

**THE CORPORATION OF LOYALIST TOWNSHIP**

**FINANCIAL STATEMENTS  
WITH AUDITOR'S REPORT**

**DECEMBER 31, 2023**

## THE CORPORATION OF LOYALIST TOWNSHIP

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

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

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

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

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

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Chief Administrative Officer

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Treasurer



**KPMG LLP**  
863 Princess Street, Suite 400  
Kingston, ON K7L 5N4  
Canada  
Telephone 613 549 1550  
Fax 613 549 6349

## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the financial statements of The Corporation of Loyalist Township (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations and accumulated municipal equity for the year then ended
- the statement of change in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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



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

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

November 6, 2024

**THE CORPORATION OF LOYALIST TOWNSHIP**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2023**

	2023	2022
<b>FINANCIAL ASSETS</b>		
Cash - Note 5	\$ 41,297,263	\$ 34,279,560
Investment - Note 6	-	7,135,579
Taxes receivable	3,857,459	2,573,016
Accounts receivable	4,382,626	4,613,778
Utilities receivable	1,496,848	1,463,593
Land held for resale	607,442	1,310,699
Other assets	44,681	43,315
<b>TOTAL FINANCIAL ASSETS</b>	<b>51,686,319</b>	<b>51,419,540</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	9,004,405	9,188,586
Deferred revenue - Note 12	359,850	366,938
Deferred revenue - obligatory reserve funds - Note 12	7,853,575	7,976,594
Employee benefits payable - Note 10	2,360,499	2,248,789
Asset retirement obligations - Note 9	4,118,379	2,498,027
Long-term debt - Note 13	26,808,847	31,557,315
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>50,55,555</b>	<b>53,836,249</b>
<b>NET FINANCIAL ASSETS (NET DEBT)</b>	<b>1,180,764</b>	<b>(2,416,709)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - Note 16	206,937,339	185,013,891
Inventory	239,245	213,539
Prepaid expenses	728,917	691,336
	<b>207,905,501</b>	<b>185,918,766</b>
<b>ACCUMULATED SURPLUS - Note 15</b>	<b>\$ 209,086,265</b>	<b>\$ 183,502,057</b>
<b>COMMITMENTS - Note 11</b>		
<b>CONTINGENT LIABILITIES - Note 18</b>		

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

**THE CORPORATION OF LOYALIST TOWNSHIP**  
**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Note 17 Budget 2023	Actual 2023	Actual 2022
<b>REVENUE</b>			
Municipal taxation	\$ 19,560,900	\$ 19,788,178	\$ 18,768,860
Taxation from other governments	1,505,100	1,361,492	1,354,419
User charges	16,608,000	17,117,018	16,696,251
Government transfers			
Government of Canada	10,000	427,735	368,192
Province of Ontario	4,679,000	4,200,306	3,445,364
Investment income	187,900	1,644,038	935,248
Deferred revenue earned	711,400	304,525	463,663
Interest and penalties on taxes	350,000	455,311	355,964
Donations	39,500	28,482	31,756
Other	<u>10,043,800</u>	<u>7,850,939</u>	<u>1,352,467</u>
	<u>53,695,600</u>	<u>53,178,024</u>	<u>43,772,184</u>
<b>EXPENSES</b>			
General government	4,567,600	5,800,129	4,200,152
Protection services	6,237,300	6,403,030	6,278,597
Transportation services	12,902,300	13,363,810	11,586,989
Environmental services	10,274,600	10,614,608	9,562,440
Recreation and cultural services	4,025,900	4,218,136	4,303,982
Planning and development	2,819,600	2,218,719	24,068,673
Health Services/Cemeteries	<u>48,600</u>	<u>47,054</u>	<u>30,777</u>
	<u>40,875,900</u>	<u>42,665,486</u>	<u>60,031,610</u>
<b>NET REVENUE (EXPENSES)</b>	<u>12,819,700</u>	<u>10,512,538</u>	<u>(16,259,426)</u>
<b>OTHER INCOME AND EXPENSES RELATED TO CAPITAL</b>			
Contributed tangible capital assets	-	9,535,993	10,384,631
Government transfers			
Government of Canada	-	21,648	248,631
Province of Ontario	248,600	2,302,096	909,444
User charges	3,575,600	522,076	149,349
Deferred revenue earned	1,149,100	2,760,192	1,445,166
Donations	1,261,000	-	-
Loss on disposal of tangible capital assets	<u>-</u>	<u>(70,335)</u>	<u>(284,509)</u>
	<u>6,234,300</u>	<u>15,071,670</u>	<u>12,852,712</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ 19,054,000</u>	<u>\$ 25,584,208</u>	<u>\$ (3,406,714)</u>
<b>ACCUMULATED SURPLUS</b> - beginning of year	183,502,057	183,502,057	186,908,771
<b>ACCUMULATED SURPLUS</b> - end of year	<u>\$ 202,556,057</u>	<u>\$ 209,086,265</u>	<u>\$ 183,502,057</u>

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

**THE CORPORATION OF LOYALIST TOWNSHIP**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (LIABILITIES)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Note 17 Budget 2023	Actual 2023	Actual 2022
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 19,054,000	\$ 25,584,208	\$ (3,406,714)
Amortization of tangible capital assets	5,700,000	6,742,328	5,997,081
Net acquisitions of tangible capital assets	(13,640,200)	(19,229,158)	(7,346,181)
Contributed tangible capital assets	-	(9,535,993)	(10,384,631)
Loss on disposal of tangible capital assets	-	70,335	284,509
Proceeds on disposal of tangible capital assets	-	29,040	47,505
Change in inventories and prepaid expenses	<u>-</u>	<u>(63,287)</u>	<u>(200,702)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<u>11,113,800</u>	<u>(3,597,473)</u>	<u>(15,009,133)</u>
Net financial assets (liabilities) - beginning of year	<u>(2,416,709)</u>	<u>(2,416,709)</u>	<u>12,592,424</u>
<b>NET FINANCIAL ASSETS (LIABILITIES) - end of year</b>	<u>\$ 8,697,091</u>	<u>\$ (1,180,764)</u>	<u>\$ (2,416,709)</u>

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

**THE CORPORATION OF LOYALIST TOWNSHIP  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>OPERATING TRANSACTIONS</b>		
Annual surplus (deficit)	\$ 25,732,932	\$ (3,406,714)
Items not requiring cash:		
Loss on disposal of tangible capital assets	70,335	284,509
Amortization of tangible capital assets	6,742,328	5,997,081
Contributed tangible capital assets	(9,535,993)	(10,384,631)
Change in employee benefits payable	111,710	97,173
Change in landfill closure, post-closure liability and contaminated sites liability		(359,252)
Change in asset retirement obligation	4,118,379	-
	<u>27,090,967</u>	<u>(7,771,834)</u>
Changes in non-financial assets:		
Inventory	(25,706)	(79,758)
Prepaid expenses	(37,581)	(120,944)
	<u>(63,287)</u>	<u>(200,702)</u>
Changes in non-cash assets and liabilities:		
Taxes receivable	(1,284,444)	(718,287)
Accounts receivable	231,152	(579,365)
Utilities receivable	(33,255)	(53,653)
Land held for resale	703,257	(169,886)
Other assets	(1,366)	(4,195)
Accounts payable and accrued liabilities	(184,181)	753,447
Deferred revenue	(7,088)	15,013
Deferred revenue - obligatory reserve funds	(123,019)	3,103,321
	<u>(698,944)</u>	<u>2,346,395</u>
Net change in cash from operating transactions	<u>26,328,736</u>	<u>(5,626,141)</u>
<b>CAPITAL TRANSACTIONS</b>		
Cash used to acquire tangible capital assets	(14,183,621)	(4,887,956)
Proceeds on disposal of tangible capital assets	29,040	47,505
Cash used to acquire assets under construction	(7,543,564)	(2,458,225)
Net change in cash from capital transactions	<u>(21,698,145)</u>	<u>(7,298,676)</u>
<b>INVESTING TRANSACTIONS</b>		
Increase in investments	-	(4,129,960)
Redemption of investments	7,135,579	-
Net change in cash from investing transactions	<u>7,135,579</u>	<u>(4,129,960)</u>
<b>FINANCING TRANSACTIONS</b>		
Proceeds from long-term debt	-	22,631,000
Repayment of long-term debt	(4,748,467)	(1,229,791)
Net change in cash from financing transactions	<u>(4,748,467)</u>	<u>21,401,209</u>
<b>NET INCREASE IN CASH</b>	7,017,703	4,346,432
<b>CASH - beginning of the year</b>	<u>34,279,560</u>	<u>29,933,128</u>
<b>CASH - end of the year</b>	<u>\$ 41,297,263</u>	<u>\$ 34,279,560</u>

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

# THE CORPORATION OF LOYALIST TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 1. SIGNIFICANT ACCOUNTING POLICIES

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

**a) Basis of consolidation:**

*i) 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 ("the County") are not reflected in the municipal fund balances of these financial statements as the School Boards and County are separate entities and the Township does not control or have any involvement in the operation of these entities.

