

THE CORPORATION OF LOYALIST TOWNSHIP

**FINANCIAL STATEMENTS
WITH AUDITOR'S REPORT**

DECEMBER 31, 2022

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.



Chief Administrative Officer



Treasurer



KPMG LLP
863 Princess Street, Suite 400
Kingston ON K7L 5N4
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Tel 613-549-1550
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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, 2022
- 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, 2022, 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

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

August 14, 2023

THE CORPORATION OF LOYALIST TOWNSHIP
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash - Note 4	\$ 34,279,560	\$ 29,933,128
Investment - Note 5	7,135,579	3,005,619
Taxes receivable	2,573,016	1,854,729
Accounts receivable	4,613,778	4,034,413
Utilities receivable	1,463,593	1,409,940
Land held for resale	1,310,699	1,140,813
Other assets	43,315	39,120
TOTAL FINANCIAL ASSETS	51,419,540	41,417,762
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	9,188,586	8,435,139
Deferred revenue - Note 10	366,938	351,925
Deferred revenue - obligatory reserve funds - Note 10	7,976,594	4,873,273
Employee benefits payable - Note 8	2,248,789	2,151,616
Landfill closure and post-closure liability - Note 11	2,498,027	2,657,279
Contaminated sites liability	-	200,000
Long-term debt - Notes 12 & 13	31,557,315	10,156,106
TOTAL FINANCIAL LIABILITIES	53,836,249	28,825,338
NET FINANCIAL ASSETS (LIABILITIES)	(2,416,709)	12,592,424
NON-FINANCIAL ASSETS		
Tangible capital assets - Note 17	185,013,891	173,612,174
Inventory	213,539	133,781
Prepaid expenses	691,336	570,392
	185,918,766	174,316,347
ACCUMULATED SURPLUS - Note 14	\$ 183,502,057	\$ 186,908,771
COMMITMENTS - Note 9		
CONTINGENT LIABILITIES - Note 19		

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, 2022

	Note 18 Budget 2022	Actual 2022	Actual 2021
REVENUE			
Municipal taxation	\$ 17,932,300	\$ 18,768,860	\$ 17,947,439
Taxation from other governments	1,461,100	1,354,419	1,220,206
User charges	14,645,200	16,696,251	14,812,560
Government transfers			
Government of Canada	62,000	368,192	110,906
Province of Ontario	3,333,700	3,445,364	3,357,029
Investment income	128,700	935,248	217,637
Deferred revenue earned	850,800	463,663	458,727
Interest and penalties on taxes	325,000	355,964	275,452
Donations	54,600	31,756	23,001
Other	688,600	1,352,467	914,921
	<u>39,482,000</u>	<u>43,772,184</u>	<u>39,337,878</u>
EXPENDITURES - Note 16			
General government	3,899,800	4,200,152	3,566,950
Protection services	6,048,800	6,278,597	5,900,890
Transportation services	11,415,900	11,586,989	9,754,673
Environmental services	9,838,400	9,562,440	9,549,282
Recreation and cultural services	4,195,600	4,303,982	3,274,435
Planning and development - Note 13	1,630,800	24,068,673	1,334,159
Health Services/Cemeteries	58,500	30,777	31,320
	<u>37,087,800</u>	<u>60,031,610</u>	<u>33,411,709</u>
NET REVENUE (EXPENDITURES)	<u>2,394,200</u>	<u>(16,259,426)</u>	<u>5,926,169</u>
OTHER INCOME AND EXPENSES RELATED TO CAPITAL			
Contributed tangible capital assets	-	10,384,631	6,913,424
Government transfers			
Government of Canada	176,700	248,631	90,486
Province of Ontario	1,561,700	909,444	1,324,483
User charges	322,300	149,349	570,462
Deferred revenue earned	1,764,100	1,445,166	1,020,210
Loss on disposal of tangible capital assets	-	(284,509)	(362,698)
	<u>3,824,800</u>	<u>12,852,712</u>	<u>9,556,367</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 6,219,000</u>	<u>\$ (3,406,714)</u>	<u>\$ 15,482,536</u>
ACCUMULATED SURPLUS - beginning of year	186,908,771	186,908,771	171,426,235
ACCUMULATED SURPLUS - end of year	<u>\$ 193,127,771</u>	<u>\$ 183,502,057</u>	<u>\$ 186,908,771</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, 2022

