost of \$47,037 (\$45,957 in 2018) beginning on January 1, 2019.
- (d) Police services are provided by the Ontario Provincial Police on a non-contract basis. The contract with Loyalist Township expired on December 31, 2014. In 2015, Council opted to migrate from a section 10 municipality requiring a contract, to a section 5 municipality which does not require a contract. The new billing model for police services includes two components. Base policing costs are invoiced for items such as crime prevention, proactive policing, officer training and administrative duties and will make up approximately 56% of the invoice. The second component is for reactive calls for service making up the remaining 44%. The Township has budgeted \$2,375,200 in 2019 (\$2,310,600 in 2018).
- (e) During the year, the Township entered into agreements with two third parties for road reconstruction to occur on Princeton Place with payment certificates in 2019 approximating \$726,400 and \$85,500 respectively.
- (f) During the year, the Township entered into an agreement with a third party for upgrades to occur at Centennial Park with payment certificates in 2019 approximating \$215,700.

10. DEFERRED REVENUE

A requirement of Canadian public sector accounting standards is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as federal, provincial and municipal legislation restricts how these funds may be used. To the extent that receipts of gasoline tax funds are applied in the year, the receipt has been reported as a Provincial or Federal grant, as applicable. Receipts in the year over and above utilization are added to deferred revenue. The balances in the obligatory reserve funds of the Township are summarized below. The balance of deferred revenue consists of the following:

	Balance Beginning of the year	Additions	Transferred to Income	Balance End of the year
Externally restricted				
Development charges	\$ 2,064,022	\$ 562,794	\$ 1,165,049	\$ 1,461,767
Federal gas tax	543,903	561,221	692,102	413,022
Provincial gas tax	74,098	175,107	94,666	154,539
Building rate stabilization	112	3	-	115
Parkland	31,559	20,400	-	51,959
Ontario Community Infrastructure Fund	-	479,835	-	479,835
Association of Municipalities Ontario	-	52,659	-	52,659
	2,713,694	1,852,019	1,951,817	2,613,896
Other deferred revenue	195,585	254,056	200,464	249,177
	\$ 2,909,279	\$ 2,106,075	\$ 2,152,281	\$ 2,863,073

THE CORPORATION OF LOYALIST TOWNSHIP

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

11. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, ongoing environmental monitoring and site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a fifty-three year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure care activities using an estimated inflation rate of 2% and discounted at the Township's average long-term borrowing rate of 4.5% (2017 - 4.5%). The estimated total landfill closure and post-closure care expenses are calculated to be \$1,620,846 (2017 - \$1,651,130). The estimated liability for these expenses is recognized as the landfill site's capacity is used. Included in the Statement of Financial Position at December 31, 2018 is an amount of \$1,230,307 (2017 - \$1,227,776) with respect to landfill closure and post-closure liabilities recognized to date.

The estimated remaining capacity of the Violet Road landfill site is 21% (191,800 cubic meters) of its total estimated capacity and its estimated remaining life is 23 years, after which the period for post-closure care is estimated to be 25 years.

The estimated remaining capacity of the Amherst Island Phase 1 landfill site is 34% (8,200 cubic meters) of its total estimated capacity and its estimated remaining life is 27 years, after which the period for post-closure care is estimated to be 25 years.

The estimated remaining capacity of the Amherst Island Phase 2 landfill site is 43% (4,800 cubic meters) of its total estimated capacity and its estimated remaining life is 42 years, after which the period for post-closure care is estimated to be 25 years.

The landfill closure and post-closure liability at is to be recovered as follows:

	<u>2018</u>	<u>2017</u>
Landfill closure and post-closure liability	\$ 1,230,307	\$ 1,227,776
Amounts previously funded from operations	(440,200)	(421,000)
Amounts to be recovered from reserve funds	<u>(316,430)</u>	<u>(310,682)</u>
Amounts to be recovered from future revenue	<u>\$ 473,677</u>	<u>\$ 496,094</u>

THE CORPORATION OF LOYALIST TOWNSHIP

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

12. LONG-TERM DEBT

Long-term debt consists of the following:

