

CORPORATION OF LOYALIST TOWNSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2024

CORPORATION OF LOYALIST TOWNSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2024

TABLE OF CONTENTS

	Page Number
MANAGEMENT REPORT	
INDEPENDENT AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Assets/(Net Debt)	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 24
Schedule of Tangible Capital Assets	25
Schedules of Segment Disclosure	26 - 27
TRUST FUND	
Independent Auditor's Report	28
Statement of Financial Position	30
Statement of Continuity	30
Notes to the Financial Statements	31

CORPORATION OF LOYALIST TOWNSHIP

For The Year Ended December 31, 2024

MANAGEMENT REPORT

The accompanying financial statements of the Corporation of Loyalist Township are the responsibility of management and have been approved by Council.

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Township maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted for and adequately safeguarded.

The Township's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the Township's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of Loyalist Township. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

The financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the Township. Baker Tilly KDN LLP has full and free access to Council.

Rebecca Murphy

Signed with ConsignO Cloud (2025/10/15)
Verify with verifio.com or Adobe Reader.



Arthur Smith

Signed with ConsignO Cloud (2025/10/15)
Verify with verifio.com or Adobe Reader.



October 15, 2025

Chief Administrative Officer

Deputy Treasurer

Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

INDEPENDENT AUDITOR'S REPORT

**To the Members of Council, Inhabitants and Ratepayers
of the Loyalist Township**

T: (705) 742-3418
F: (705) 742-9775

www.bakertilly.ca

Opinion

We have audited the financial statements of the Corporation of Loyalist Township (the Township), which comprise the statement of financial position as at December 31, 2024, the statements of operations and accumulated surplus, change in net financial assets/(net debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2024, and the results of its 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 report. We are independent of the Township 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.

Other Matter

The financial statements of the Township for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on November 6, 2024.

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 Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

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

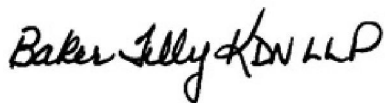
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Township'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 Township 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.

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



Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
November 18, 2025

CORPORATION OF LOYALIST TOWNSHIP

STATEMENT OF FINANCIAL POSITION

At December 31, 2024

	2024 \$	Restated 2023 \$ (note 3)
FINANCIAL ASSETS		
Cash (note 2)	27,393,720	41,297,263
Accounts receivable	19,326,172	5,879,474
Taxes receivable	3,978,969	4,121,965
Land held for resale	206,013	607,442
Other assets	45,574	44,681
TOTAL FINANCIAL ASSETS	50,950,448	51,950,825
LIABILITIES		
Accounts payable and accrued liabilities	21,044,357	9,268,911
Deferred revenue - obligatory reserve funds (note 4)	3,244,276	5,617,918
Deferred revenue - other (note 5)	4,402,143	2,595,507
Long term debt (note 6)	22,528,742	22,848,842
Asset retirement obligation (note 7)	4,238,270	4,118,379
Employee future amounts payable (note 8)	2,478,901	2,360,499
TOTAL LIABILITIES	57,936,689	46,810,056
NET FINANCIAL ASSETS/(NET DEBT)	(6,986,241)	5,140,769
NON-FINANCIAL ASSETS		
Tangible capital assets (note 10)	248,454,330	209,885,466
Inventories of materials and supplies	687,242	239,245
Prepaid expenses	759,138	728,917
TOTAL NON-FINANCIAL ASSETS	249,900,710	210,853,628
ACCUMULATED SURPLUS (note 11)	242,914,469	215,994,397

The accompanying notes are an integral part of these financial statements

CORPORATION OF LOYALIST TOWNSHIP

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2024

	Budget 2024 \$ (note 15)	Actual 2024 \$	Restated Actual 2023 \$ (note 3)
REVENUES			
Property taxation	22,739,013	22,907,747	21,149,670
User charges	15,293,267	14,504,603	14,744,257
Government of Canada	6,000	9,015,806	71,825
Province of Ontario	5,992,400	6,934,209	6,496,446
Other municipalities	664,800	3,421,701	654,582
Penalties and interest on taxes	400,000	578,501	455,311
Investment income	304,900	1,741,921	1,644,039
Contributed tangible capital assets	-	5,666,363	9,535,993
Other grants	248,600	416,277	238,211
Wind and solar sales	714,000	742,079	736,277
Recoveries	365,600	681,895	984,195
Development charges earned (note 4)	200,200	2,455,358	3,106,063
Canada Community-Building Fund earned (note 4)	-	2,336,237	505,067
Provincial gas tax earned (note 4)	268,100	158,407	136,898
Gain/(loss) on disposal of tangible capital assets	-	306,665	(70,335)
Other	707,400	534,188	7,366,220
TOTAL REVENUES	47,904,280	72,401,957	67,754,719
EXPENSES			
General government	4,906,561	5,506,611	5,807,230
Protection services	6,700,275	6,976,392	6,403,000
Transportation services	15,459,705	15,605,492	13,565,406
Environmental services	10,806,832	10,872,149	10,015,970
Health services	34,700	106,597	47,054
Recreation and cultural services	4,694,987	4,345,467	4,218,138
Planning and development	1,615,253	2,069,177	2,218,719
TOTAL EXPENSES	44,218,313	45,481,885	42,275,517
ANNUAL SURPLUS	<u>3,685,967</u>	26,920,072	25,479,202
ACCUMULATED SURPLUS - beginning of year		215,994,397	190,515,195
ACCUMULATED SURPLUS - end of year		242,914,469	215,994,397