	Note 18 Budget 2022	Actual 2022	Actual 2021
	<u> </u>	<u> </u>	<u> </u>
ANNUAL SURPLUS (DEFICIT)	\$ 6,219,000	\$ (3,406,714)	\$ 15,482,536
Amortization of tangible capital assets	5,546,000	5,997,081	5,572,098
Net acquisitions of tangible capital assets	(17,165,400)	(7,346,181)	(10,217,341)
Contributed tangible capital assets	-	(10,384,631)	(6,913,424)
Loss on disposal of tangible capital assets	-	284,509	362,698
Proceeds on disposal of tangible capital assets	-	47,505	16,668
Change in inventories and prepaid expenses	<u>-</u>	<u>(200,702)</u>	<u>(85,753)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	<u>(5,400,400)</u>	<u>(15,009,133)</u>	<u>4,217,482</u>
Net financial assets - beginning of year	<u>12,592,424</u>	<u>12,592,424</u>	<u>8,374,942</u>
NET FINANCIAL ASSETS (LIABILITIES) - end of year	<u>\$ 7,192,024</u>	<u>\$ (2,416,709)</u>	<u>\$ 12,592,424</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, 2022

	2022	2021
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ (3,406,714)	\$ 15,482,536
Items not requiring cash:		
Loss on disposal of tangible capital assets	284,509	362,698
Amortization of tangible capital assets	5,997,081	5,572,098
Contributed tangible capital assets	(10,384,631)	(6,913,424)
Change in employee benefits payable	97,173	104,593
Change in landfill closure, post-closure liability and contaminated sites liability	(359,252)	285,796
	(7,771,834)	14,894,297
Changes in non-financial assets:		
Inventory	(79,758)	(44,266)
Prepaid expenses	(120,944)	(41,487)
	(200,702)	(85,753)
Changes in non-cash assets and liabilities:		
Taxes receivable	(718,287)	907,794
Accounts receivable	(579,365)	2,843,733
Utilities receivable	(53,653)	8,682
Land held for resale	(169,886)	14,814
Other assets	(4,195)	(349)
Accounts payable and accrued liabilities	753,447	1,088,650
Deferred revenue	15,013	9,380
Deferred revenue - obligatory reserve funds	3,103,321	360,375
	2,346,395	5,233,079
Net change in cash from operating transactions	(5,626,141)	20,041,623
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	(4,887,956)	(8,221,486)
Proceeds on disposal of tangible capital assets	47,505	16,668
Cash used to acquire assets under construction	(2,458,225)	(1,995,855)
Net change in cash from capital transactions	(7,298,676)	(10,200,673)
INVESTING TRANSACTIONS		
Increase in investments	(4,129,960)	(3,005,619)
Redemption of investments	-	4,025,644
Net change in cash from investing transactions	(4,129,960)	1,020,025
FINANCING TRANSACTIONS		
Proceeds from long-term debt	22,631,000	-
Repayment of long-term debt	(1,229,791)	(1,271,566)
Net change in cash from financing transactions	21,401,209	(1,271,566)
NET INCREASE IN CASH	4,346,432	9,589,409
CASH - beginning of the year	29,933,128	20,343,719
CASH - end of the year	\$ 34,279,560	\$ 29,933,128

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, 2022

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) Contaminated sites liability:

A liability for remediation of contaminated sites is recognized at the best estimate of the amount required to remediate the contaminated sites when contamination exceeding an environmental standard exists, the Township is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2022.

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

THE CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Landfill closure and post-closure liabilities:

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

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

f) Deferred revenue:

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.

g) 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 landfill closure and post-closure liability.

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

h) Government transfers:

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

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

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

THE CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Property taxation:

Annually, the Township bills and collects property tax revenues for lower and upper tier municipal purposes and for education purposes. Tax revenues are based on market value assessments as determined by the Municipal Property Assessment Corporation (MPAC) and annually established tax rates. Lower tier municipal tax rates are set each year by Township Council to raise the tax revenue required to meet the Township's budget requirements. Upper tier municipal tax rates are established by the County 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 14).

A provision for uncollectible taxes has been recorded for potential losses on assessment appeals or other possible uncollectible taxes receivable outstanding at December 31, 2022 in the amount of \$694,094 (2021 - \$841,145). This provision reduces overall taxes receivable and reduces the Township's revenue from property taxation. The impact of the reduction on the County and Education share of taxes is set up as amounts recoverable from those entities.

j) Land held for resale:

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

k) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the 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, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) 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.

iv) *Inventories of supplies*

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

l) Financial instruments:

The Township initially measures its financial assets and liabilities at fair value, except certain non-arm's length transactions. Change in fair value are recognized in accumulated surplus. The Township subsequently measures all financial assets and liabilities at amortized cost.

m) Investment:

Investments are reported at amortized cost less any write-downs associated with a loss in value that is other than a temporary decline. Investments may consist of guaranteed investment certificates or bonds with a maturity of more than three months at acquisition.