*ii) 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 retirement plan are expensed when due.

**d) Financial Instruments:**

On January 1, 2023, the Township adopted PS 3450 Financial Instruments which establishes accounting and reporting for all types of financial instruments, including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost.

Management has not elected to record any investments at fair value as they are not managed and evaluated on a fair value basis.

On application of this standard, unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses which records the remeasurement gains and losses for financial instruments measured at fair value. Unrealized gains and losses are realized upon settlement of the financial instrument when the financial instrument is sold or reaches maturity through the Statement of Operations and Accumulated Surplus. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the Statement of Operations and Accumulated Surplus.

# THE CORPORATION OF LOYALIST TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### d) Financial Instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the Statement of Remeasurement Gains and Losses.

Long-term debt is recorded at amortized cost.

Establishing fair value:

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

Fair value hierarchy:

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

#### e) Foreign currency

Foreign currency transactions are recorded at the exchange rate at the time of the transaction.

Assets and liabilities denominated in foreign currencies are recorded at fair value using the exchange rate at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the Statement of Remeasurement Gains and Losses. In the period of settlement, the realized foreign exchange gains and losses are recognized in the Statement of Operations and Municipal Equity and the unrealized balances are reversed from the Statement of Remeasurement Gains and Losses.

#### f) Statement of Remeasurement Gains and Losses:

A Statement of Remeasurement Gains and Losses has not been provided as there are no significant unrealized gains or losses at December 31, 2023 or 2022.

# THE CORPORATION OF LOYALIST TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### g) Contaminated sites liability:

Liability for contaminated sites:

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

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

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

#### h) Asset retirement obligations

An asset retirement obligation ("ARO") is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. The liability is discounted using a present value calculation and adjusted annually for accretion expense. Under the prospective method, the discount rate and assumptions used on the initial recognition are those as of the date of adoption in the standard. Assumptions used in subsequent calculations are revised annually.

# THE CORPORATION OF LOYALIST TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### h) Asset retirement obligations (continued):

The liability for the removal of asbestos in several of the buildings owned by the Township has been recognized based on estimated undiscounted future expenses. Assumptions used in the subsequent calculations are revised yearly.

Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liabilities are recognized in the Statement of Operations and Accumulated Surplus at the time of remediation.

The recognition of the ARO liability resulted in an accompanying increase to the respective tangible capital assets. Building tangible capital assets affected by the asbestos liability are being amortized with the building following the amortization accounting policies outlined in Note 1(n).

#### i) Deferred revenue:

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.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or the service performed.

#### j) 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 the valuation of accounts receivable, fair value of contributed assets, employee benefit obligations, useful lives of tangible capital assets, contaminated sites liability, and to asset retirement obligations.

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.

#### k) 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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### l) 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 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 Statement of Operations and Accumulated Surplus (see note 3).

A provision for uncollectible taxes has been recorded for potential losses on assessment appeals or other possible uncollectible taxes receivable outstanding at December 31, 2023 in the amount of \$787,878 (2022 - \$694,094). 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.

#### m) 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.

#### n) 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 annual surplus, provides the Change in Net Financial Assets 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
Furniture, fixtures, and equipment	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
Wastewater infrastructure	5 to 80 years
Storm water infrastructure	30 to 80 years
Roads infrastructure	8 to 60 years

# THE CORPORATION OF LOYALIST TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### n) 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 amortization 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.

##### v) *Inventories of supplies*

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

#### o) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

# THE CORPORATION OF LOYALIST TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 2. Change in Accounting Policy

#### a) Adoption of new accounting standards:

The Township adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, and PS 3450 Financial Instruments.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denoted in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

Establishing fair value:

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

Fair value hierarchy:

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# THE CORPORATION OF LOYALIST TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 2. Change in Accounting Policy (continued)

#### a) Adoption of new accounting standards (continued):

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

In accordance with PS 3450 Financial Instruments, the financial statements of prior periods were not restated on transition. Consequently, the accounting policies for recognition, derecognition and measurement of financial instruments applied to the comparative information reflect those disclosed in the 2022 financial statements.

On application of this standard, a new statement, the Statement of Remeasurement Gains and Losses has been included in these financial statements which records the remeasurement gains and losses for financial instruments measured at fair value.

Any difference between the financial instruments' fair values as at January 1, 2023 and previous carrying amounts as at December 31, 2022, excluding previously recognized exchange gains and losses, were recognized as an adjustment to the opening balance of accumulated remeasurement gains and losses. Hence, no comparative amounts are reported in the Statement of Remeasurement Gains and Losses due to prospective application of this standard.

#### b) PS 3280 Asset Retirement Obligations (ARO)

PS 3280 Asset Retirement Obligations (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023 on a prospective basis.

In the past, the Township has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded, and replaces Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability (PS 3270). Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

A component of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from the Township's buildings. The Township reports liabilities related to the legal obligations where the Township is obligated to incur costs to retire a tangible capital asset. The Township's ongoing efforts to assess the extent to which designated substances exist in Township's assets, and new information obtained through regular maintenance and renewal of Township's assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes to the estimated cost to fulfil the obligation. The measurement of asset retirement obligations is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in adjustment to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis.

**THE CORPORATION OF LOYALIST TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**2. Change in Accounting Policy (continued)**

**b) PS 3280 Asset Retirement Obligations (ARO):**

The Township removed the accrued landfill obligation that had been recognized to date of \$2,498,027 and recognized an asset retirement obligation upon adoption of PS 3280 Asset Retirement Obligations on January 1, 2023. The liability represents the required closure and post-closure care costs for the landfill sites owned by the Township.

In accordance with the provisions of PS 3280 Asset Retirement Obligations, the Township reflected the following adjustments at January 1, 2023:

	January 1, 2023
Decrease in accrued landfill closure and post closure	\$ (2,498,027)
Increase in asset retirement obligations	
Tangible capital assets – building asbestos	346,909
Tangible capital assets – site restoration	10,000
Landfill closure and post closure costs	3,612,746
	<u>1,471,628</u>

**3. OPERATION OF SCHOOL BOARDS AND THE COUNTY**

During the year, requisitions were made by the School Boards and the County 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>2023</u>	<u>2022</u>
School Boards	\$ 4,449,414	\$ 4,243,295
County	<u>13,636,856</u>	<u>12,595,681</u>
	<u>\$ 18,086,270</u>	<u>\$ 16,838,976</u>

**4. TRUST FUNDS**

Trust funds administered by the Township, amounting to \$207,866 (2022 - \$206,063), have not been included in the "Statement of Financial Position" nor have their operations been included in the "Statement of Operations and Accumulated Surplus". These trust funds are reported separately on the Trust Funds Statement of Continuity and Trust Funds Statement of Financial Position.