	2018	2017
4.15% Canada Mortgage and Housing Corporation \$924,600 debenture, annual payments of \$84,034 for principal and interest, due May, 2025	\$ 501,593	\$ 562,293
4.06% Infrastructure Ontario \$1,164,300 debenture, semi-annual payments of \$38,810 for principal and interest, due August, 2025	543,340	620,960
4.35% Infrastructure Ontario \$1,737,400 debenture, semi-annual payments of \$43,435 for principal and interest, due August, 2030	1,042,440	1,129,310
2.95% Infrastructure Ontario \$417,819 debenture, semi-annual payments of \$17,336 for principal and interest, due December, 2031	372,128	395,308
3.24% Infrastructure Ontario \$1,225,555 debenture, semi-annual payments of \$41,870 for principal and interest, due December, 2036	1,135,329	1,181,167
3.42% Infrastructure Ontario \$1,574,299 debenture, semi-annual payments of \$41,094 for principal and interest due December, 2041	1,491,511	1,533,606
3.28% Infrastructure Ontario \$1,441,335 debenture, semi-annual payments of \$49,420 for principal and interest, due September, 2037	1,389,349	1,441,335
3.42% Infrastructure Ontario \$1,494,830 debenture, semi-annual payments of \$44,717 for principal and interest, due September, 2042	1,456,192	1,494,830
2.5% Toronto Dominion \$1,399,047 bank loan, monthly payments of \$10,513 for principal and interest, due March, 2028	1,041,014	1,139,795
1.94% Toronto Dominion \$2,264,462 bank loan, monthly payments of \$16,434 for principal and interest, due March, 2028	1,669,014	1,831,904
2.81% Toronto Dominion \$1,750,000 bank loan, monthly payments of \$11,926 for principal and interest, due January, 2030	1,361,797	1,464,863
2.6% Toronto Dominion \$757,754 bank loan, monthly payments of \$13,482 for principal and interest, due October, 2022	589,649	734,059

THE CORPORATION OF LOYALIST TOWNSHIP
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

12. LONG-TERM DEBT (continued)

	2018	2017
3.14% Royal Bank of Canada \$593,240 bank loan, monthly payments of \$6,592 for principal plus interest, due May, 2021	197,720	276,824
2.35% Royal Bank of Canada \$2,063,366 bank loan, monthly payments of \$19,312 for principal and interest, due March, 2025	1,194,342	1,426,082
	\$ 13,985,418	\$ 15,232,336

Principal and interest repayments due within the next five years are as follows:

	Principal	Interest
2019	\$ 1,260,700	\$ 427,000
2020	1,286,500	389,600
2021	1,269,700	352,000
2022	1,236,000	315,300
2023	1,115,400	279,400
Thereafter	7,817,118	1,697,200

Interest paid during the year amounted to \$447,041 (2017 - \$446,089).

THE CORPORATION OF LOYALIST TOWNSHIP
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

13. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<u>2018</u>	<u>2017</u>
<u>Operating surplus (deficit)</u>		
General purpose (applicable to all ratepayers and properties)	\$ 1,923,275	\$ 2,055,822
Building services	(232,163)	(69,070)
Sewer areas	902,972	543,950
Water areas	1,243,585	878,201
Amherstview Transit Area	<u>(10,962)</u>	<u>(10,962)</u>
	<u>3,826,707</u>	<u>3,397,941</u>
<u>Other surplus (deficit):</u>		
Land held for resale	1,713,856	1,737,877
Landfill closure costs	(790,107)	(807,376)
Contaminated site liability	(200,000)	(200,000)
Employee benefit obligations	<u>(1,889,411)</u>	<u>(1,837,652)</u>
	<u>(1,165,662)</u>	<u>(1,107,151)</u>
<u>Investment in tangible capital assets:</u>		
Equity in tangible capital assets	135,235,095	130,003,275
Capital costs financed by long-term debt	(13,985,418)	(15,232,336)
Capital costs financed internally	(684,200)	(885,800)
Capital costs not yet funded	(1,715,458)	(1,403,979)
Unexpended capital financing	<u>1,614,073</u>	<u>2,669,374</u>
	<u>120,464,092</u>	<u>115,150,534</u>
<u>Reserves set aside for specific purposes by Council:</u>		
Future expenses	66,811	57,918
Municipal election	4,967	55,200
Working capital	<u>648,105</u>	<u>977,425</u>
	<u>719,883</u>	<u>1,090,543</u>