THE CORPORATION OF LOYALIST TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

2. 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>2022</u>	<u>2021</u>
School Boards	\$ 4,243,295	\$ 4,147,006
County	<u>12,595,681</u>	<u>11,937,942</u>
	<u>\$ 16,838,976</u>	<u>\$ 16,084,948</u>

3. TRUST FUNDS

Trust funds administered by the Township, amounting to \$206,063 (2021 - \$199,553), 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.

4. CASH

Cash on hand consists of the following:

	<u>2022</u>	<u>2021</u>
Unappropriated cash and reserves	\$ 3,334,171	\$ 3,644,746
Development Charges Reserve Fund	3,306,380	2,465,572
Other Obligatory Reserve Funds and Externally Restricted Funds	4,670,214	2,407,701
Discretionary Reserve Funds	5,487,662	4,731,291
Discretionary Reserve Funds: Special Area	12,074,995	9,488,888
Contingency Reserve Fund	279,156	262,756
Asset Replacement/Management Reserve Funds	<u>5,126,982</u>	<u>6,932,174</u>
	<u>\$ 34,279,560</u>	<u>\$ 29,933,128</u>

5. INVESTMENT

Investment consists of the following:

	<u>2022</u>	<u>2021</u>
Bonds, maturing April 2028	<u>\$ 7,135,579</u>	<u>\$ 3,005,619</u>

6. BANK INDEBTEDNESS

The Township's financial agreement with its bank provides for an operating credit facility of up to \$5,000,000 to finance expenses, pending receipt of property taxes and other income. Interest on funds is charged at the bank's prime rate. As at December 31, 2022 amount drawn is Nil (2021 - Nil).

7. PENSION AGREEMENTS

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 163 (2021 - 151) members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for current service in 2022 was \$1,024,809 (2021 - \$976,781). The Township also made contributions to Registered Retirement Savings Plans on behalf of six (2021 - five) members of its staff. The amount contributed to these plans for the year was \$6,696 (2021 - \$7,700).

THE CORPORATION OF LOYALIST TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

8. EMPLOYEE BENEFITS PAYABLE

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

	2022	2021
Non-pension retirement benefits	\$ 430,615	\$ 417,538
Workplace Safety and Insurance Board obligations	1,818,174	1,734,078
	2,248,789	2,151,616
Amounts to be recovered from reserve funds	(279,156)	(262,756)
Amounts to be recovered from future revenue	\$ 1,969,633	\$ 1,888,860

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, 2019.

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 \$566,511 (2021 - \$581,488).

Actuarial gains and losses are amortized over the expected average remaining service life of the employees, which is estimated to be 15 years (2021 - 15 years).

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

Discount rate	3.50% per annum
Inflation rate	1.75% per annum
Salary escalation	2.75% per annum
Dental benefits escalation	3.75% per annum
Health benefits escalation	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:

	2022	2021
Accrued benefit liability, beginning of the year	\$ 417,538	\$ 401,209
Expense recognized for the year	17,842	16,901
Interest cost	19,744	20,229
Benefits paid for the year	(52,563)	(50,310)
Amortization of loss	28,054	29,509
Accrued benefit liability, end of year	\$ 430,615	\$ 417,538

THE CORPORATION OF LOYALIST TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

8. EMPLOYEE BENEFITS PAYABLE (continued)

The accrued benefit liability includes the following components:

	2022	2021
Accrued benefit obligation	\$ 566,511	\$ 581,488
Unamortized actuarial loss	(135,896)	(163,950)
Accrued benefit liability, end of year	\$ 430,615	\$ 417,538

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, 2019.

At December 31, the Township’s accrued benefit obligation relating to future payments on Workplace Safety and Insurance Board claims is \$1,845,575 (2021 - \$1,760,527).

Actuarial gains and losses are amortized over the expected average remaining service life of the employees, which is estimated to be 14 years (2021 - 14 years).

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

Discount rate	3.50% per annum
Loss of earnings	1.00% per annum
Administration costs	28% 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:

	2022	2021
Accrued benefit liability, beginning of the year	\$ 1,734,078	\$ 1,645,814
Expense recognized for the year	154,646	150,440
Interest cost	62,021	59,024
Benefits paid for the year	(131,619)	(120,248)
Amortization of loss	(952)	(952)
Accrued benefit liability, end of year	\$ 1,818,174	\$ 1,734,078

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

	2022	2021
Accrued benefit obligation	\$ 1,845,575	\$ 1,760,527
Unamortized actuarial loss	(27,401)	(26,449)
Accrued benefit liability, end of year	\$ 1,818,174	\$ 1,734,078

THE CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

9. 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 \$428,000 in 2023 (\$330,000 in 2022) 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 \$485,000 in 2023 (\$525,000 in 2022) 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 July 2024. Costs are expected to be approximately \$656,000 in 2023 (\$628,000 in 2022) with an hourly rate of \$105.70 (\$99.00 in 2022) and capital cost of \$53,269 (\$49,891 in 2022) 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 \$2,446,100 in 2023 (\$2,513,300 in 2022).