The accompanying notes are an integral part of these financial statements

CORPORATION OF LOYALIST TOWNSHIP

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)

For the Year Ended December 31, 2024

	Budget 2024 \$ (note 15)	Actual 2024 \$	Restated Actual 2023 \$ (note 3)
ANNUAL SURPLUS	3,685,967	26,920,072	25,479,202
Amortization of tangible capital assets	6,847,333	7,057,552	6,847,337
Purchase of tangible capital assets	(6,798,706)	(40,005,326)	(19,229,158)
Loss/(gain) on disposal of tangible capital assets	-	(306,665)	70,335
Proceeds on sale of tangible capital assets	-	471,829	29,037
Change in asset retirement asset on revaluation of liability	-	(119,891)	-
Contributed tangible capital assets	-	(5,666,363)	(9,535,993)
Change in inventories of materials and supplies	-	(447,997)	(63,287)
Change in prepaid expenses	-	(30,221)	-
CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)	3,734,594	(12,127,010)	3,597,473
NET FINANCIAL ASSETS/(NET DEBT) - beginning of year	5,140,769	5,140,769	(2,416,709)
ADJUSTMENT ON ADOPTION OF THE FINANCIAL INSTRUMENTS STANDARD	-	-	3,960,005
NET FINANCIAL ASSETS - beginning of year, as restated	5,140,769	5,140,769	1,543,296
NET FINANCIAL ASSETS/(NET DEBT) - end of year	8,875,363	(6,986,241)	5,140,769

The accompanying notes are an integral part of these financial statements

CORPORATION OF LOYALIST TOWNSHIP

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2024

	2024 \$	Restated 2023 \$ (note 3)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	26,920,072	25,479,202
Items not involving cash		
Amortization of tangible capital assets	7,057,552	6,847,337
Loss/(gain) on disposal of tangible capital assets	(306,665)	70,335
Contributed tangible capital assets	(5,666,363)	(9,535,993)
Change in asset retirement obligation	119,891	4,118,379
Change in employee future amounts payable	118,402	111,710
Change in asset retirement asset on revaluation of liability	(119,891)	-
Change in amortized cost of long term debt	622,656	-
Change in non-cash assets and liabilities		
Accounts receivable	(13,446,698)	196,531
Taxes receivable	142,996	(1,284,443)
Land held for resale	401,429	703,257
Other assets	(893)	-
Inventories of materials and supplies	(447,997)	(25,706)
Prepaid expenses	(30,221)	(37,581)
Accounts payable and accrued liabilities	11,775,446	(184,181)
Deferred revenue - obligatory reserve funds	(2,373,642)	(123,019)
Deferred revenue - other	1,806,636	(7,088)
Net change in cash from operating activities	26,572,710	26,328,740
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(40,005,326)	(21,727,185)
Proceeds on disposal of tangible capital assets	471,829	29,037
Net change in cash from capital activities	(39,533,497)	(21,698,148)
INVESTING ACTIVITIES		
Redemption of investments	-	7,135,579
FINANCING ACTIVITIES		
Debt principal repayments	(942,756)	(4,748,468)
NET CHANGE IN CASH	(13,903,543)	7,017,703
CASH - beginning of year	41,297,263	34,279,560
CASH - end of year	27,393,720	41,297,263

The accompanying notes are an integral part of these financial statements

CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

Loyalist Township is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of Loyalist Township.

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) Trust Funds

Trust funds and their related operations administered by the Township are not included in these financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(c) 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 improvements to prepare the land for sale and servicing.

(d) 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, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	10 years
Buildings	50 years
Roadways	7-50 years
Water and sewer	50-75 years
Vehicles	5-15 years
Furniture and fixtures	5 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

(e) Inventories of Materials and Supplies

Inventories of materials and supplies held for consumption are recorded at cost.

CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Accounts receivable	Amortized Cost
Taxes receivable	Amortized Cost
Other assets	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Long term debt	Amortized Cost

Fair value category: The Township manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy 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 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(h) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the Township because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Township unless they are sold.

(i) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Property taxation

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Township's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Township is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are reported in the financial statements when amounts can be reasonably determined.

The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

Government funding

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other revenue

Canada Community-Building Fund, Provincial gas tax and development charges are recognized in the period in which the related expenditures are recorded.

CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Employee Future Amounts Payable

The Township provides certain employee benefits which will require funding in future periods. These benefits include extended health and dental benefits and benefits under the Workplace Safety and Insurance Board Act.

The costs of these benefits earned by employees are actuarially determined using management's best estimate of salary escalation, retirement ages of employees, expected health care costs and long term inflation and discount rates.

Any actuarial gains and losses, which can arise from changes in actuarial assumptions, are amortized over the expected average remaining service life of the employee group.