THE CORPORATION OF LOYALIST TOWNSHIP
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

13. ACCUMULATED SURPLUS (continued)

	2018	2017
<u>Reserve funds set aside for specific purposes by Council:</u>		
General rate		
Violet Road landfill	316,430	310,682
Fire training centre	48,179	50,830
Municipal capital	738,878	311,592
Quarry rehabilitation	28,058	27,563
Ice resurfacers	45,527	38,019
Scholarships	19,836	18,412
Industrial development	409,518	269,687
Prepaid local charges	420,214	120,969
Workplace Safety Insurance Board claims	223,178	161,038
Renewable Energy Community Fund	765,450	418,210
	<u>3,015,268</u>	<u>1,727,002</u>
Special rate		
Ferry berthage	603,997	633,171
Ferry operations	198,955	188,125
Sewer areas	3,499,929	2,974,413
Water areas	2,352,798	1,856,270
Utility equipment replacement	243,595	190,120
	<u>6,899,274</u>	<u>5,842,099</u>
Total reserves and reserve funds	<u>10,634,425</u>	<u>8,659,644</u>
Total accumulated surplus	<u>\$ 133,759,562</u>	<u>\$ 126,100,968</u>

THE CORPORATION OF LOYALIST TOWNSHIP

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

14. SEGMENTED INFORMATION

The Township is a municipal government institution that provides a range of services to its citizens, including police, fire, transportation, recreational, environmental and water and sewage. For management reporting purposes, the Township's operations and activities are organized and reported by department. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) General Government:

Includes corporate services and governance of the Township. General Government as a segment includes Council and statutory services, support to Council for policy development, by-law development in compliance with the Municipal Act, overall corporate administration such as human resource management, tax billing and collection responsibilities, financial administration, budget monitoring and reporting, as well as frontline reception and customer service.

(b) Protections Services:

Includes policing, fire protection, conservation authority, protective inspection and control and emergency measures. The mandate of the police services contract is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. Fire protection includes inspection, extinguishing and suppression services; emergency medical first response; and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and dog control services.

(c) Transportation Services:

Includes winter and summer maintenance, repair and construction of the municipal roads system including bridges and culverts, sidewalks, and streetlights. The Township provides operational services on County Roads within the Township and recovers the majority of allocated operating costs in accordance with a formula used on a County wide basis.

(d) Environmental Services:

Includes solid waste management including administration of waste collection and recycling contracts, operation of two landfill sites within the Township, stormwater management, and the eventual start-up for the operation of the Amherstview Septage facility.

(e) Recreation and Culture:

Provides services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure programs and facilities including community halls, libraries, parks, recreation fields, the pool and the arena.

(f) Planning and Development:

Manages development for business interests, environmental concerns, heritage matters, local neighbourhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, and the application and enforcement of the zoning by-law and official plan.

THE CORPORATION OF LOYALIST TOWNSHIP

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

14. SEGMENTED INFORMATION (continued)

(g) Water Systems - Fairfield and Bath:

Includes the management and maintenance of water treatment and distribution services for customers in Amherstview, Odessa, Harewood and Brooklands, Parrott's Bay, Bath and Correctional Services Canada. This self-sustaining segment is supported only by water rates billed to users in each of the serviced areas.

(h) Sewage Systems - Loyalist East and Bath:

Includes the management and maintenance of wastewater plant and sanitary sewer services for customers in Amherstview, Odessa, Bath and Correctional Services Canada. This self-sustaining segment is supported only by sewer rates billed to users in the serviced areas.

(i) Amherst Island Ferry Service:

Includes the management and operation of the Ferry Service between Millhaven dock on the mainland and Stella dock on Amherst Island. This operation is administered in accordance with the terms of an agreement with the Ministry of Transportation which owns the ferry. The Ministry provides a subsidy of nearly 90% of operating costs with the balance of operating revenue coming from fares.