**THE CORPORATION OF LOYALIST TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**5. CASH**

Cash on hand consists of the following:	2023	2022
Unappropriated cash and reserves	\$ 12,382,072	\$ 3,334,171
Development Charges Reserve Fund	2,467,975	3,306,380
Other Obligatory Reserve Funds and Externally Restricted Funds	5,385,599	4,670,214
Discretionary Reserve Funds	6,867,467	5,487,662
Discretionary Reserve Funds: Special Area	14,420,773	12,074,995
Other Special Area Reserve Funds	-	-
Contingency Reserve Fund	293,853	279,156
Asset Replacement/Management Reserve Funds	(520,476)	5,126,982
	\$ 41,297,263	\$ 34,279,560

**6. INVESTMENT**

Investment consists of the following:	2023	2022	Level of Investments
Guaranteed Investment Certificate, matured June 2021	\$ -	\$ -	
Bonds, maturing April 2028	\$ -	\$ 7,135,579	Level 2
	\$ -	\$ 7,135,579	

**7. 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. As at December 31, 2023 amount drawn is Nil (2022 - Nil).

**8. PENSION AGREEMENTS**

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 180 (2022 - 163) members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Township does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

The last available report was at December 31, 2023 and at that time the plan reported a \$4.2 billion deficit (2022 - \$6.7 billion actuarial deficit).

The amount contributed to OMERS for current service in 2023 was \$1,186,887 (2022 - \$1,024,809). The Township also made contributions to Registered Retirement Savings Plans on behalf of five (2022 - six) members of its staff. The amount contributed to these plans for the year was \$8,340 (2022 - \$6,696).

# THE CORPORATION OF LOYALIST TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 9. ASSET RETIREMENT OBLIGATIONS:

The Township's asset retirement obligations (AROs) consist of several obligations as follows:

**(a) Landfill obligation:**

The Township owns and operates two landfill. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the site and for 25 years thereafter. As at December 31, 2023, the landfill had an estimated remaining useful life of between 16 and 30 years. The Township recognized an obligation relating to the removal and post-removal care of the landfill. These costs were discounted using a discount rate of the rate of inflation.

**(b) Asbestos and other obligations:**

The Township owns several buildings that are known to have asbestos, which represents a health hazard upon demolition/decommission and there is a legal obligation to remove it. The Township recognized an obligation relating to the removal and post-removal care of the asbestos as estimated at January 1, 2023. These costs were not discounted due to uncertainty surrounding the expected timing of cash outflows.

**(b) Site restoration:**

The Township leases land on that upon lease termination must restore land to former use. The Township recognized an obligation relating to the site restoration as estimated at January 1, 2023. These costs were not discounted due to uncertainty surrounding the expected timing of cash outflows.

The transition and recognition of AROs involved an accompanying increase to the buildings, land improvements and landfill tangible capital assets and the restatement of prior year balances (see note 19)

Asset Retirement Obligations	Landfill Obligation	Site Restoration	Asbestos Obligation	Total
Opening liability, January 1, 2023	2,498,027	-	-	2,498,027
Adjustments to liability on adoption of PS 3280	1,114,719	10,000	346,909	1,471,628
Liabilities settled during year	-	-	-	-
<b>Sub-total</b>	<b>1,114,719</b>	<b>10,000</b>	<b>346,909</b>	<b>1,471,628</b>
Accretion expense	148,724	-	-	-
<b>Closing liability, December 31, 2023</b>	<b>3,761,470</b>	<b>10,000</b>	<b>346,909</b>	<b>4,118,379</b>

**THE CORPORATION OF LOYALIST TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**10. EMPLOYEE BENEFITS PAYABLE**

Employee benefit obligations of the Township as at December 31 are as follows:

	2023	2022
Non-pension retirement benefits	\$ 444,211	\$ 430,615
Workplace Safety and Insurance Board obligations	1,916,288	1,818,174
	2,360,499	2,248,789
Amounts to be recovered from reserve funds	(293,853)	(279,156)
Amounts to be recovered from future revenue	\$ 2,066,646	\$ 1,969,633

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 qualifying 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, 2023.

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, the accrued benefit obligation was \$574,895 (2022 - \$566,511).

Actuarial gains and losses are amortized over the expected average remaining service life of the employees, which is estimated to be 15 years (2022 - 15 years).

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

	2023	2022
Discount rate	4.50% per annum	3.50% per annum
Inflation rate	2.00% per annum	1.75% per annum
Salary escalation	N/A	2.75% per annum
Dental benefits escalation	4.00% per annum	3.75% per annum
Health benefits escalation	5.6667% per annum*	6.09% per annum

\*reducing 0.3333% per annum to reach 3.75% in 2029.

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

	2023	2022
Accrued benefit liability, beginning of the year	\$ 430,615	\$ 417,538
Expense recognized for the year	18,784	17,842
Interest cost	20,050	19,744
Benefits paid for the year	(54,817)	(52,563)
Amortization of actuarial loss	29,579	28,054
Accrued benefit liability, end of year	\$ 444,211	\$ 430,615

**THE CORPORATION OF LOYALIST TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**10. EMPLOYEE BENEFITS PAYABLE (continued)**

The accrued benefit liability includes the following components:

	2023	2022
Accrued benefit obligation	\$ 574,895	\$ 566,511
Unamortized actuarial loss	(130,684)	(135,896)
Accrued benefit liability, end of year	\$ 444,211	\$ 430,615

*b) Workplace Safety & 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, 2023.

At December 31, the Township’s accrued benefit obligation relating to future payments on Workplace Safety and Insurance Board claims is \$2,259,546 (2022 - \$1,845,575).

Actuarial gains and losses are amortized over the expected average remaining service life of the employees, which is estimated to be 16 years (2022 - 14 years).

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

Discount rate	4.50% per annum
Loss of earnings	1.75% per annum
Administration costs	23% 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:

	2023	2022
Accrued benefit liability, beginning of the year	\$ 1,818,174	\$ 1,734,078
Expense recognized for the year	168,794	154,646
Increase due to plan amendment	-	-
Interest cost	97,892	62,021
Benefits paid for the year	(196,248)	(131,619)
Amortization of loss	27,676	(952)
Accrued benefit liability, end of year	\$ 1,916,288	\$ 1,818,174

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

	2023	2022
Accrued benefit obligation	\$ 2,259,546	\$ 1,845,575
Unamortized actuarial loss	(343,258)	(27,401)
Accrued benefit liability, end of year	\$ 1,916,288	\$ 1,818,174

# THE CORPORATION OF LOYALIST TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 11. COMMITMENTS

- (a) In July 2022, the Township awarded a two-year contract extension to Waste Connections of Canada for garbage collection services. Costs are expected to be approximately \$425,000 in 2024 (\$428,000 in 2023) and are financed out of operating revenue.
- (b) In July 2022, the Township awarded a two-year contract to Waste Connections of Canada for recycling collection services. Costs are expected to be approximately \$585,000 in 2024 (\$485,000 in 2023) and are financed out of operating revenue.
- (c) In August 2019, the Township extended its transit services agreement for five years with the City of Kingston, ending in December 2024. Costs are expected to be approximately \$656,000 in 2024 (\$628,000 in 2023) with an hourly rate of \$109.71 (\$105.70 in 2023) and capital cost of \$55,288 (\$53,269 in 2023) beginning on January 1, 2023 for 115 hours per week and the use of a single bus.
- (d) Police services are provided by the Ontario Provincial Police on a non-contract basis as 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 51% of the invoice. The second component is for reactive calls for service making up the remaining 49%. The Township has budgeted \$2,403,200 in 2024 (\$2,446,100 in 2023).
- (f) Material capital commitments of \$4,055,500 in 2024 (\$1,209,000 in 2023) are not reflected in the financial statements. This amount, for which funding is in place, represents uncompleted portions of contracts signed as of the date of these financial statements on major projects and estimated obligations under various agreements.