10. 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	\$ 2,465,572	\$ 2,654,606	\$ 1,813,797	\$ 3,306,381
Canada Community Building Fund	1,525,394	581,227	-	2,106,621
Provincial gas tax	494,995	203,692	95,032	603,655
Building rate stabilization	120	583,044	-	583,164
Parkland	223,025	69,958	-	292,983
Ontario Community Infrastructure Fund	87,321	1,506,178	807,332	786,167
Other	<u>76,846</u>	<u>333,274</u>	<u>112,497</u>	<u>297,623</u>
	4,873,273	5,931,979	2,828,658	7,976,594
Other deferred revenue	<u>351,925</u>	<u>305,693</u>	<u>290,680</u>	<u>366,938</u>
	<u>\$ 5,225,198</u>	<u>\$ 6,237,672</u>	<u>\$ 3,119,338</u>	<u>\$ 8,343,532</u>

THE CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

11. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

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

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

Estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure care activities using an estimated inflation rate of 3.6% and discounted at the Township's available long-term borrowing rate of 4.3% (2021 - 3.4%). The estimated total landfill closure and post-closure care expenses are calculated to be \$3,189,621 (2021 - \$3,419,558). The estimated liability for these expenses is recognized as the landfill site's capacity is used. Included in the Statement of Financial Position at December 31 is an amount of \$2,498,027 (2021 - \$2,657,279) with respect to landfill closure and post-closure liabilities recognized to date.

The estimated remaining capacity of the Violet Road landfill site is 19% (169,400 cubic meters) of its total estimated capacity and its estimated minimum life is 21 years, after which the period for post-closure care is estimated to be 25 years.

The estimated remaining capacity of the Amherst Island Phase 1 landfill site is 28% (6,700 cubic meters) of its total estimated capacity and its estimated anticipated life is 21 years, after which the period for post-closure care is estimated to be 25 years.

The estimated remaining capacity of the Amherst Island Phase 2 landfill site is 43% (4,800 cubic meters) of its total estimated capacity and its estimated anticipated life is 15 years, after which the period for post-closure care is estimated to be 25 years.

The landfill closure and post-closure liability at December 31 is to be recovered as follows:

	<u>2022</u>	<u>2021</u>
Landfill closure and post-closure liability	\$ 2,498,027	\$ 2,657,279
Amounts to be recovered from reserve funds	<u>(953,203)</u>	<u>(871,618)</u>
Amounts to be recovered from future revenue	<u>\$ 1,544,824</u>	<u>\$ 1,785,661</u>

THE CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

12. LONG-TERM DEBT

Long-term debt consists of the following:

	2022	2021
4.15% Canada Mortgage and Housing Corporation \$924,600 debenture, annual payments of \$84,034 for principal and interest, due May, 2025	\$ 232,540	\$ 303,960
4.06% Infrastructure Ontario \$1,164,300 debenture, semi-annual payments of \$38,810 for principal plus interest, due August, 2025	232,860	310,480
4.35% Infrastructure Ontario \$1,737,400 debenture, semi-annual payments of \$43,435 for principal plus interest, due August, 2030	694,960	781,830
2.95% Infrastructure Ontario \$417,819 debenture, semi-annual payments of \$17,336 for principal and interest, due December, 2031	272,310	298,371
3.24% Infrastructure Ontario \$1,225,555 debenture, semi-annual payments of \$41,870 for principal and interest, due December, 2036	936,509	988,635
3.42% Infrastructure Ontario \$1,574,299 debenture, semi-annual payments of \$47,094 for principal and interest due December, 2041	1,308,098	1,356,309
3.28% Infrastructure Ontario \$1,441,335 debenture, semi-annual payments of \$49,420 for principal and interest, due September, 2037	1,163,633	1,222,845
3.42% Infrastructure Ontario \$1,494,830 debenture, semi-annual payments of \$44,717 for principal and interest, due September, 2042	1,287,844	1,332,096
2.5% Toronto Dominion \$1,399,047 bank loan, monthly payments of \$10,513 for principal and interest, due March, 2025	620,335	729,544
2.52% Toronto Dominion \$1,460,558 bank loan, monthly payments of \$16,796 for principal and interest, due March, 2025	991,497	1,165,757
2.81% Toronto Dominion \$1,750,000 bank loan, monthly payments of \$11,926 for principal and interest, due January, 2025	918,344	1,033,885
2.35% Royal Bank of Canada \$2,063,366 bank loan, monthly payments of \$19,312 for principal plus interest, due March, 2025	267,385	499,125
2.6% Toronto Dominion \$757,754 bank loan, monthly payments of \$13,482 for principal and interest, repaid during the year	-	133,269
Prime less 0.6% Royal Bank of Canada \$22,631,000 bank loan, monthly interest only payments, due December 2026	22,631,000	-
	\$ 31,557,315	\$ 10,156,106