(j) Amherstview Transit Service:

Includes the delivery of Transit Service within Amherstview under a contractual arrangement with the City of Kingston. A portion of the costs of operating the Transit Service is recovered by a special area rate tax levy applicable to taxpayers falling within the Amherstview Transit Service geographic boundaries with the balance of operating revenue coming from fares and provincial grants.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Segment revenue and expenses are reported in the department to which they are recorded in the Township accounts.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

15. SUPPLEMENTARY INFORMATION

	<u>2018</u>	<u>2017</u>
Expense by object:		
Salaries, wages and employee benefits	\$ 12,547,484	\$ 11,489,880
Materials, services, rents and financial expenses	12,338,550	12,622,950
Transfers to others	258,576	283,118
Amortization	<u>4,210,361</u>	<u>4,587,404</u>
	<u>\$ 29,354,971</u>	<u>\$ 28,983,352</u>

THE CORPORATION OF LOYALIST TOWNSHIP

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

16. TANGIBLE CAPITAL ASSETS

(a) Assets under construction:

Assets under construction having a value of \$2,608,246 (2017 - \$2,836,502) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$1,089,812 (2017 - \$1,108,900) comprised of roads infrastructure in the amount of \$621,200 (2017 - \$801,266) and water and wastewater infrastructure in the amount of \$468,612 (2017 - \$307,634).

(c) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

(d) Works of art and historical treasures

The Township manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at Township sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

For details on tangible capital assets, see Schedule C.

17. BUDGET FIGURES

Budgets established by the Township are based on a project oriented basis, the costs of which may be carried out over one or more years. Although they are not directly comparable with current year actual amounts, budget figures have been reflected on the "Consolidated Statement of Operations". Budget figures have been reclassified for the purpose of these consolidated financial statements to comply with PSAB reporting requirements. See consolidated Schedule D reconciliation of the financial plan to the budget.

18. CONTINGENT LIABILITIES

In the course of its business, the Township becomes involved in various claims and legal proceedings. Litigation is subject to many uncertainties and the outcome of individual matters is not predictable. An estimate of the contingency cannot be made since the outcome of these matters cannot be determined at this time. The Township 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. Contingent environmental liabilities may arise out of existing operations. Such liabilities are different from environmental remediation and solid waste landfill closure and post-closure care liabilities because the liabilities are not determinable, the condition which may give rise to the expenditures are uncertain, and the future expectations of the applicable regulatory authorities are not known. Potential costs that may arise in connection with such liabilities are not included in Township provisions until the source and nature of the obligation become clear and is reasonably estimable.

19. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified in order to conform with the financial statement presentation adopted in the current year.

SCHEDULE A

THE CORPORATION OF LOYALIST TOWNSHIP
SCHEDULE OF RESERVES AND RESERVE FUNDS
DECEMBER 31, 2018

	BALANCE		CONTRIBUTIONS		TRANSFERS		BALANCE
	January 1, 2018	Interest Income	Revenue/Transfers	Total	To Operations	To Capital	
General Rate Reserve Funds							
Violet Landfill	\$ 310,682	\$ 2,792	\$ 2,956	\$ 5,748	\$ -	\$ -	\$ 316,430
Industrial Park	269,687	4,952	134,879	139,831	-	-	409,518
Ameriks Scholarship	18,412	344	2,500	2,844	1,420	-	19,836
Amerist Drive Frontage Fees	120,969	7,840	318,843	326,683	2,438	25,000	420,214
Community Vibracy Fund	343,023	6,067	104,280	110,347	-	-	453,370
Road Use Agreement Fund	75,187	1,682	75,000	76,882	-	126,963	24,906
Community Benefit Agreement Fund	-	-	287,174	287,174	-	-	287,174
Fire Training Centre	50,830	913	3,832	4,745	7,396	-	48,179
Quarry Rehabilitation	27,563	495	-	495	-	-	28,058
Ice Resurfacer	38,019	683	6,825	7,508	-	-	45,527
Workplace Safety Insurance Board	161,038	3,862	58,278	62,140	-	-	223,178
Municipal Reserve Fund	311,592	9,807	417,479	427,286	-	-	738,878
	<u>1,727,002</u>	<u>39,437</u>	<u>1,412,046</u>	<u>1,451,483</u>	<u>11,254</u>	<u>151,963</u>	<u>3,015,268</u>
General Rate Reserves							
Working Capital	977,425	-	75,000	75,000	152,000	252,320	648,105
Future Expenses	57,918	-	8,893	8,893	-	-	66,811
Municipal Election	55,200	-	4,967	4,967	55,200	-	4,967
	<u>1,090,543</u>	<u>-</u>	<u>88,860</u>	<u>88,860</u>	<u>207,200</u>	<u>252,320</u>	<u>719,883</u>
Service Rate Reserve Funds							
Ferry Berthage	633,171	6,943	4,772	11,715	40,889	-	603,997
AmhesView Sewer Impost Fees	2,352,594	41,195	416,259	457,494	-	-	2,810,048
Fairfield Water Impost Fees	1,388,709	28,473	447,343	475,816	-	27,166	1,837,359
Bath Sewer Impost Fees	621,819	11,299	56,763	68,062	-	-	689,881
Bath Water Impost Fees	467,561	9,133	38,745	47,878	-	-	515,439
Ferry Operations	188,125	3,646	7,184	10,830	-	-	198,955
Equipment Replacement Loyalist East Sewer	97,793	1,757	25,000	26,757	-	-	124,550
Equipment Replacement Fairfield Water	75,098	1,350	15,000	16,350	-	-	91,448
Equipment Replacement Bath Sewer	20,481	388	5,000	5,388	-	-	25,849
Equipment Replacement Bath Water	(3,252)	-	5,000	5,000	-	-	1,748
	<u>5,842,099</u>	<u>104,164</u>	<u>1,021,066</u>	<u>1,125,230</u>	<u>40,889</u>	<u>27,166</u>	<u>6,899,274</u>
Total Reserves and Reserve Funds	<u>\$ 8,659,644</u>	<u>\$ 143,601</u>	<u>\$ 2,521,972</u>	<u>\$ 2,665,573</u>	<u>\$ 259,343</u>	<u>\$ 431,449</u>	<u>\$ 10,634,425</u>