(k) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Township's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements or changes in such estimates in future periods could be significant. The Township's significant estimates include:

- The amount recorded for asset retirement obligation is based on estimates of the assets with potential contaminants and management's estimate of the costs to retire those assets - See Note 1(m) and related costs added to tangible capital assets - See Note 1(d)
- Amortization of tangible capital assets is based on estimated useful life and residual value - See Note 1(d)
- Employee future amounts payable depend on certain actuarial and economic assumptions - See Note 1(j)
- Allowance for doubtful accounts receivable is based in management's estimate of future collectibility

(l) Reserves and Reserve Funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(m) Asset Retirement Obligation

An asset retirement obligation 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. An additional liability for the removal of asbestos in several of the buildings owned by the Township has also been recognized based on estimated future expenses for remediation or disposal.

The landfill liability is discounted using a present value calculation, and adjusted yearly for accretion expense and any amounts paid. The recognition of the liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in (d).

The liability for asbestos and other amounts has not been discounted using a present value calculation due to the uncertainty of when the future costs will be incurred. The recognition of the initial liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in (d).

CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

2. CASH

Cash consists of the following:

	2024	2023
	\$	\$
Unrestricted	7,395,582	7,080,629
Building permit rate stabilization	1,311,231	1,221,180
Asset replacement	7,950,000	5,942,944
Special area reserve funds	(255,002)	14,420,773
Contingency reserve funds	308,760	293,853
Discretionary reserve funds	7,438,873	6,719,967
Obligatory reserve funds	3,244,276	5,617,917
	27,393,720	41,297,263

3. RESTATEMENT FOR PRIOR PERIOD ADJUSTMENTS

The Township has restated its financial statements to include tangible capital assets that were previously not recorded related to asset retirement obligations and to record the present value of an interest free debt instrument. Adjustments necessary to the 2023 financial information as a result of the change is as follows:

Adjustment to 2023 Tangible Capital Assets

Net book value of tangible capital assets as previously stated	\$ 206,937,339
Cost of assets not previously recorded	3,053,133
Accumulated amortization to December 31, 2023 on assets not previously recorded	<u>(105,006)</u>
Closing 2023 and opening 2024 net book value of tangible capital assets as restated	<u>\$ 209,885,466</u>

Adjustment to Opening 2023 Accumulated Surplus

Accumulated surplus as previously stated	\$ 183,502,057
Cost of assets not previously recorded	3,053,133
Recognition of present value of long term debt received	<u>3,960,005</u>
Opening 2023 accumulated surplus as restated	<u>\$ 190,515,195</u>

Adjustment to 2023 Annual Surplus

2023 annual surplus as previously stated	\$ 25,584,208
Less: 2023 amortization expense not previously recorded	<u>(105,006)</u>
2023 annual surplus as restated	<u>\$ 25,479,202</u>

CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

4. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Township are summarized below:

	2024 \$	2023 \$
Canada Community-Building Fund	651,844	2,282,693
Provincial gas tax	522,449	499,693
Parkland	585,192	367,556
Development charges	1,484,791	2,467,976
	3,244,276	5,617,918

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2024 \$	2023 \$
Balance - beginning of year	5,617,918	6,309,640
Add amounts received:		
Canada Community-Building Fund	572,515	561,640
Provincial gas tax	148,837	-
Parkland fees	191,413	57,700
Development charges	1,191,268	2,029,718
Interest	472,327	407,248
	2,576,360	3,056,306
Less transfer to operations:		
Canada Community-Building Fund earned	2,336,237	505,067
Provincial gas tax earned	158,407	136,898
Development charges earned	2,455,358	3,106,063
	4,950,002	3,748,028
Balance - end of year	3,244,276	5,617,918

CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

5. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2024	2023
	\$	\$
Building rate stabilization	1,311,231	1,221,179
Ontario Community Infrastructure Fund	1,399,839	710,998
CMHC Housing Accelerator Fund	895,976	-
Other	795,097	663,330
	4,402,143	2,595,507

The continuity of deferred revenue - other is as follows:

	2024	2023
	\$	\$
Balance - beginning of year	2,595,507	2,033,892
Add amounts received:		
Building rate stabilization	90,051	638,015
Ontario Community Infrastructure Fund	1,449,044	1,789,887
CMHC Housing Accelerator Fund	895,976	-
Interest	72,797	-
Other	331,090	425,411
	2,838,958	2,853,313
Less transfer to operations:		
Ontario Community Infrastructure Fund	833,000	1,865,056
Other	199,322	426,642
	1,032,322	2,291,698
Balance - end of year	4,402,143	2,595,507

CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

6. LONG TERM DEBT

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2024	Restated 2023 (note 3)
	\$	\$
Debenture issued to Canada Mortgage and Housing Corporation maturing May 1, 2025, repayable in blended annual payments of \$84,034 with interest at the rate of 4.15% per annum	80,686	158,156
Debenture issued to Ontario Infrastructure and Lands Corporation maturing August 5, 2025, repayable in semi-annual payments of \$38,810 plus interest at the rate of 4.06% per annum	77,620	155,240
Debenture issued to Ontario Infrastructure and Lands Corporation maturing August 6, 2030, repayable in semi-annual payments of \$43,435 plus interest at the rate of 4.35% per annum	521,220	608,090
Debenture issued to Ontario Infrastructure and Lands Corporation maturing December 20, 2031, repayable in blended semi-annual payments of \$17,336 with interest at the rate of 2.95% per annum	217,842	245,475
Debenture issued to Ontario Infrastructure and Lands Corporation maturing December 20, 2036, repayable in blended semi-annual payments of \$41,870 with interest at the rate of 3.24% per annum	827,094	882,681
Debenture issued to Ontario Infrastructure and Lands Corporation maturing December 20, 2041, repayable in blended semi-annual payments of \$47,094 with interest at the rate of 3.42% per annum	1,206,629	1,258,224
Debenture issued to Ontario Infrastructure and Lands Corporation maturing September 15, 2037, repayable in blended semi-annual payments of \$49,420 with interest at the rate of 3.28% per annum	1,039,270	1,102,463
Debenture issued to Ontario Infrastructure and Lands Corporation maturing September 15, 2042, repayable in blended semi-annual payments of \$44,717 with interest at the rate of 3.42% per annum	1,194,710	1,242,067
Bank debt issued to Toronto Dominion maturing March 28, 2025, repayable in blended monthly payments of \$10,513 with interest at the rate of 2.5% per annum	393,759	508,417
Bank debt issued to Toronto Dominion maturing March 30, 2025, repayable in blended monthly payments of \$16,796 with interest at the rate of 2.52% per annum	629,851	812,878
Bank debt issued to Toronto Dominion maturing January 15, 2025, repayable in blended monthly payments of \$11,926 with interest at the rate of 2.81% per annum	677,410	799,512

CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

6. LONG TERM DEBT, continued

	2024	Restated 2023 (note 3)
	\$	\$
Bank debt issued to Royal Bank of Canada maturing February 1, 2024, repayable in blended monthly payments of \$19,312 with interest at the rate of 2.35% per annum	-	35,644
Interest free debenture of \$19,000,000 issued to Ministry of Economic Development, Job Creation and Trade maturing July, 2035. Repayments start December 31, 2027 with interest starting July, 2028 at half of the lender's cost of borrowing moving to the lender's full cost of borrowing July 2033. Recorded at amortized cost using the effective interest rate method	15,662,651	15,039,995
	22,528,742	22,848,842

- (b) The long term debt in (a) issued in the name of the Township have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (c) The Township acts as a collection agency for the Province of Ontario for tile drainage loans for individual ratepayers. The value of these loans outstanding at December 31, 2024 is \$21,000 (2023 - \$Nil). These loans and the related repayments are not reported on the Consolidated Statements of Financial Position, Operations and Accumulated Surplus Change in Net Financial Assets/(Net Debt) and Cash Flows.
- (d) Interest paid during the year on long term debt amounted to \$860,820 (2023 - \$1,389,434).
- (e) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2025	281,000	863,736	1,144,736
2026	116,017	860,498	976,515
2027	549,013	855,498	1,404,511
2028	949,945	830,851	1,780,796
2029	1,513,132	786,153	2,299,285
2030 to 2034	15,983,471	2,187,571	18,171,042
2035 and subsequent years	3,136,164	256,139	3,392,303
	22,528,742	6,640,446	29,169,188

CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

7. ASSET RETIREMENT OBLIGATION

The Township's asset retirement obligation consists of the following:

(a) Landfill obligation

The Township owns and operates three landfill sites. The liability for the remaining closure costs of operational sites has been recognized under PS 3280 – Asset Retirement Obligations. The costs have been estimated based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years after the closure date using a discount rate of 4.4% and an inflation rate of 3%. For the three operational sites, the sites are projected to close between 2034 and 2044.

(b) Asbestos obligation

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.

(c) Site restoration

The Township leases land that upon lease termination must restore the land to its 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.

Changes to the asset retirement obligation in the year are as follows:

	Landfill closure and post- closure \$	Asbestos removal \$	Other \$	Total 2024 \$	Total 2023 \$
Asset Retirement Obligation					
Opening balance	3,761,470	346,909	10,000	4,118,379	-
Adjustment on adoption of the asset retirement obligation standard	-	-	-	-	3,969,655
Opening balance, as restated	3,761,470	346,909	10,000	4,118,379	3,969,655
Revaluation of liability	119,891	-	-	119,891	-
Accretion expense	-	-	-	-	148,724
Closing balance	3,881,361	346,909	10,000	4,238,270	4,118,379

CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

8. EMPLOYEE FUTURE AMOUNTS PAYABLE

	2024	2023
	\$	\$
WSIB	2,029,266	1,916,288
Health benefits	449,635	444,211
	2,478,901	2,360,499

Under the Workplace Safety and Insurance Board (WSIB), the Township is self-insured (Schedule II) and remits payments to the WSIB as required to fund disability payments. The liability recorded of \$2,029,266 (2023 - \$1,916,288) has been determined by an actuarial review completed as of December 31, 2022.