### 12. DEFERRED REVENUE

A requirement of Canadian Public Sector Accounting Standards (PSAS) 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 provincial gas tax and the Canada Community Building 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	\$ 3,306,381	\$ 2,267,658	\$ 3,106,063	\$ 2,467,976
Canada Community Building Fund	2,106,621	681,138	505,066	2,282,693
Provincial gas tax	603,655	32,936	136,898	499,693
Building rate stabilization	583,164	638,015	-	1,221,179
Parkland	292,983	74,573	-	367,556
Ontario Community Infrastructure Fund	786,167	1,789,887	1,865,056	710,998
Other	<u>297,623</u>	<u>211,873</u>	<u>206,016</u>	<u>303,480</u>
	7,976,594	5,696,080	5,819,099	7,853,575
Other deferred revenue	<u>366,938</u>	<u>213,538</u>	<u>220,626</u>	<u>359,850</u>
	<u>\$ 8,343,532</u>	<u>\$ 5,909,618</u>	<u>\$ 6,039,725</u>	<u>\$ 8,213,425</u>

## THE CORPORATION OF LOYALIST TOWNSHIP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### 13. LONG-TERM DEBT

Long-term debt consists of the following:

	2023	2022
4.15% Canada Mortgage and Housing Corporation \$924,600 debenture, annual payments of \$84,034 for principal and interest, due May, 2025	\$ 158,156	\$ 232,540
4.06% Infrastructure Ontario \$1,164,300 debenture, semi-annual payments of \$38,810 for principal plus interest, due August, 2025	155,240	232,860
4.35% Infrastructure Ontario \$1,737,400 debenture, semi-annual payments of \$43,435 for principal plus interest, due August, 2030	608,090	694,960
2.95% Infrastructure Ontario \$417,819 debenture, semi-annual payments of \$17,336 for principal and interest, due December, 2031	245,475	272,310
3.24% Infrastructure Ontario \$1,225,555 debenture, semi-annual payments of \$41,870 for principal and interest, due December, 2036	882,681	936,509
3.42% Infrastructure Ontario \$1,574,299 debenture, semi-annual payments of \$47,094 for principal and interest due December, 2041	1,258,224	1,308,098
3.28% Infrastructure Ontario \$1,441,335 debenture, semi-annual payments of \$49,420 for principal and interest, due September, 2037	1,102,463	1,163,633
3.42% Infrastructure Ontario \$1,494,830 debenture, semi-annual payments of \$44,717 for principal and interest, due September, 2042	1,242,067	1,287,844
2.5% Toronto Dominion \$1,399,047 bank loan, monthly payments of \$10,513 for principal and interest, due March, 2025	508,417	620,335
2.52% Toronto Dominion \$1,460,558 bank loan, monthly payments of \$16,796 for principal and interest, due March, 2025	812,878	991,497
2.81% Toronto Dominion \$1,750,000 bank loan, monthly payments of \$11,926 for principal and interest, due January, 2025	799,512	918,344
2.35% Royal Bank of Canada \$2,063,366 bank loan, monthly payments of \$19,312 for principal plus interest, due March, 2025	35,644	267,385
Prime less 0.6% Royal Bank of Canada \$22,631,000 bank loan, monthly interest only payments, due December 2026	-	22,631,000

**THE CORPORATION OF LOYALIST TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**13. LONG-TERM DEBT (continued)**

	<u>2023</u>	<u>2022</u>
0% Ministry of Economic Development, Job Creation and Trade \$19,000,000 debenture, payments do not occur until Dec. 31, 2027 for principal and interest on July, 2028, interest will be calculated at a annum equal to half of the Lender's Cost of Borrowing, due July, 2035.	<u>19,000,000</u>	<u>-</u>
	<u>\$ 26,808,847</u>	<u>\$ 31,557,315</u>

**13. LONG-TERM DEBT (continued)**

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

	<u>Principal</u>	<u>Interest</u>
2024	\$ 943,114	\$ 244,964
2025	929,872	214,364
2026	791,318	185,148
2027	1,243,424	161,054
2028	1,450,131	138,449
Thereafter	<u>21,450,988</u>	<u>732,072</u>
Total	<u>\$ 26,808,847</u>	<u>\$ 1,676,051</u>

Interest paid during the year amounted to \$1,389,435 (2022 - \$846,480).

**14. ACCUMULATED SURPLUS**

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

	<u>2023</u>	<u>2022</u>
<u>Operating surplus (deficit)</u>		
General purpose (applicable to all ratepayers and properties)	\$ 221,776	\$ 110,083
Building services	3,844	-
Sewer areas	(438,540)	(199,259)
Water areas	<u>(255,800)</u>	<u>(86,478)</u>
	<u>(468,720)</u>	<u>(175,654)</u>
<u>Other surplus (deficit):</u>		
Land held for resale	607,442	1,310,699
Landfill closure costs	-	(2,498,027)
ARO costs	(4,118,379)	-
Employee benefit obligations	(2,360,499)	(2,248,789)
Industry financed by long-term debt	<u>(19,000,000)</u>	<u>(22,631,000)</u>
	<u>(24,871,436)</u>	<u>(26,067,117)</u>

**THE CORPORATION OF LOYALIST TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**14. ACCUMULATED SURPLUS (continued)**

	2023	2022
<u>Investment in tangible capital assets:</u>		
Equity in tangible capital assets	206,937,339	185,013,891
Capital costs financed by long-term debt	(7,808,848)	(8,926,315)
Capital costs financed internally	(147,500)	(162,500)
Capital costs not yet funded	(1,998,647)	(2,140,869)
Unexpended capital financing	8,428,288	5,594,057
	205,410,632	179,378,264
<u>Reserves set aside for specific purposes by Council:</u>		
Tax Rate Stabilization	1,615,352	870,427
Utilities User Rate Stabilization	582,246	867,982
Winter Control	220,000	220,000
Ferry Operations	(1,430)	116,234
Transit Operations	11,696	11,696
General Fire Department	26,990	39,713
Fire Training	55,863	55,863
Working capital	1,583,081	1,332,635
Bath Canada Day	46,011	53,009
Municipal election	17,814	2,814
Physician Recruitment	60,000	-
Bath Museum	8,056	6,715
	4,225,679	3,577,088

**THE CORPORATION OF LOYALIST TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**14. ACCUMULATED SURPLUS (continued)**

	2023	2022
<u>Reserve funds set aside for specific purposes by Council:</u>		
General rate		
Landfill Obligations	1,061,324	953,203
Industrial & Business Parks	1,897,203	460,531
Ameriks Scholarship	21,513	20,512
Prepaid Local Charges	613,335	605,696
Community Vibrancy Fund	1,055,079	907,075
Road Use Agreement Fund	411,726	321,407
Community Benefit Agreement Fund	1,775,175	2,291,300
Quarry Rehabilitation	503,935	438,064
Ice Resurfacers	19,676	17,944
Workplace Safety Insurance Board	293,853	279,156
General Capital	-	4,427,871
Fleet & Equipment Replacement	1,426,917	1,059,678
Amherst Island Assets	97,857	92,987
	<u>9,177,593</u>	<u>11,875,424</u>
Special rate		
Ferry berthage	656,829	644,840
Sewer Impost Fees	7,417,329	6,400,011
Water Impost Fees	7,003,444	5,674,983
Water & Sewer Capital	534,915	2,194,218
	<u>15,612,517</u>	<u>14,914,052</u>
Total reserves and reserve funds	<u>29,015,789</u>	<u>30,366,564</u>
 Total accumulated surplus	 <u>\$ 209,086,265</u>	 <u>\$ 183,502,057</u>

# THE CORPORATION OF LOYALIST TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 15. 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:

General Government includes corporate services and governance of the Township. As a segment, it 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, information technology, asset management, as well as frontline reception and customer service.

(b) Protection Services:

(i) Emergency Services include 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. Control includes by-law enforcement and dog control services.

(ii) Building Services include building inspection and permits.

(c) Transportation Services:

(i) Roads Services include 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.

(ii) 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.

(iii) 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.

# THE CORPORATION OF LOYALIST TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 15. SEGMENTED INFORMATION (continued)

#### (d) Environmental Services:

- (i) Waste and Stormwater Services include 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.
- (ii) Water Systems include the management and maintenance of water treatment plants in Fairfield and Bath, 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.
- (iii) Sewer Systems include the management and maintenance of wastewater plants in Loyalist East and Bath, 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.