SCHEDULE B

THE CORPORATION OF LOYALIST TOWNSHIP
SCHEDULE OF SEGMENTED INFORMATION

DECEMBER 31, 2018

	General Government	Emergency Services	Transportation Services	Waste Services	Health Services	Recreation and Culture	Planning and Development	Water	Sewer	Building Services	Amherst Island Ferry	Amherstview Transit	Total
Revenue	\$ 1,732,555	\$ 3,952,852	\$ 4,316,314	\$ 603,591	\$ -	\$ 2,582,373	\$ 812,385	\$ -	\$ -	\$ -	\$ -	\$ 454,936	\$ 14,455,006
Municipal taxation	163,435	372,880	407,166	56,938	-	283,600	76,634	-	-	-	-	-	1,320,653
Grant income from other governments	55,182	230,259	1,241,916	737,415	3,130	1,009,612	364,113	4,532,524	3,762,615	448,882	452,220	111,952	12,949,820
Government transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Province of Ontario	62,693	165,984	158,707	21,841	-	10,410	29,398	-	-	-	-	-	10,410
Province of Ontario	213,349	913	2,177	2,792	1,458	1,148	12,791	38,956	54,620	-	2,320,434	-	2,871,463
Investment income	(30,264)	90,198	-	-	-	-	-	-	-	-	10,590	-	338,794
Unearned revenue	32,312	73,721	80,500	11,257	-	48,162	15,151	-	-	-	-	94,666	154,600
Interest and penalties on loans	100	1,000	-	-	2,500	34,011	-	-	-	-	-	-	261,103
Other	798,409	-	-	-	-	-	162,403	65,856	12,488	-	-	-	37,611
Expenses	3,027,771	4,887,807	6,206,780	1,433,834	7,088	4,041,722	1,472,875	4,637,336	3,829,723	448,882	2,783,244	661,554	33,438,616
Salaries, wages and benefits	1,853,253	1,089,216	2,506,572	287,457	10,674	2,308,212	636,481	1,019,245	446,559	500,119	1,880,307	9,389	12,547,484
Interest on long-term debt	-	57,164	32,843	26,749	-	15,310	20,863	120,193	158,414	-	-	-	431,536
Depreciation	566,903	421,502	1,109,943	186,080	30,353	446,253	39,140	507,908	299,657	33,751	594,412	3,938	4,239,840
Contracted Services	695,589	2,428,781	1,031,043	803,310	431	584,288	200,404	361,435	840,823	8,305	59,751	595,327	7,609,487
Capital and Financial Expenses	9,708	-	-	354	-	47,625	-	-	-	-	-	-	57,687
Grants and transfers	8,952	190,733	-	1,850	-	46,594	10,447	-	-	-	-	-	258,576
Functional adjustments	(1,343,970)	26,500	(322,091)	38,399	-	60,000	329,800	214,100	651,062	59,800	233,500	52,900	-
Amortization	140,184	285,202	1,555,883	46,585	-	296,668	6,359	988,648	879,568	-	-	1,264	4,210,361
Capital Revenue	1,930,619	4,509,098	5,914,193	1,390,784	41,458	3,804,950	1,243,494	3,211,529	3,276,083	601,975	2,787,970	662,818	29,354,971
Capital Revenue	1,097,152	378,709	292,587	49,050	(34,370)	236,772	229,381	1,425,807	553,640	(153,093)	15,274	(1,264)	4,083,645
Contributed tangible capital assets	-	-	621,200	-	-	-	-	268,935	199,677	-	-	-	1,089,812
Government transfers	70,840	-	15,946	-	-	30,360	-	292,943	-	-	-	-	410,089
Province of Ontario	-	-	93,386	-	-	-	-	146,472	-	-	-	-	257,083
Ferry charges	-	-	70,789	-	-	20,000	-	52,007	6,097	-	-	17,215	148,893
Interest revenue earned	-	936,317	701,551	-	-	129,085	-	-	-	-	-	-	1,766,953
Other	6,783	(7,895)	(42,144)	-	-	4,000	-	(40,781)	-	-	-	-	10,783
Gain on disposal	-	-	-	-	-	(17,844)	-	-	-	-	-	-	(108,664)
Net Surplus (Deficit)	77,623	928,422	1,480,738	43,050	(34,370)	402,373	229,381	2,145,383	205,774	(153,093)	15,274	17,215	3,574,949
Net Surplus (Deficit)	\$ 1,019,529	\$ 1,307,131	\$ 1,753,325	\$ 43,050	\$ (34,370)	\$ 402,373	\$ 229,381	\$ 2,145,383	\$ 759,414	\$ (153,093)	\$ 15,274	\$ (18,479)	\$ 7,658,594