The actuarial report for the WSIB liability was based on the following assumptions:

Discount rate	4.50%
Inflation rate	2.00%
WSIB administration rate	23.00%
Expected average remaining service life	12 years

The continuity of the WSIB liability is as follows:

	2024	2023
	\$	\$
Accrued benefit obligation at January 1	2,259,546	2,189,108
Unamortized actuarial losses	(343,258)	(370,934)
Liability at January 1	1,916,288	1,818,174
Current year benefit cost	173,929	168,794
Interest	101,223	97,892
Amortization of actuarial loss/(gain)	32,044	27,676
Less: benefit payments	(194,218)	(196,248)
Liability at December 31	2,029,266	1,916,288

The liability for extended health care benefits has been determined by an actuarial review completed as of December 31, 2023.

The actuarial report for the health benefits liability was based on the following assumptions:

Discount rate	4.50%
Inflation rate	2.00%
Future salary escalation	n/a
Future dental escalation	4.00%
Future health cost escalation	5.67% reducing to 4.00% in 2029

CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

8. EMPLOYEE FUTURE AMOUNTS PAYABLE, continued

The continuity of the health benefits is as follows:

	2024	2023
	\$	\$
Accrued benefit obligation at January 1	574,895	590,878
Unamortized actuarial losses	(130,684)	(160,263)
Liability at January 1	444,211	430,615
Current year benefit cost	18,632	18,784
Interest	24,942	20,050
Amortization of actuarial loss/(gain)	21,740	29,579
Less: benefit payments	(59,890)	(54,817)
Liability at December 31	449,635	444,211

9. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$5,000,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate of 4.95% per annum. Council authorized the temporary borrowing limit by By-law 2024-78. At December 31, 2024 there was no balance outstanding (2023 - \$Nil).

CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

10. TANGIBLE CAPITAL ASSETS

The net book value of the Township's tangible capital assets are:

	2024	Restated 2023 (note 3)
	\$	\$
General		
Land and land improvements	12,115,950	12,275,157
Buildings and building improvements	14,507,794	14,947,157
Vehicles	7,099,568	5,344,327
Information technology machinery and equipment	4,224,785	4,188,560
Infrastructure		
Water	46,052,504	46,289,354
Wastewater	36,904,024	37,030,551
Stormwater	32,170,879	31,428,100
Roads and bridges	51,059,921	48,770,751
	204,135,425	200,273,957
Assets under construction	44,318,905	9,611,509
	248,454,330	209,885,466

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2023 - \$Nil), no interest capitalized (2023 - \$Nil).

The tangible capital assets of \$5,666,363 contributed in 2024 (2023 - \$9,535,993) consisted of roadways and water and wastewater subdivision assets contributed by developers.

Tangible capital assets allocated by segment are as follows:

	2024	Restated 2023 (note 3)
	\$	\$
General government	27,774,397	3,310,009
Protection services	9,960,172	8,450,380
Transportation services	69,460,960	66,539,265
Environmental services	129,213,168	119,107,594
Recreation and cultural services	11,989,361	12,416,257
Planning and development	56,272	61,961
	248,454,330	209,885,466

CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

11. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2024	Restated 2023 (note 3)
	\$	\$
Surplus/(Deficit)		
Township	-	221,776
Building services	3,844	3,844
Sewer areas	(523,651)	(438,540)
Water areas	(206,781)	(255,800)
Land held for sale	579,676	607,442
Industry financed by long-term debt	(15,662,651)	(15,039,995)
Unfunded employee future benefits	(2,478,901)	(2,360,499)
	(18,288,464)	(17,261,772)
Invested In Capital Assets		
Tangible capital assets - net book value	248,454,330	209,885,466
Long term debt	(6,866,091)	(7,808,848)
Long term debt - internal	(132,500)	(147,500)
Unfinanced - Township (b)	(23,050,862)	(3,497,684)
Unexpended capital financing	5,694,476	3,463,905
Unfunded asset retirement obligation	(4,238,270)	(4,118,379)
	219,861,083	197,776,960
Surplus	201,572,619	180,515,188
Reserves		
Working capital	2,317,120	1,583,081
Tax rate stabilization	1,960,206	1,615,352
Utilities user rate stabilization	670,555	582,246
Winter control	364,712	220,000
Ferry operations	(78,663)	(1,430)
Transit operations	11,354	11,696
General fire department	26,990	26,990
Fire training	67,241	55,863
Bath Canada Day	34,510	46,011
Municipal election	32,814	17,814
Physician recruitment	60,000	60,000
Bath Museum	8,056	8,056
Capital improvements	13,753	-
Land sale	441,738	-
Workers Safety Insurance Board	8,905	-
Total Reserves	5,939,291	4,225,679

CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

11. ACCUMULATED SURPLUS, continued

	2024	Restated 2023 (note 3)
	\$	\$
Reserve Funds		
Landfill obligations	1,143,404	1,061,324
Industrial and business parks	2,267,385	1,897,203
Ameriks scholarship	22,678	21,513
Prepaid local charges	649,257	613,335
Community vibrancy fund	1,205,101	1,055,079
Road use agreement fund	479,731	411,725
Community benefit agreement fund	1,937,105	1,775,176
Quarry rehabilitation	643,138	503,935
Ice resurfacers	26,495	19,676
Workers Safety Insurance Board	308,760	293,853
General capital	5,684,917	4,820,100
Fleet and equipment replacement	1,712,565	1,426,917
Amherst island assets	92,929	97,857
Ferry berthage special rate	608,936	656,829
Sewer impost fees	8,078,977	7,417,329
Water impost fees	7,519,219	7,003,444
Water and sewer capital	3,021,962	2,178,235
Total Reserve Funds	35,402,559	31,253,530
	242,914,469	215,994,397

- (b) Unfinanced capital relates to capital projects that have costs that have not been financed yet. The unfinanced amount includes \$11,697,203 related to the Community Hub project which will be funded in subsequent years from long term debt and development charges.

CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

12. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2024 \$ (note 15)	Actual 2024 \$	Restated Actual 2023 \$ (note 3)
Salaries and benefits	19,906,500	18,777,096	17,773,603
Interest charges	250,100	860,820	1,389,434
Materials	7,331,185	8,181,606	7,016,034
Contracted services	6,728,495	6,858,995	6,023,731
Rents and financial	241,100	259,150	238,892
External transfers	2,913,600	3,486,666	2,986,486
Amortization	6,847,333	7,057,552	6,847,337
	44,218,313	45,481,885	42,275,517

13. PENSION AGREEMENTS

Certain employees of the Township are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2024 Annual Report disclosed total actuarial liabilities of \$142,489 million in respect of benefits accrued for service with actuarial assets of \$139,576 million indicating an actuarial deficit of \$2,913 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The Township's total contributions to OMERS in 2024 were \$2,531,694 (2023 - \$2,373,774) of which \$1,265,847 (2023 - \$1,186,887) was contributed by employees.

Some of the employees of the Township are eligible to be members of a contributory pension plan. Employer contributions to the plan by the Township during the year amounted to \$11,963 (2023 - \$8,340). These contributions which match the employees' contributions for current service, are expensed during the year in which services are rendered and represent the total pension obligation of the Township.

14. TRUST FUNDS

Trust funds administered by the Township amounting to \$214,926 (2023 - \$207,866) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or operations.

CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

15. BUDGET FIGURES

The budget, approved by the Township differs from the budget reflected on the Statement of Operations and Accumulated Surplus as the approved budget has been adjusted to comply with PSA reporting requirements.

The following is a reconciliation of Council's approved budget to the annual surplus:

	2024 \$
Council approved budgeted surplus	-
Tangible capital asset additions	6,798,706
Amortization of tangible capital assets	(6,847,333)
Principal repayment of long term debt	937,900
Transfers to/(from) reserves and reserve funds	(3,374,706)
Change in unfunded capital	6,171,400
Annual surplus reported on the Statement of Operations	3,685,967

16. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF LENNOX AND ADDINGTON

During 2024, requisitions were made by the County of Lennox and Addington and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxes	4,559,604	14,061,035
Taxation from other governments	73,486	576,797
	4,633,090	14,637,832
Amounts requisitioned and remitted	4,633,090	14,637,832

These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

17. CONTINGENT LIABILITIES

The Township, in the course of its operations, is often named in lawsuits the outcomes of which are indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

18. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

19. SEGMENTED INFORMATION

The Loyalist Township is a municipal government organization that provides a range of services to its residents. Township services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure.

General Government

General government consists of the activities of Council and general financial and administrative management of the Township and its programs and services.

Protection Services

Protection services include police, fire, conservation authority and protective inspection and control.

Transportation Services

The activities of the transportation function include construction and maintenance of the Township's roads and bridges, winter control, Amherst Island ferry operations, Amherstview Transit Service and street lighting.

Environmental Services

The environmental function is responsible for providing water, sewer, waste disposal and recycling services to ratepayers.

Health Services

The health services function consists of the activities of the cemetery board.

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities and programs and library services.

Planning and Development

The planning and development services function manages commercial, industrial and residential development within the Township.

CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

20. CHANGES IN ACCOUNTING POLICIES

The Township has implemented the following sections and guidelines which are now effective under the PSA Handbook: 3160 Public Private Partnerships, 3400 Revenue, and PSG-8 Purchased Intangibles.

Section 3160 establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. The adoption of this standard did not have an impact on the Township's financial statements.

Section 3400 establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as 'exchange transactions', and transactions that do not have performance obligations, referred to as 'non-exchange transactions'. The adoption of this standard did not have an impact on the Township's financial statements.

Under PSG-8, an entity may recognize purchased intangibles as an asset in its consolidated financial statements if the intangible meets the asset definition and the general recognition criteria. The adoption of this standard did not have an impact on the Township's financial statements.

21. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Township assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Township is exposed to the following risks in respect of certain of the financial instruments held:

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Township has interest rate exposure on its long term debt. The exposure on its long term debt is low as they have fixed interest rates.

(b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Township reduces its exposure to credit risk by creating an allowance for bad debts when applicable. The Township monitors and assesses the collectability of accounts receivable based on past experience to derive a net realizable value.

In the opinion of management, the Township is not exposed to any significant currency risk, market or liquidity risks.