#### (e) Recreation and Culture Services:

Recreation and Culture Services 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 Services:

Planning and Development Services manage 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.

#### (g) Cemeteries

Includes the management of the Township owned cemeteries.

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 financial statements as disclosed in note 1.

For detailed segmented reporting, see Schedule B.

# THE CORPORATION OF LOYALIST TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 16. TANGIBLE CAPITAL ASSETS

(a) Assets under construction:

Assets under construction having a value of \$9,611,509 (2022 - \$5,679,541) 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 \$9,535,993 (2022 - \$10,384,631).

(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

Capital 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 "Statement of Operations and Accumulated Surplus". Budget figures have been reclassified for the purpose of these financial statements to comply with PSAS reporting requirements. See 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.

**THE CORPORATION OF LOYALIST TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**19. Financial risks and concentration of credit risk:**

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Township is exposed to credit risk with respect to accounts receivable and investments on the Statement of Financial Position.

The Township assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Township at December 31, 2023 is the carrying value of these assets. The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the Statement of Operations and Accumulated Surplus. Subsequent recoveries of impairment losses related to patient and other accounts receivable are credited to the Statement of Operations and Accumulated Surplus. The balance of the allowance for doubtful accounts at December 31, 2023 is \$792,188 (2022 - \$694,094).

The Corporation follows an investment policy approved by its Council. The maximum exposure to credit risk with respect to investments of the Corporation at December 31, 2023 is the carrying value of long-term investment assets.

There have been no significant changes to the credit risk exposure from 2022.

(a) Credit risk:

The amounts outstanding at year end were as follows:

	Current	Past due	Gross receivables	Allowances	Net receivables
Taxes receivables	(282,898)	4,932,545	4,649,647	(792,188)	3,857,459
Accounts receivables	3,932,515	450,111	4,382,626	-	4,382,626
Utility receivables	1,496,848	-	1,496,848	-	1,496,848
<b>Total</b>	<b>5,146,465</b>	<b>5,382,656</b>	<b>10,529,121</b>	<b>(792,188)</b>	<b>9,736,933</b>

# THE CORPORATION OF LOYALIST TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 19. Financial risks and concentration of credit risk (continued):

The amounts outstanding at year end were as follows:

(b) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates, impact the Corporation's income or the value of its holdings of financial instruments. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

There have been no significant changes to the market risk exposure from 2022.

(i) Currency risk:

Currency risk arises from the Township's operations in different currencies and converting non-Canadian earnings at different points in time at different foreign currency levels when adverse changes in foreign currency rates occur. The Township does not have any material transactions or financial instruments denominated in foreign currencies.

(ii) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Township to cash flow interest rate risk. The Township is exposed to this risk through its interest-bearing investments and long-term debt.

The Township's management monitors the interest rate fluctuations on a continuous basis and acts accordingly with regards to long-term debt as described in note 13. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the long-term debt.

The Corporation's investments are disclosed in note 6.

There has been no change to the interest rate risk exposure from 2022.

**THE CORPORATION OF LOYALIST TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**19. Financial risks and concentration of credit risk (continued):**

(b) Market risk (continued):

The amounts outstanding at year end were as follows:

(iii) Equity risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Corporation is exposed to this risk through its mutual fund holdings within its investment portfolio. At December 31, 2023, a 10% movement in the stock markets, with all other variables held constant, would have an estimated effect on the fair values of the Corporation's mutual fund holdings of \$nil (2022 - \$nil).

(c) Liquidity risk:

Liquidity risk is the risk that the Township will not be able to meet all of its cash outflow obligations as they come due. The Township mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The Township also maintains an unsecured line of credit with a Canadian chartered bank in the amount of \$5,000,000 (2022 - \$5,000,000) to cover short-term funding needs. There was no balance outstanding on the line of credit at December 31, 2023 (2022 - \$nil). Accounts payable are all current and the terms of the long-term debt are disclosed in note 13.

There have been no significant changes from the previous year in the Township's exposure to liquidity risk or policies, procedures and methods used to measure the risk.

**SCHEDULE A**

**THE CORPORATION OF LOYALIST TOWNSHIP  
SCHEDULE OF RESERVES AND RESERVE FUNDS  
DECEMBER 31, 2023**

	BALANCE January 1, 2023	CONTRIBUTIONS			TRANSFERS			BALANCE December 31, 2023
		Interest Income	Revenue/ Transfers	Total	To Operations	To Capital	Total	
<b>General Rate Reserve Funds</b>								
Landfill Obligations	\$ 953,203	\$ 44,151	\$ 63,970	\$ 108,121	\$ -	\$ -	\$ -	\$ 1,061,324
Industrial & Business Parks	460,531	108,596	6,078,369	6,186,965	4,750,293	-	4,750,293	1,897,203
Ameriks Scholarship	20,512	1,038	2,500	3,538	2,537	-	2,537	21,513
Prepaid Local Charges	605,695	29,721	-	29,721	-	22,081	22,081	613,335
Community Vibrancy Fund	907,075	43,724	104,280	148,004	-	-	-	1,055,079
Road Use Agreement Fund	321,407	13,015	77,304	90,319	-	-	-	411,726
Community Benefit Agreement Fund	2,291,300	90,679	554,693	645,372	301,997	859,500	1,161,497	1,775,175
Quarry Rehabilitation	438,063	23,872	42,000	65,872	-	-	-	503,935
Ice Resurfacers	17,944	940	792	1,732	-	-	-	19,676
Workplace Safety Insurance Board	279,156	14,697	-	14,697	-	-	-	293,853
General Capital	4,427,871	75,873	586,903	662,776	66,420	5,024,227	5,090,647	-
Fleet & Equipment Replacement	1,059,677	70,610	606,000	676,610	-	309,370	309,370	1,426,917
Amherst Island Assets	92,986	4,871	-	4,871	-	-	-	97,857
	<u>11,875,420</u>	<u>521,787</u>	<u>8,116,811</u>	<u>8,638,598</u>	<u>5,121,247</u>	<u>6,215,178</u>	<u>11,336,425</u>	<u>9,177,593</u>
<b>Reserves</b>								
Tax Rate Stabilization	870,427	-	744,925	744,925	-	-	-	1,615,352
Utilities User Rate Stabilization	867,982	-	-	-	285,736	-	285,736	582,246
Winter Control	220,000	-	-	-	-	-	-	220,000
Ferry Operations	116,234	-	-	-	117,664	-	117,664	(1,430)
Transit Operations	11,696	-	-	-	-	-	-	11,696
General Fire Department	39,713	-	5,000	5,000	17,723	-	17,723	26,990
Fire Training	55,863	-	-	-	-	-	-	55,863
Working Capital	1,332,635	-	346,027	346,027	7,327	88,254	95,581	1,583,081
Bath Canada Day	53,009	-	-	-	6,998	-	6,998	46,011
Municipal Election	2,814	-	15,000	15,000	-	-	-	17,814
Physician Recruitment	-	-	60,000	60,000	-	-	-	60,000
Bath Museum	6,715	-	1,341	1,341	-	-	-	8,056
	<u>3,577,088</u>	<u>-</u>	<u>1,172,293</u>	<u>1,172,293</u>	<u>435,448</u>	<u>88,254</u>	<u>523,702</u>	<u>4,225,679</u>