THE CORPORATION OF LOYALIST TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

12. LONG-TERM DEBT (continued)

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

	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,113,982	\$ 285,192
2024	939,384	251,781
2025	924,412	223,039
2026	785,582	190,884
2027	805,625	167,078
Thereafter	<u>26,988,330</u>	<u>877,374</u>
Total	<u>\$ 31,557,315</u>	<u>\$ 1,995,348</u>

Interest paid during the year amounted to \$846,481 (2021 - \$342,726).

13. SIGNIFICANT EXPENDITURE

The Planning and Development expenditure reported on the Statement of Operations and Accumulated Surplus includes an amount of \$22,631,000 that was incurred for the municipal purpose of Industrial Land Redevelopment within the Township. This expenditure was financed by way of an interest only loan from the Royal Bank of Canada under the authority of Bylaw 2022-062.

THE CORPORATION OF LOYALIST TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

14. ACCUMULATED SURPLUS

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

	2022	2021
<u>Operating surplus (deficit)</u>		
General purpose (applicable to all ratepayers and properties)	\$ 110,083	\$ 1,164,328
Building services	-	(122,088)
Sewer areas	(199,259)	147,395
Water areas	(86,478)	146,969
	(175,654)	1,336,604
<u>Other surplus (deficit):</u>		
Land held for resale	1,310,699	1,140,813
Landfill closure costs	(2,498,027)	(2,657,279)
Contaminated site liability	-	(200,000)
Employee benefit obligations	(2,248,789)	(2,151,616)
Industry financed by long-term debt	(22,631,000)	-
	(26,067,117)	(3,868,082)
<u>Investment in tangible capital assets:</u>		
Equity in tangible capital assets	185,013,891	173,612,174
Capital costs financed by long-term debt	(8,926,315)	(10,156,106)
Capital costs financed internally	(162,500)	(177,500)
Capital costs not yet funded	(2,140,869)	(2,045,223)
Unexpended capital financing	5,594,057	2,729,686
	179,378,264	163,963,031
<u>Reserves set aside for specific purposes by Council:</u>		
Tax Rate Stabilization	870,427	525,573
Utilities User Rate Stabilization	867,982	849,673
Winter Control	220,000	220,000
Ferry Operations	116,234	171,208
Transit Operations	11,696	11,688
General Fire Department	39,713	22,054
Fire Training	55,863	48,416
Working capital	1,332,635	1,511,573
Bath Canada Day	53,009	45,734
Municipal election	2,814	52,920
Bath Museum	6,715	-
	3,577,088	3,458,839

THE CORPORATION OF LOYALIST TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

14. ACCUMULATED SURPLUS (continued)

	2022	2021
<u>Reserve funds set aside for specific purposes by Council:</u>		
General rate		
Landfill Obligations	953,203	871,618
Industrial & Business Parks	460,531	353,724
Ameriks Scholarship	20,512	20,181
Prepaid Local Charges	605,695	519,301
Community Vibrancy Fund	907,075	784,393
Road Use Agreement Fund	321,407	261,369
Community Benefit Agreement Fund	2,291,300	1,893,862
Quarry Rehabilitation	438,063	386,321
Ice Resurfacers	17,944	11,772
Workplace Safety Insurance Board	279,156	262,756
General Capital	4,427,871	3,066,451
Fleet & Equipment Replacement	1,059,677	1,531,113
Amherst Island Assets	92,986	90,892
	11,875,420	10,053,753
Special rate		
Ferry berthage	644,844	630,111
Sewer Impost Fees	6,400,011	5,443,980
Water Impost Fees	5,674,983	4,044,754
Water & Sewer Capital	2,194,218	1,845,781
	14,914,056	11,964,626
Total reserves and reserve funds	30,366,564	25,477,218
Total accumulated surplus	\$ 183,502,057	\$ 186,908,771

THE CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022

14. 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.