CORPORATION OF LOYALIST TOWNSHIP

SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2024

	General				Infrastructure					Totals \$
	Land and Land Improvements \$	Buildings and Building Improvements \$	Vehicles \$	Information Technology Machinery and Equipment \$	Water \$	Wastewater \$	Stormwater \$	Roads and Bridges \$	Assets Under Construction \$	
COST										
Balance, beginning of year - restated (note 3)	14,638,575	21,423,827	11,641,931	9,548,957	66,348,022	53,775,065	39,258,255	80,885,878	9,611,509	307,132,019
Add: additions during the year	129,555	43,990	2,365,860	624,918	1,198,036	871,400	1,256,315	4,472,600	34,709,015	45,671,689
Less: disposals during the year	36,071	24,036	255,209	113,708	106,361	16,659	6,004	219,112	1,619	778,779
Asset retirement obligation	119,891	-	-	-	-	-	-	-	-	119,891
Balance, end of year	14,851,950	21,443,781	13,752,582	10,060,167	67,439,697	54,629,806	40,508,566	85,139,366	44,318,905	352,144,820
ACCUMULATED AMORTIZATION										
Balance, beginning of year - restated (note 3)	2,363,418	6,476,670	6,297,604	5,360,397	20,058,668	16,744,514	7,830,155	32,115,127	-	97,246,553
Add: additions during the year	375,455	483,353	610,619	579,494	1,402,634	986,796	508,590	2,110,611	-	7,057,552
Less: disposals during the year	2,873	24,036	255,209	104,509	74,109	5,528	1,058	146,293	-	613,615
Balance, end of year	2,736,000	6,935,987	6,653,014	5,835,382	21,387,193	17,725,782	8,337,687	34,079,445	-	103,690,490
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS										
	12,115,950	14,507,794	7,099,568	4,224,785	46,052,504	36,904,024	32,170,879	51,059,921	44,318,905	248,454,330

CORPORATION OF LOYALIST TOWNSHIP

SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2024

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues									
Property taxation	6,863,714	5,049,900	5,239,333	-	1,324,800	15,300	3,536,000	878,700	22,907,747
User charges	117,680	932,845	832,822	11,057,198	784,582	15,010	642,206	122,260	14,504,603
Government transfers - operating	364,636	25,033	5,473,708	-	-	-	13,456	2,318	5,879,151
Government transfers - capital	-	-	1,077,622	567,859	-	-	8,425,383	-	10,070,864
Other municipalities	128,692	-	2,331,170	26,974	17,537	-	917,328	-	3,421,701
Penalties and interest on taxes	578,501	-	-	-	-	-	-	-	578,501
Investment income	526,932	-	349,908	612,762	59,298	10,346	3,585	179,090	1,741,921
Contributed tangible capital assets	-	-	2,939,900	1,571,700	1,131,395	-	23,368	-	5,666,363
Other grants	-	-	-	-	251,397	-	151,082	13,798	416,277
Wind and solar sales	742,079	-	-	-	-	-	-	-	742,079
Recoveries	10,500	10,382	329,884	-	-	-	-	331,129	681,895
Development charges earned	-	140,351	704,169	-	-	-	1,610,838	-	2,455,358
Canada Community-Building Fund	-	-	-	-	-	-	-	-	-
earned	-	-	2,336,237	-	-	-	-	-	2,336,237
Provincial gas tax earned	-	-	158,407	-	-	-	-	-	158,407
Gain/(loss) on disposal of tangible capital assets	322,204	4,500	18,761	(32,296)	-	-	(6,504)	-	306,665
Other	78,379	-	-	51,227	-	1,680	125,902	277,000	534,188
Total revenues	9,733,317	6,163,011	21,791,921	13,855,424	3,569,009	42,336	15,442,644	1,804,295	72,401,957
Expenses									
Salaries and benefits	3,341,142	2,908,013	6,560,082	1,915,023	472,598	1,524	2,553,352	1,025,362	18,777,096
Interest charges	118,880	-	-	119,284	-	-	-	622,656	860,820
Materials	787,447	595,861	4,253,692	1,209,480	509,667	10,180	599,108	216,171	8,181,606
Contracted services	1,183,187	199,387	1,968,930	1,449,971	1,172,651	94,893	592,353	197,623	6,858,995
Rents and financial	189,993	515	5,484	4,536	608	-	58,014	-	259,150
External transfers	825,309	2,655,692	-	-	2,865	-	1,500	1,300	3,486,666
Amortization	236,306	498,764	2,630,017	2,566,900	715,116	-	404,384	6,065	7,057,552
Internal transfers	(1,175,653)	118,160	187,287	749,554	(16,104)	-	136,756	-	-
Total expenses	5,506,611	6,976,392	15,605,492	8,014,748	2,857,401	106,597	4,345,467	2,069,177	45,481,885
Net surplus/(deficit)	4,226,706	(813,381)	6,186,429	5,840,676	711,608	(64,261)	11,097,177	(264,882)	26,920,072

CORPORATION OF LOYALIST TOWNSHIP

SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2023

Restated (note 3)