THE CORPORATION OF LOYALIST TOWNSHIP
SCHEDULE OF CAPITAL ASSETS AND ACCUMULATED AMORTIZATION
DECEMBER 31, 2018

COST	GENERAL										INFRASTRUCTURE					TOTALS
	Land	Land Improvements	Building and Building Improvements	Vehicles	Furniture, Fixtures and Equipment	Machinery and Equipment	Information Technology Hardware and Software	Water Infrastructure	Wastewater Infrastructure	Stormwater Infrastructure	Bridges and Other Structures	Roads Infrastructure	Assets Under Construction	2018		
Balance, beginning of year	\$ 4,430,039	\$ 3,187,937	\$ 13,381,513	\$ 6,769,148	\$ 411,611	\$ 4,367,542	\$ 504,022	\$ 51,803,882	\$ 45,501,368	\$ 23,295,492	\$ 5,656,092	\$ 40,810,758	\$ 2,836,501	\$ 202,955,905		
Additions during the year	252,320	453,106	996,194	1,665,596	211,293	823,929	250,490	417,392	577,382	577,382	247,777	1,817,152	635,695	10,445,892		
Disposals during the year	-	(14,601)	(105,697)	(31,314)	(50,859)	(99,111)	-	(94,031)	(16,084)	(13,985)	(45,040)	(307,408)	(863,951)	(1,636,061)		
Balance, end of year	<u>4,682,359</u>	<u>3,626,442</u>	<u>14,272,010</u>	<u>8,403,430</u>	<u>572,045</u>	<u>5,092,360</u>	<u>754,512</u>	<u>53,807,417</u>	<u>45,902,696</u>	<u>23,858,889</u>	<u>5,858,829</u>	<u>42,326,502</u>	<u>2,608,245</u>	<u>211,765,736</u>		
ACCUMULATED AMORTIZATION																
Balance, beginning of year	-	1,446,892	4,925,042	4,589,372	130,944	2,318,533	188,100	16,261,555	11,484,566	5,680,825	2,650,088	23,296,713	-	72,952,630		
Amortization during the year	-	106,582	290,745	372,307	36,680	304,515	110,203	983,851	884,363	290,911	137,382	692,822	-	4,210,361		
Accumulated amortization on disposals	-	(14,601)	(97,802)	(31,314)	(33,015)	(90,372)	-	(59,536)	(9,778)	(1,470)	(34,792)	(259,670)	-	(632,350)		
Balance, end of year	<u>-</u>	<u>1,538,873</u>	<u>5,117,985</u>	<u>4,930,365</u>	<u>134,609</u>	<u>2,532,676</u>	<u>278,303</u>	<u>17,185,870</u>	<u>12,359,151</u>	<u>5,970,266</u>	<u>2,752,678</u>	<u>23,729,865</u>	<u>-</u>	<u>76,530,641</u>		
Net Book Value of Tangible Capital Assets	<u>\$ 4,682,359</u>	<u>\$ 2,087,569</u>	<u>\$ 9,154,025</u>	<u>\$ 3,473,065</u>	<u>\$ 437,436</u>	<u>\$ 2,559,684</u>	<u>\$ 476,209</u>	<u>\$ 36,621,547</u>	<u>\$ 33,543,545</u>	<u>\$ 17,888,623</u>	<u>\$ 3,106,151</u>	<u>\$ 18,596,637</u>	<u>\$ 2,608,245</u>	<u>\$ 135,235,095</u>		