16. SUPPLEMENTARY INFORMATION

	2022	2021
Expense by object:		
Salaries, wages and benefits	\$ 15,534,239	\$ 14,793,818
Materials, services, rents and financial expenses	35,679,146	10,276,929
External transfers	2,821,144	2,768,864
Amortization	5,997,081	5,572,098
	\$ 60,031,610	\$ 33,411,709

THE CORPORATION OF LOYALIST TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

17. TANGIBLE CAPITAL ASSETS

(a) Assets under construction:

Assets under construction having a value of \$5,679,539 (2021 - \$5,155,984) 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 \$10,384,631 (2021 - \$6,913,424) comprised of land in the amount of Nil (2021 - \$345,000), parks infrastructure in the amount of \$53,580 (2021 - Nil), roads and stormwater infrastructure in the amount of \$6,499,019 (2021 - \$5,344,370), and water and wastewater infrastructure in the amount of \$3,832,032 (2021 - \$1,224,054).

(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.

18. 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". 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.

19. 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, 2022**

20. FUTURE ACCOUNTING STANDARD PRONOUNCEMENTS

The following summarizes upcoming changes to PSAS and the effective date of required application based on fiscal periods beginning on or after the following dates, impacting the Township's 2023 year-end. While early adoption is permitted, adoption of certain standards must be done in the same year.

PS 2601 <i>Foreign currency translation</i>	April 1, 2022
PS 1201 <i>Financial statement presentation</i>	April 1, 2022
PS 3450 <i>Financial instruments</i>	April 1, 2022
PS 3280 <i>Asset retirement obligations</i>	April 1, 2022

SCHEDULE A

**THE CORPORATION OF LOYALIST TOWNSHIP
SCHEDULE OF RESERVES AND RESERVE FUNDS
DECEMBER 31, 2022**

	BALANCE January 1, 2022	CONTRIBUTIONS			TRANSFERS			BALANCE December 31, 2022
		Interest Income	Revenue/ Transfers	Total	To Operations	To Capital	Total	
General Rate Reserve Funds								
Landfill Obligations	\$ 871,618	\$ 19,711	\$ 61,874	\$ 81,585	\$ -	\$ -	\$ -	\$ 953,203
Industrial & Business Parks	353,724	10,185	96,622	106,807	-	-	-	460,531
Ameriks Scholarship	20,181	480	500	980	649	-	649	20,512
Prepaid Local Charges	519,301	12,350	86,268	98,618	-	12,224	12,224	605,695
Community Vibrancy Fund	784,393	18,402	104,280	122,682	-	-	-	907,075
Road Use Agreement Fund	261,369	6,047	77,685	83,732	-	23,694	23,694	321,407
Community Benefit Agreement Fund	1,893,862	42,968	543,380	586,348	78,395	110,515	188,910	2,291,300
Quarry Rehabilitation	386,321	9,742	42,000	51,742	-	-	-	438,063
Ice Resurfacer	11,772	271	5,901	6,172	-	-	-	17,944
Workplace Safety Insurance Board	262,756	6,400	10,000	16,400	-	-	-	279,156
General Capital	3,066,451	129,096	1,603,703	1,732,799	-	371,379	371,379	4,427,871
Fleet & Equipment Replacement	1,531,113	44,469	485,953	530,422	-	1,001,858	1,001,858	1,059,677
Amherst Island Assets	90,892	2,094	-	2,094	-	-	-	92,986
	<u>10,053,753</u>	<u>302,215</u>	<u>3,118,166</u>	<u>3,420,381</u>	<u>79,044</u>	<u>1,519,670</u>	<u>1,598,714</u>	<u>11,875,420</u>
Reserves								
Tax Rate Stabilization	525,573	-	344,854	344,854	-	-	-	870,427
Utilities User Rate Stabilization	849,673	-	88,309	88,309	70,000	-	70,000	867,982
Winter Control	220,000	-	-	-	-	-	-	220,000
Ferry Operations	171,208	-	146	146	55,120	-	55,120	116,234
Transit Operations	11,688	-	8	8	-	-	-	11,696
General Fire Department	22,054	-	17,659	17,659	-	-	-	39,713
Fire Training	48,416	-	7,447	7,447	-	-	-	55,863
Working Capital	1,511,573	-	114,952	114,952	292,526	1,364	293,890	1,332,635
Bath Canada Day	45,734	-	7,275	7,275	-	-	-	53,009
Municipal Election	52,920	-	-	-	50,106	-	50,106	2,814
Bath Museum	-	-	6,715	6,715	-	-	-	6,715
	<u>3,458,839</u>	<u>-</u>	<u>587,365</u>	<u>587,365</u>	<u>467,752</u>	<u>1,364</u>	<u>469,116</u>	<u>3,577,088</u>