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues									
Property taxation	5,035,507	4,894,642	6,474,057	-	-	-	3,209,725	1,545,739	21,149,670
User charges	111,322	1,391,318	802,712	10,947,739	690,950	3,800	589,314	207,102	14,744,257
Government transfers - operating	521,020	19,552	3,692,892	-	-	-	11,062	-	4,244,526
Government transfers - capital	-	-	2,323,745	-	-	-	-	-	2,323,745
Other municipalities	-	-	623,600	30,982	-	-	-	-	654,582
Penalties and interest on taxes	455,311	-	-	-	-	-	-	-	455,311
Investment income	683,860	-	116,045	660,725	44,152	-	940	138,317	1,644,039
Contributed tangible capital assets	-	-	2,837,325	2,899,563	3,667,391	-	131,714	-	9,535,993
Other grants	-	-	-	-	232,254	-	5,957	-	238,211
Wind and solar sales	736,277	-	-	-	-	-	-	-	736,277
Recoveries	100	9,234	704,935	-	-	-	-	269,926	984,195
Development charges earned	-	190,255	2,419,612	-	-	-	429,267	66,929	3,106,063
Canada Community-Building Fund									
earned	-	209,595	127,509	116,300	-	-	51,663	-	505,067
Provincial gas tax earned	-	-	136,898	-	-	-	-	-	136,898
Gain/(loss) on disposal of tangible capital assets	(19,898)	-	4,022	(54,459)	-	-	-	-	(70,335)
Other	3,500	30,620	(10,742)	523,312	-	-	4,869	6,814,661	7,366,220
Total revenues	7,526,999	6,735,216	20,252,610	15,124,162	4,634,747	3,800	4,434,511	9,042,674	67,754,719
Expenses									
Salaries and benefits	3,115,993	2,518,069	6,277,257	1,863,628	433,422	3,344	2,431,047	1,130,843	17,773,603
Interest charges	1,252,643	-	-	136,791	-	-	-	-	1,389,434
Materials	852,070	507,816	2,683,473	1,188,757	358,638	11,818	479,213	934,249	7,016,034
Contracted services	979,458	140,870	1,418,680	1,431,338	1,171,103	31,892	704,116	146,274	6,023,731
Rents and financial	182,202	-	4,580	1,134	363	-	50,613	-	238,892
External transfers	302,289	2,680,922	-	-	1,975	-	-	1,300	2,986,486
Amortization	298,381	440,874	2,992,605	2,063,081	657,156	-	389,187	6,053	6,847,337
Internal transfers	(1,175,806)	114,449	188,811	723,329	(14,745)	-	163,962	-	-
Total expenses	5,807,230	6,403,000	13,565,406	7,408,058	2,607,912	47,054	4,218,138	2,218,719	42,275,517
Net surplus/(deficit)	1,719,769	332,216	6,687,204	7,716,104	2,026,835	(43,254)	216,373	6,823,955	25,479,202

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the Trust Fund of the Corporation of Loyalist Township (the Trust Fund), which comprise the statement of financial position as at December 31, 2024, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Fund as at December 31, 2024, and the continuity of the Trust Fund for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust Fund 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.

Other Matter

The financial statements of the Trust Fund for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on November 6, 2024.

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 Trust Fund'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 Trust Fund or to cease operations, or has no realistic alternative but to do so.

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

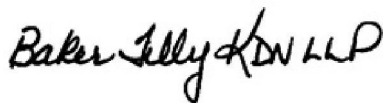
Auditor's Responsibilities for the Audit of the Financial Statements

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

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



Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
November 18, 2025

CORPORATION OF LOYALIST TOWNSHIP

TRUST FUND STATEMENT OF FINANCIAL POSITION At December 31, 2024

	2024 Cemetery \$	2023 Cemetery \$
FINANCIAL ASSETS		
Cash	214,926	207,866
FUND BALANCE		
Perpetual Care and Maintenance Fund	202,491	196,031
Monument and Marker Fund	12,435	11,835
	214,926	207,866

TRUST FUND STATEMENT OF CONTINUITY For the Year Ended December 31, 2024

	2024 Cemetery \$	2023 Cemetery \$
BALANCE - beginning of year	207,866	206,063
RECEIPTS		
Interest earned	10,346	11,134
Perpetual care and maintenance	6,460	688
Monument and marker	600	1,115
	17,406	12,937
EXPENSES		
Transfer to operations	10,346	11,134
BALANCE - end of year	214,926	207,866

The accompanying notes are an integral part of these financial statements

CORPORATION OF LOYALIST TOWNSHIP

TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Financial Instruments

The Trust Funds financial instruments consist of cash. It is management's opinion that the fair value of the financial instruments are not materially different from their carrying value unless otherwise noted. The Trust Funds do not have any significant concentration of credit, currency or interest rate risk.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 and are based on the Township's best information and judgment. Actual results could differ from these estimates.

2. CARE AND MAINTENANCE FUNDS

The figures reported for the cemetery perpetual care represent the trust fund activities for the Township's cemeteries (Glenwood and Pentland Cemetery, Old Lutheran Union Cemetery, Fourth Line United Church Cemetery and Morven Cemetery).

The Care and Maintenance Funds administered by the Township are funded by the sale of cemetery plots, monuments and markers. These funds are invested and earnings derived there from are used to perform care and maintenance for the Township's cemeteries. The operations and investments of the Fund are undertaken by the Township in accordance with the regulations of the Funeral, Burial and Cremation Services Act, 2002.