**SCHEDULE A**

**THE CORPORATION OF LOYALIST TOWNSHIP  
SCHEDULE OF RESERVES AND RESERVE FUNDS  
DECEMBER 31, 2023**

	BALANCE January 1, 2023	CONTRIBUTIONS			TRANSFERS			BALANCE December 31, 2023
		Interest Income	Revenue/ Transfers	Total	To Operations	To Capital	Total	
<b>Service Rate Reserve Funds</b>								
Ferry Berthage	644,845	27,548	3,996	31,544	19,560	-	19,560	656,829
Water Impost Fees	5,674,983	263,293	1,470,165	1,733,458	-	404,997	404,997	7,003,444
Sewer Impost Fees	6,400,011	282,488	820,820	1,103,308	-	85,990	85,990	7,417,329
Utilities Water Capital	918,449	48,114	-	48,114	-	1,505,831	1,505,831	(539,268)
Utilities Sewer Capital	<u>1,275,769</u>	<u>66,833</u>	<u>-</u>	<u>66,833</u>	<u>-</u>	<u>268,419</u>	<u>268,419</u>	<u>1,074,183</u>
	<u>14,914,057</u>	<u>688,276</u>	<u>2,294,981</u>	<u>2,983,257</u>	<u>19,560</u>	<u>2,265,237</u>	<u>2,284,797</u>	<u>15,612,517</u>
<b>Total Reserves and Reserve Funds</b>	<u>\$ 30,366,565</u>	<u>\$ 1,210,063</u>	<u>\$ 11,584,085</u>	<u>\$ 12,794,148</u>	<u>\$ 5,576,255</u>	<u>\$ 8,568,669</u>	<u>\$ 14,144,924</u>	<u>\$ 29,015,789</u>

**SCHEDULE B**

**THE CORPORATION OF LOYALIST TOWNSHIP  
SCHEDULE OF SEGMENTED INFORMATION  
DECEMBER 31, 2023**

	General Government	Emergency Services	Roads Services	Waste & Stormwater Services	Cemeteries	Recreation & Culture Services	Planning & Development Services	Water Systems	Sewer Systems	Building Services	Amherst Island Ferry Service	Amherstview Transit Service	Total
<b>Revenue</b>													
Municipal taxation	\$ 4,702,986	\$ 4,562,082	\$ 5,549,591	\$ -	\$ -	\$ 2,997,769	\$ 1,443,665	\$ -	\$ -	\$ -	\$ -	\$ 532,085	\$ 19,788,178
Taxation from other governments	332,521	322,560	392,381	-	-	211,956	102,074	-	-	-	-	-	1,361,492
User charges	107,442	98,284	1,097,239	920,630	3,800	591,869	477,028	6,441,962	4,932,028	1,412,727	885,131	148,878	17,117,018
Government transfers													
Government of Canada	10,790	220,061	12,732	116,300	-	64,540	3,312	-	-	-	-	-	427,735
Province of Ontario	215,288	115,392	116,586	-	-	73,996	30,329	-	-	-	3,648,715	-	4,200,306
Investment income	644,788	-	127,568	44,152	-	940	138,317	311,405	349,320	-	27,548	-	1,644,038
Deferred revenue earned	-	90,199	10,499	-	-	-	66,929	-	-	-	-	136,898	304,525
Interest and penalties on taxes	111,202	107,871	131,220	-	-	70,882	34,136	-	-	-	-	-	455,311
Donations	2,500	400	-	-	-	25,582	-	-	-	-	-	-	28,482
Other	663,975	-	77,304	-	-	-	7,002,841	92,748	14,068	-	-	-	7,850,936
	<u>6,791,492</u>	<u>5,516,849</u>	<u>7,515,120</u>	<u>1,081,082</u>	<u>3,800</u>	<u>4,037,534</u>	<u>9,298,631</u>	<u>6,846,115</u>	<u>5,295,416</u>	<u>1,412,727</u>	<u>4,561,394</u>	<u>817,861</u>	<u>53,178,024</u>
<b>Expenditures</b>													
Salaries, wages and benefits	3,115,993	1,841,355	3,045,078	427,098	3,343	2,431,046	1,130,844	1,279,510	584,117	676,713	3,168,947	69,556	17,773,600
Interest on long-term debt	1,252,643	-	-	-	-	-	-	60,901	75,890	-	-	-	1,389,434
Materials	844,968	473,545	1,650,634	356,995	11,819	478,994	934,249	651,583	537,989	34,271	1,027,952	6,531	7,009,530
Contracted services	983,252	149,505	495,688	1,171,099	31,892	846,001	146,273	514,883	1,252,278	-	231,430	702,909	6,525,210
Rent and financial expenses	182,202	-	(1)	363	-	50,613	-	1,134	-	-	4,580	-	238,891
External transfers	302,290	2,680,925	-	1,975	-	-	1,300	-	-	-	-	-	2,986,490
Interfunctional adjustments	(1,179,600)	15,943	15,599	-	-	22,295	-	66,411	807,618	89,900	224,134	(62,300)	-
Amortization	298,381	440,874	2,780,940	552,145	-	389,187	6,053	1,309,461	963,157	-	-	2,133	6,742,331
	<u>5,800,129</u>	<u>5,602,147</u>	<u>7,987,938</u>	<u>2,509,675</u>	<u>47,054</u>	<u>4,218,136</u>	<u>2,218,719</u>	<u>3,883,883</u>	<u>4,221,049</u>	<u>800,884</u>	<u>4,657,043</u>	<u>718,829</u>	<u>42,665,486</u>
<b>NET REVENUE (EXPENDITURES)</b>	<u>991,363</u>	<u>(85,298)</u>	<u>(472,818)</u>	<u>(1,428,593)</u>	<u>(43,254)</u>	<u>(180,602)</u>	<u>7,079,912</u>	<u>2,962,232</u>	<u>1,074,367</u>	<u>611,843</u>	<u>(95,649)</u>	<u>99,032</u>	<u>10,512,538</u>
<b>Capital Revenue</b>													
Contributed tangible capital assets	-	-	2,837,325	2,899,563	-	131,714	-	2,083,624	1,583,767	-	-	-	9,535,993
Government transfers													
Government of Canada	-	-	-	17,589	-	4,059	-	-	-	-	-	-	21,648
Government of Ontario	-	-	2,302,096	-	-	-	-	-	-	-	-	-	2,302,096
User charges	-	30,220	(10,742)	-	-	(20,713)	-	488,157	35,154	-	-	-	522,076
Deferred revenue earned	-	45,704	2,536,621	-	-	177,867	-	-	-	-	-	-	2,760,192
Loss on disposal	(18,896)	-	4,022	-	-	-	-	(55,461)	-	-	-	-	(70,335)
	<u>(18,896)</u>	<u>75,924</u>	<u>7,669,322</u>	<u>2,917,152</u>	<u>-</u>	<u>292,927</u>	<u>-</u>	<u>2,516,320</u>	<u>1,618,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,071,670</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ 972,467</u>	<u>\$ (9,374)</u>	<u>\$ 7,196,504</u>	<u>\$ 1,488,559</u>	<u>\$ (43,254)</u>	<u>\$ 112,325</u>	<u>\$ 7,079,912</u>	<u>\$ 5,478,552</u>	<u>\$ 2,693,288</u>	<u>\$ 611,843</u>	<u>\$ (95,649)</u>	<u>\$ 99,032</u>	<u>\$ 25,584,208</u>