SCHEDULE A

**THE CORPORATION OF LOYALIST TOWNSHIP
SCHEDULE OF RESERVES AND RESERVE FUNDS
DECEMBER 31, 2022**

	BALANCE January 1, 2022	CONTRIBUTIONS			TRANSFERS			BALANCE December 31, 2022
		Interest Income	Revenue/ Transfers	Total	To Operations	To Capital	Total	
Service Rate Reserve Funds								
Ferry Berthage	630,111	12,845	1,888	14,733	-	-	-	644,844
Water Impost Fees	4,044,754	120,974	1,727,225	1,848,199	15,091	202,879	217,970	5,674,983
Sewer Impost Fees	5,443,980	142,518	1,024,194	1,166,712	39,542	171,139	210,681	6,400,011
Utilities Water Capital	738,555	20,214	159,680	179,894	-	-	-	918,449
Utilities Sewer Capital	1,107,226	28,167	140,376	168,543	-	-	-	1,275,769
	<u>11,964,626</u>	<u>324,718</u>	<u>3,053,363</u>	<u>3,378,081</u>	<u>54,633</u>	<u>374,018</u>	<u>428,651</u>	<u>14,914,056</u>
Total Reserves and Reserve Funds	<u>\$ 25,477,218</u>	<u>\$ 626,933</u>	<u>\$ 6,758,894</u>	<u>\$ 7,385,827</u>	<u>\$ 601,429</u>	<u>\$ 1,895,052</u>	<u>\$ 2,496,481</u>	<u>\$ 30,366,564</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
Revenue													
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>
Expenditures													
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>
NET REVENUE (EXPENDITURES)	<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>
Capital Revenue													
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>
ANNUAL SURPLUS (DEFICIT)	<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, 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
COST														
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>
ACCUMULATED AMORTIZATION														
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>

SCHEDULE C

THE CORPORATION OF LOYALIST TOWNSHIP
SCHEDULE OF CAPITAL ASSETS AND ACCUMULATED AMORTIZATION
DECEMBER 31, 2021

	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	2021
COST														
Balance, beginning of year	\$ 4,649,143	\$ 4,261,122	\$ 14,548,010	\$ 9,277,408	\$ 294,119	\$ 5,511,804	\$ 1,341,090	\$ 56,621,107	\$ 48,161,505	\$ 27,555,588	\$ 6,486,101	\$ 59,278,055	\$ 8,049,891	\$ 246,034,943
Additions during the year	716,379	210,493	522,353	1,452,203	-	107,723	235,818	7,393,397	1,555,003	4,730,509	160,769	2,940,022	1,995,855	22,020,524
Disposals during the year	-	(40,848)	(106,786)	(145,349)	-	(7,181)	-	(3,281,480)	(80,729)	(24,905)	(49,429)	(264,268)	(4,889,762)	(8,890,737)
Balance, end of year	<u>5,365,522</u>	<u>4,430,767</u>	<u>14,963,577</u>	<u>10,584,262</u>	<u>294,119</u>	<u>5,612,346</u>	<u>1,576,908</u>	<u>60,733,024</u>	<u>49,635,779</u>	<u>32,261,192</u>	<u>6,597,441</u>	<u>61,953,809</u>	<u>5,155,984</u>	<u>259,164,730</u>
ACCUMULATED AMORTIZATION														
Balance, beginning of year	-	1,808,731	5,644,202	5,341,681	149,336	2,881,237	633,395	19,297,719	14,013,781	6,576,554	2,956,742	24,298,692	-	83,602,070
Amortization during the year	-	146,158	319,969	475,850	24,897	289,678	222,914	1,235,416	901,960	382,030	150,972	1,422,254	-	5,572,098
Accumulated amortization on disposals	-	(40,850)	(74,391)	(133,795)	-	(7,181)	-	(3,011,761)	(48,356)	(6,018)	(35,519)	(263,741)	-	(3,621,612)
Balance, end of year	<u>-</u>	<u>1,914,039</u>	<u>5,889,780</u>	<u>5,683,736</u>	<u>174,233</u>	<u>3,163,734</u>	<u>856,309</u>	<u>17,521,374</u>	<u>14,867,385</u>	<u>6,952,566</u>	<u>3,072,195</u>	<u>25,457,205</u>	<u>-</u>	<u>85,552,556</u>
Net Book Value of Tangible Capital Assets	<u>\$ 5,365,522</u>	<u>\$ 2,516,728</u>	<u>\$ 9,073,797</u>	<u>\$ 4,900,526</u>	<u>\$ 119,886</u>	<u>\$ 2,448,612</u>	<u>\$ 720,599</u>	<u>\$ 43,211,650</u>	<u>\$ 34,768,394</u>	<u>\$ 25,308,626</u>	<u>\$ 3,525,246</u>	<u>\$ 36,496,604</u>	<u>\$ 5,155,984</u>	<u>\$ 173,612,174</u>