SCHEDULE C

THE CORPORATION OF LOYALIST TOWNSHIP
 SCHEDULE OF CAPITAL ASSETS AND ACCUMULATED AMORTIZATION
 DECEMBER 31, 2017

	GENERAL										INFRASTRUCTURE					TOTALS
	Land	Land Improvements	Building and Improvements	Vehicles	Furniture, Fixtures and Equipment	Machinery and Equipment	Information Technology Hardware and Software	Water Infrastructure	Wastewater Infrastructure	Stormwater Infrastructure	Bridges and Other Structures	Roads Infrastructure	Assets Under Construction	2017		
COST																
Balance, beginning of year	\$ 4,430,039	\$ 2,761,878	\$ 13,328,131	\$ 6,377,699	\$ 366,400	\$ 4,191,141	\$ 378,117	\$ 49,731,567	\$ 45,069,924	\$ 22,622,630	\$ 5,569,690	\$ 39,521,585	\$ 2,754,159	\$ 197,102,860		
Additions during the year	-	428,167	78,382	560,034	45,211	204,820	125,905	2,131,467	431,444	690,439	111,933	1,757,145	752,676	7,317,623		
Disposals during the year	-	(2,108)	(25,000)	(168,585)	-	(28,419)	-	(59,152)	-	(17,577)	(25,531)	(467,972)	(670,334)	(1,464,678)		
Balance, end of year	4,430,039	3,187,937	13,381,513	6,769,148	411,611	4,367,542	504,022	51,803,882	45,501,368	23,295,492	5,656,092	40,810,758	2,836,501	202,955,905		
ACCUMULATED AMORTIZATION																
Balance, beginning of year	-	1,357,314	4,644,489	4,398,183	95,034	2,060,277	83,041	15,356,902	10,619,244	5,329,080	2,518,951	22,360,390	-	68,822,905		
Amortization during the year	-	91,686	305,553	353,166	35,910	285,675	85,059	940,759	865,322	358,005	148,123	1,116,146	-	4,587,404		
Accumulated amortization on disposals	-	(2,108)	(25,000)	(161,977)	-	(27,419)	-	(36,106)	-	(6,260)	(16,986)	(181,823)	-	(457,679)		
Balance, end of year	-	1,446,892	4,925,042	4,589,372	130,944	2,318,533	168,100	16,261,555	11,484,566	5,680,825	2,650,088	23,296,713	-	72,952,630		
Net Book Value of Tangible Capital Assets	\$ 4,430,039	\$ 1,741,045	\$ 8,456,471	\$ 2,179,776	\$ 280,667	\$ 2,049,009	\$ 335,922	\$ 35,542,327	\$ 34,016,802	\$ 17,614,667	\$ 3,006,004	\$ 17,514,045	\$ 2,836,501	\$ 130,003,275		