**SCHEDULE B**

**THE CORPORATION OF LOYALIST TOWNSHIP  
SCHEDULE OF SEGMENTED INFORMATION  
DECEMBER 31, 2022**

	General Government	Emergency Services	Roads Services	Waste & Stormwater Services	Cemeteries	Recreation & Culture Services	Planning & Development Services	Water Systems	Sewer Systems	Building Services	Amherst Island Ferry Service	Amherstview Transit Service	Total
<b>Revenue</b>													
Municipal taxation	\$ 3,454,714	\$ 4,600,184	\$ 5,292,335	\$ 812,050	\$ -	\$ 3,250,633	\$ 833,339	\$ -	\$ -	\$ -	\$ -	\$ 525,605	\$ 18,768,860
Taxation from other governments	256,485	341,528	392,914	60,288	-	241,334	61,870	-	-	-	-	-	1,354,419
User charges	132,448	155,475	1,020,760	922,749	16,340	476,570	456,471	6,732,129	5,076,481	957,350	608,747	140,731	16,696,251
Government transfers													
Government of Canada	6,222	8,285	9,532	1,463	-	341,189	1,501	-	-	-	-	-	368,192
Province of Ontario	90,013	137,734	137,536	21,103	-	129,847	21,656	-	-	-	2,907,475	-	3,445,364
Investment income	509,252	-	58,760	19,711	-	271	22,535	141,189	170,686	-	12,844	-	935,248
Deferred revenue earned	-	90,198	51,203	-	-	-	227,230	-	-	-	-	95,032	463,663
Interest and penalties on taxes	67,409	89,759	103,265	15,845	-	63,427	16,259	-	-	-	-	-	355,964
Donations	500	7,500	-	-	-	23,756	-	-	-	-	-	-	31,756
Other	645,104	-	463,951	-	-	-	146,529	82,458	14,425	-	-	-	1,352,467
	<u>5,162,147</u>	<u>5,430,663</u>	<u>7,530,256</u>	<u>1,853,209</u>	<u>16,340</u>	<u>4,527,027</u>	<u>1,787,390</u>	<u>6,955,776</u>	<u>5,261,592</u>	<u>957,350</u>	<u>3,529,066</u>	<u>761,368</u>	<u>43,772,184</u>
<b>Expenditures</b>													
Salaries, wages and benefits	2,708,324	1,723,187	2,974,416	413,626	301	2,159,908	952,837	1,263,020	481,815	581,915	2,207,143	67,747	15,534,239
Interest on long-term debt	689,267	-	-	-	-	-	-	69,633	87,581	-	-	-	846,481
Materials	601,145	491,849	1,718,043	118,093	6,072	505,436	22,938,858	598,921	553,554	34,385	955,841	6,148	28,528,345
Contracted services	782,550	162,706	439,351	930,868	24,404	1,249,251	171,567	388,318	1,102,337	-	215,605	644,874	6,111,831
Rent and financial expenses	177,236	-	-	354	-	11,001	-	-	-	-	3,898	-	192,489
External transfers	77,339	2,740,005	-	2,500	-	-	1,300	-	-	-	-	-	2,821,144
Interfunctional adjustments	(1,118,300)	14,595	(92,300)	(14,504)	-	22,867	31	51,319	814,437	90,400	188,855	42,600	-
Amortization	282,591	439,555	2,212,635	427,949	-	355,519	4,080	1,295,087	977,532	-	-	2,133	5,997,081
	<u>4,200,152</u>	<u>5,571,897</u>	<u>7,252,145</u>	<u>1,878,886</u>	<u>30,777</u>	<u>4,303,982</u>	<u>24,068,673</u>	<u>3,666,298</u>	<u>4,017,256</u>	<u>706,700</u>	<u>3,571,342</u>	<u>763,502</u>	<u>60,031,610</u>
<b>NET REVENUE (EXPENDITURES)</b>	<u>961,995</u>	<u>(141,234)</u>	<u>278,111</u>	<u>(25,677)</u>	<u>(14,437)</u>	<u>223,045</u>	<u>(22,281,283)</u>	<u>3,289,478</u>	<u>1,244,336</u>	<u>250,650</u>	<u>(42,276)</u>	<u>(2,134)</u>	<u>(16,259,426)</u>
<b>Capital Revenue</b>													
Contributed tangible capital assets	-	-	3,381,737	3,117,282	-	53,580	-	1,898,352	1,933,680	-	-	-	10,384,631
Government transfers													
Government of Canada	-	-	-	182,850	-	65,781	-	-	-	-	-	-	248,631
Government of Ontario	-	-	807,332	-	-	102,112	-	-	-	-	-	-	909,444
User charges	-	-	-	-	-	(18,544)	-	149,415	18,478	-	-	-	149,349
Deferred revenue earned	-	46,867	518,053	-	-	880,246	-	-	-	-	-	-	1,445,166
Loss on disposal	(19,832)	-	(229,515)	(4,732)	-	(3,845)	-	(26,585)	-	-	-	-	(284,509)
	<u>(19,832)</u>	<u>46,867</u>	<u>4,477,607</u>	<u>3,295,400</u>	<u>-</u>	<u>1,079,330</u>	<u>-</u>	<u>2,021,182</u>	<u>1,952,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,852,712</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ 942,163</u>	<u>\$ (94,367)</u>	<u>\$ 4,755,718</u>	<u>\$ 3,269,723</u>	<u>\$ (14,437)</u>	<u>\$ 1,302,375</u>	<u>\$ (22,281,283)</u>	<u>\$ 5,310,660</u>	<u>\$ 3,196,494</u>	<u>\$ 250,650</u>	<u>\$ (42,276)</u>	<u>\$ (2,134)</u>	<u>\$ (3,406,714)</u>

SCHEDULE C

**THE CORPORATION OF LOYALIST TOWNSHIP**  
**SCHEDULE OF CAPITAL ASSETS AND ACCUMULATED AMORTIZATION**  
**DECEMBER 31, 2023**

	GENERAL							INFRASTRUCTURE					TOTALS	
	Land	Land Improvements	Building and Building Improvements	Fleet	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	2023
<b>COST</b>														
Balance, beginning of year	\$ 5,491,990	\$ 4,855,783	\$ 15,847,924	\$ 11,397,064	\$ 287,334	\$ 6,199,852	\$ 1,866,638	\$ 63,119,943	\$ 51,930,730	\$ 36,221,423	\$ 6,638,283	\$ 66,342,225	\$ 5,679,541	\$ 275,878,730
Additions during the year	100,860	519,961	4,832,358	343,327	10,289	936,698	248,146	3,308,286	1,858,454	3,054,182	259,696	7,740,575	7,543,564	30,756,396
Change in ARO	-	1,124,719	346,909	-	-	-	-	-	-	-	-	-	-	1,471,628
Disposals during the year	-	-	(128,312)	(98,462)	-	-	-	(50,264)	(14,118)	(16,362)	(26,678)	(82,076)	(3,611,596)	(4,027,868)
Balance, end of year	<u>5,592,850</u>	<u>6,500,463</u>	<u>20,898,879</u>	<u>11,641,929</u>	<u>297,623</u>	<u>7,136,550</u>	<u>2,114,784</u>	<u>66,377,965</u>	<u>53,775,066</u>	<u>39,259,243</u>	<u>6,871,301</u>	<u>74,000,724</u>	<u>9,611,509</u>	<u>304,078,886</u>
<b>ACCUMULATED AMORTIZATION</b>														
Balance, beginning of year	-	1,995,606	6,203,000	5,842,884	191,543	3,467,200	1,109,086	18,776,741	15,779,350	7,357,943	3,215,005	26,926,481	-	90,864,839
Amortization during the year	-	241,055	369,044	551,861	17,965	325,965	248,639	1,315,177	965,766	528,771	150,603	1,878,758	-	6,593,604
Accumulated amortization on disposals	-	-	(92,367)	(97,141)	-	-	-	(10,460)	(782)	(9,621)	(22,793)	(83,732)	-	(316,896)
Balance, end of year	<u>-</u>	<u>2,236,661</u>	<u>6,479,677</u>	<u>6,297,604</u>	<u>209,508</u>	<u>3,793,165</u>	<u>1,357,725</u>	<u>20,081,458</u>	<u>16,744,334</u>	<u>7,877,093</u>	<u>3,342,815</u>	<u>28,721,507</u>	<u>-</u>	<u>97,141,547</u>
Net Book Value of Tangible Capital Assets	\$ <u>5,592,850</u>	\$ <u>4,263,802</u>	\$ <u>14,419,202</u>	\$ <u>5,344,325</u>	\$ <u>88,115</u>	\$ <u>3,343,385</u>	\$ <u>757,059</u>	\$ <u>46,296,507</u>	\$ <u>37,030,732</u>	\$ <u>31,382,150</u>	\$ <u>3,528,486</u>	\$ <u>45,279,217</u>	\$ <u>9,611,509</u>	\$ <u>206,937,339</u>

SCHEDULE C

**THE CORPORATION OF LOYALIST TOWNSHIP**  
**SCHEDULE OF CAPITAL ASSETS AND ACCUMULATED AMORTIZATION**  
**DECEMBER 31, 2022**