CORPORATION OF LOYALIST TOWNSHIP

CONSOLIDATED SCHEDULE OF RECONCILIATION OF FINANCIAL PLAN TO THE BUDGET

DECEMBER 31, 2022

	OPERATING BUDGET	CAPITAL BUDGET	TRANSFERS TO CAPITAL	TRANSFER TO (FROM) RESERVES & RESERVE FUNDS	TANGIBLE CAPITAL ASSET ADJUSTMENTS	LONG-TERM DEBT PRINCIPAL	PSAB BUDGET
REVENUES							
Municipal taxation	\$ 18,516,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,516,300
Taxation from other governments	1,476,100	-	-	-	-	-	1,476,100
User fees and sale of goods and services	15,600,500	-	-	-	-	-	15,600,500
Government transfers							
Canada	7,000	-	-	-	-	-	7,000
Ontario	4,015,200	-	-	-	-	-	4,015,200
Investment income	112,600	-	-	-	-	-	112,600
Deferred revenue earned	706,400	-	-	-	-	-	706,400
Interest and penalties on Taxes	325,000	-	-	-	-	-	325,000
Donations	50,900	-	-	-	-	-	50,900
Other	3,927,800	-	-	-	-	-	3,927,800
Transfers from reserves	1,072,600	-	-	(1,072,600)	-	-	-
	<u>45,810,400</u>	<u>-</u>	<u>-</u>	<u>(1,072,600)</u>	<u>-</u>	<u>-</u>	<u>44,737,800</u>
EXPENDITURES							
Current							
Non departmental	2,375,000	-	(2,375,000)	-	-	-	-
General government	5,515,500	-	-	(1,419,100)	257,100	(482,400)	3,871,100
Protection services	5,805,800	-	-	-	406,900	-	6,212,700
Transportation services	10,359,900	-	-	(135,000)	2,027,500	-	12,252,400
Environmental services	12,734,000	-	(3,233,400)	(1,617,100)	2,532,600	(747,200)	9,668,900
Recreation and cultural services	4,054,300	-	-	(57,200)	321,900	-	4,319,000
Planning and development	4,404,900	-	-	(2,378,000)	-	-	2,026,900
Health services/Cemeteries	54,900	-	-	-	-	-	54,900
Capital							
General government	-	355,200	-	-	(355,200)	-	-
Protection services	-	756,700	-	-	(756,700)	-	-
Transportation services	-	9,616,700	-	-	(9,616,700)	-	-
Environmental services	-	3,174,100	-	-	(3,174,100)	-	-
Recreation and cultural services	-	3,221,300	-	-	(3,221,300)	-	-
Planning and development	-	41,400	-	-	(41,400)	-	-
Health services/Cemeteries	-	-	-	-	-	-	-
	<u>45,304,300</u>	<u>17,165,400</u>	<u>(5,608,400)</u>	<u>(5,606,400)</u>	<u>(11,619,400)</u>	<u>(1,229,600)</u>	<u>38,405,900</u>
NET REVENUES (EXPENDITURES)	506,100.00	(17,165,400)	5,608,400	4,533,800	11,619,400	1,229,600	6,331,900
OTHER INCOME AND EXPENSES RELATED TO CAPITAL							
Deferred revenue earned	-	1,764,100	-	-	-	-	1,764,100
Government transfers							
Canada	-	176,700	-	-	-	-	176,700
Ontario	-	1,561,700	-	-	-	-	1,561,700
User Charges	-	322,300	-	-	-	-	322,300
Donations and miscellaneous	-	-	-	-	-	-	-
	<u>-</u>	<u>3,824,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,824,800</u>
FINANCING AND TRANSFERS							
Debtenture and other long-term borrowings	-	6,166,400	(6,166,400)	-	-	-	-
Debt repayment	-	-	-	-	-	(1,229,600)	(1,229,600)
Transfers from (to) other funds	-	7,822,100	(5,608,400)	(2,213,700)	-	1,229,600	1,229,600
	<u>-</u>	<u>13,988,500</u>	<u>(11,774,800)</u>	<u>(2,213,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>
ANNUAL SURPLUS (DEFICIT)	\$ -	\$ 647,900	\$ (6,166,400)	\$ 2,320,100	\$ 11,619,400	\$ 1,229,600	\$ 10,156,700