SCHEDULE D

CORPORATION OF LOYALIST TOWNSHIP

CONSOLIDATED SCHEDULE OF RECONCILIATION OF FINANCIAL PLAN TO THE BUDGET

DECEMBER 31, 2018

	OPERATING BUDGET	CAPITAL BUDGET	TRANSFERS TO CAPITAL	TRANSFER TO RESERVE FUNDS	TANGIBLE CAPITAL ASSET ADJUSTMENTS	LONG-TERM DEBT PRINCIPAL	PSAB BUDGET
REVENUES							
Municipal taxation	\$ (14,233,000)	-	\$ -	-	\$ -	-	\$ (14,233,000)
Taxation from other governments	(1,373,900)	-	-	-	-	-	(1,373,900)
User fees and sale of goods and services	(12,671,300)	-	-	-	-	-	(12,671,300)
Government transfers							
Canada	(11,500)	-	-	-	-	-	(11,500)
Ontario	(2,913,800)	-	-	-	-	-	(2,913,800)
Deferred revenue earned	(204,200)	-	-	-	-	-	(204,200)
Investment income	(34,400)	-	-	-	-	-	(34,400)
Interest and penalties on Taxes	(275,000)	-	-	-	-	-	(275,000)
Donations	(86,100)	-	-	-	-	-	(86,100)
Other	(88,500)	-	-	-	-	-	(88,500)
Transfers from reserves	(176,400)	-	-	176,400	-	-	-
	<u>(32,018,100)</u>			<u>176,400</u>			<u>(31,841,700)</u>
EXPENDITURES							
Current							
Non departmental	1,215,400	-	(1,215,400)	-	-	-	-
General government	2,273,600	-	(275,000)	(302,300)	140,200	-	1,836,500
Protection services	5,123,200	-	(190,000)	(50,000)	295,200	(133,200)	5,045,200
Transportation services	8,256,200	-	(950,000)	(75,000)	1,557,100	(57,600)	8,730,700
Environmental services	10,034,300	-	(1,088,700)	(1,481,500)	1,914,800	(972,300)	8,406,600
Recreation and cultural services	3,789,400	-	(348,000)	(27,000)	296,700	(15,300)	3,695,800
Planning and development	1,233,100	-	(33,000)	(10,000)	6,400	(70,000)	1,126,500
Health services	92,900	-	-	-	-	-	92,900
Capital							
General government	-	298,100	-	-	(298,100)	-	-
Protection services	-	1,555,400	-	-	(1,555,400)	-	-
Transportation services	-	3,803,600	-	-	(3,803,600)	-	-
Environmental services	-	3,273,700	-	-	(3,273,700)	-	-
Recreation and cultural services	-	757,700	-	-	(757,700)	-	-
Planning and development	-	-	-	-	-	-	-
Health services	-	-	-	-	-	-	-
	<u>32,018,100</u>	<u>9,688,500</u>	<u>(4,100,100)</u>	<u>(1,945,800)</u>	<u>(5,478,100)</u>	<u>(1,248,400)</u>	<u>28,934,200</u>
NET REVENUES (EXPENDITURES)							
	-	9,688,500	4,100,100	1,789,400	5,478,100	1,248,400	2,907,500
OTHER INCOME AND EXPENSES RELATED TO CAPITAL							
Deferred revenue earned	-	(823,700)	-	-	-	-	(823,700)
Government transfers	-						
Canada	-	(479,000)	-	-	-	-	(479,000)
Ontario	-	(679,100)	-	-	-	-	(679,100)
User Charges	-	(236,300)	-	-	-	-	(236,300)
Donations and miscellaneous	-	(1,364,800)	-	-	-	-	(1,364,800)
	-	<u>(3,592,900)</u>	-	-	-	-	<u>(3,592,900)</u>
FINANCING AND TRANSFERS							
Debt and other long-term borrowings	-	(2,005,500)	2,005,500	-	-	-	-
Debt repayment	-	(4,100,100)	4,100,100	-	-	1,248,400	1,248,400
Transfers from (to) other funds	-	(9,688,500)	6,105,600	-	-	-	(1,248,400)
	-		\$ (2,005,500)	\$ 1,769,400	\$ 5,478,100	\$ 1,248,400	\$ 6,450,400
ANNUAL SURPLUS (DEFICIT)							
			\$ (2,005,500)	\$ 1,769,400	\$ 5,478,100	\$ 1,248,400	\$ 6,450,400