	GENERAL							INFRASTRUCTURE					TOTALS	
	Land	Land Improvements	Building and Building Improvements	Fleet	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	2022
<b>COST</b>														
Balance, beginning of year	\$ 5,365,522	\$ 4,430,767	\$ 14,963,577	\$ 10,584,262	\$ 294,119	\$ 5,612,346	\$ 1,576,908	\$ 60,733,024	\$ 49,635,779	\$ 32,261,192	\$ 6,597,441	\$ 61,953,809	\$ 5,155,984	\$ 259,164,730
Additions during the year	151,300	496,750	909,391	1,176,823	-	599,885	289,730	2,427,896	2,335,190	3,990,520	47,727	4,782,043	2,458,226	19,665,481
Disposals during the year	<u>(24,832)</u>	<u>(71,734)</u>	<u>(25,044)</u>	<u>(364,021)</u>	<u>(6,785)</u>	<u>(12,379)</u>	<u>-</u>	<u>(40,977)</u>	<u>(40,239)</u>	<u>(30,289)</u>	<u>(6,885)</u>	<u>(393,627)</u>	<u>(1,934,669)</u>	<u>(2,951,481)</u>
Balance, end of year	<u>5,491,990</u>	<u>4,855,783</u>	<u>15,847,924</u>	<u>11,397,064</u>	<u>287,334</u>	<u>6,199,852</u>	<u>1,866,638</u>	<u>63,119,943</u>	<u>51,930,730</u>	<u>36,221,423</u>	<u>6,638,283</u>	<u>66,342,225</u>	<u>5,679,541</u>	<u>275,878,730</u>
<b>ACCUMULATED AMORTIZATION</b>														
Balance, beginning of year	-	1,914,039	5,889,780	5,683,736	174,233	3,163,734	856,309	17,521,374	14,867,385	6,952,566	3,072,195	25,457,205	-	85,552,556
Amortization during the year	-	153,301	338,264	523,169	20,250	315,845	252,777	1,269,759	952,204	427,948	147,587	1,595,977	-	5,997,081
Accumulated amortization on disposals	<u>-</u>	<u>(71,734)</u>	<u>(25,044)</u>	<u>(364,021)</u>	<u>(2,940)</u>	<u>(12,379)</u>	<u>-</u>	<u>(14,392)</u>	<u>(40,239)</u>	<u>(22,571)</u>	<u>(4,777)</u>	<u>(126,701)</u>	<u>-</u>	<u>(684,798)</u>
Balance, end of year	<u>-</u>	<u>1,995,606</u>	<u>6,203,000</u>	<u>5,842,884</u>	<u>191,543</u>	<u>3,467,200</u>	<u>1,109,086</u>	<u>18,776,741</u>	<u>15,779,350</u>	<u>7,357,943</u>	<u>3,215,005</u>	<u>26,926,481</u>	<u>-</u>	<u>90,864,839</u>
Net Book Value of Tangible Capital Assets	<u>\$ 5,491,990</u>	<u>\$ 2,860,177</u>	<u>\$ 9,644,924</u>	<u>\$ 5,554,180</u>	<u>\$ 95,791</u>	<u>\$ 2,732,652</u>	<u>\$ 757,552</u>	<u>\$ 44,343,202</u>	<u>\$ 36,151,380</u>	<u>\$ 28,863,480</u>	<u>\$ 3,423,278</u>	<u>\$ 39,415,744</u>	<u>\$ 5,679,541</u>	<u>\$ 185,013,891</u>

## CORPORATION OF LOYALIST TOWNSHIP

## CONSOLIDATED SCHEDULE OF RECONCILIATION OF FINANCIAL PLAN TO THE BUDGET

DECEMBER 31, 2023

	OPERATING BUDGET	CAPITAL BUDGET	TRANSFERS TO CAPITAL	TRANSFER TO (FROM) RESERVES & RESERVE FUNDS	TANGIBLE CAPITAL ASSET ADJUSTMENTS	LONG-TERM DEBT PRINCIPAL	PSAB BUDGET
<b>REVENUES</b>							
Municipal taxation	\$ 19,560,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,560,900
Taxation from other governments	1,505,100	-	-	-	-	-	1,505,100
User fees and sale of goods and services	16,608,000	-	-	-	-	-	16,608,000
Government transfers							
Canada	10,000	-	-	-	-	-	10,000
Ontario	4,679,000	-	-	-	-	-	4,679,000
Investment income	187,900	-	-	-	-	-	187,900
Deferred revenue earned	711,400	-	-	-	-	-	711,400
Interest and penalties on Taxes	350,000	-	-	-	-	-	350,000
Donations	39,500	-	-	-	-	-	39,500
Other	10,043,800	-	-	-	-	-	10,043,800
Transfers from reserves	5,441,000	-	-	(5,441,000)	-	-	-
Miscellaneous	-	-	-	-	-	-	-
	<u>59,136,600</u>	<u>-</u>	<u>-</u>	<u>(5,441,000)</u>	<u>-</u>	<u>-</u>	<u>53,695,600</u>
<b>EXPENSES</b>							
Current							
Non departmental	2,563,400	-	(2,563,400)	-	-	-	-
General government	10,988,200	-	-	(1,556,900)	257,100	(5,120,800)	4,567,600
Protection services	5,830,400	-	-	-	406,900	-	6,237,300
Transportation services	11,136,800	-	-	(262,000)	2,027,500	-	12,902,300
Environmental services	14,432,100	-	(3,390,500)	(2,676,900)	2,532,600	(622,700)	10,274,600
Recreation and cultural services	3,711,200	-	-	(7,200)	321,900	-	4,025,900
Planning and development	10,755,800	-	-	(7,936,200)	-	-	2,819,600
Health services/Cemeteries	48,600	-	-	-	-	-	48,600
Capital							
General government	-	450,800	-	-	(450,800)	-	-
Protection services	-	428,000	-	-	(428,000)	-	-
Transportation services	-	8,500,400	-	-	(8,500,400)	-	-
Environmental services	-	3,503,600	-	-	(3,503,600)	-	-
Recreation and cultural services	-	1,198,200	-	-	(1,198,200)	-	-
Planning and development	-	-	-	-	-	-	-
Health services/Cemeteries	-	-	-	-	-	-	-
	<u>59,466,500</u>	<u>14,081,000</u>	<u>(5,953,900)</u>	<u>(12,439,200)</u>	<u>(8,535,000)</u>	<u>(5,743,500)</u>	<u>40,875,900</u>
<b>NET REVENUES (EXPENSES)</b>	<b>(329,900.00)</b>	<b>(14,081,000)</b>	<b>5,953,900</b>	<b>6,998,200</b>	<b>8,535,000</b>	<b>5,743,500</b>	<b>12,819,700</b>
<b>OTHER INCOME AND EXPENSES RELATED TO CAPITAL</b>							
Deferred revenue earned	-	1,149,100	-	-	-	-	1,149,100
Government transfers							
Canada	-	-	-	-	-	-	-
Ontario	-	248,600	-	-	-	-	248,600
User Charges	-	3,575,600	-	-	-	-	3,575,600
Donations and miscellaneous	-	1,261,000	-	-	-	-	1,261,000
	<u>-</u>	<u>6,234,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,234,300</u>
<b>FINANCING AND TRANSFERS</b>							
Debenture and other long-term borrowings	-	-	-	-	-	-	-
Debt repayment	-	-	-	-	-	(5,743,500)	(5,743,500)
Transfers from (to) other funds	-	7,247,500	(5,953,900)	(1,293,600)	-	5,743,500	5,743,500
	<u>-</u>	<u>7,247,500</u>	<u>(5,953,900)</u>	<u>(1,293,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ -</b>	<b>\$ (599,200)</b>	<b>\$ -</b>	<b>\$ 5,704,600</b>	<b>\$ 8,535,000</b>	<b>\$ 5,743,500</b>	<b>\$ 19,054,000</b>