

**THE CORPORATION OF LOYALIST TOWNSHIP**

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

**DECEMBER 31, 2017**





**Collins Blay LLP**  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of The Corporation of Loyalist Township, which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statements of operations and accumulated surplus, change in net financial liability and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of Loyalist Township as at December 31, 2017, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kingston, Ontario  
June 11, 2018

*Collins Blay LLP*

**Chartered Professional Accountants**  
**Licensed Public Accountants**

**THE CORPORATION OF LOYALIST TOWNSHIP**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2017**

	2017	Restated Note 19 2016
<b>FINANCIAL ASSETS</b>		
Cash - Note 5	\$ 15,031,711	\$ 9,699,325
Taxes receivable	1,909,428	1,892,962
Accounts receivable	3,832,210	3,373,586
Water and sewer billings receivable	1,035,352	964,156
Land held for resale	1,737,877	1,472,939
Other assets	<u>37,007</u>	<u>35,038</u>
	<u>23,583,585</u>	<u>17,438,006</u>
<b>FINANCIAL LIABILITIES</b>		
Construction loan - Note 12	-	1,836,001
Accounts payable and accrued liabilities	6,440,400	5,287,707
Deferred revenue - Note 10	195,585	61,997
Deferred revenue - obligatory reserve funds - Note 10	2,713,694	2,536,065
Employee benefits payable and other liabilities - Note 8	1,837,652	1,773,974
Landfill closure and post-closure liability - Note 11	1,227,776	1,220,363
Contaminated site liability	200,000	200,000
Long-term debt - Note 12	<u>15,232,336</u>	<u>13,403,440</u>
	<u>27,847,443</u>	<u>26,319,547</u>
<b>NET FINANCIAL LIABILITY</b>	<u>(4,263,858)</u>	<u>(8,881,541)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - Note 16	130,003,275	128,280,055
Inventory	83,716	138,850
Prepaid expenses	<u>277,835</u>	<u>277,232</u>
	<u>130,364,826</u>	<u>128,696,137</u>
<b>ACCUMULATED SURPLUS - Note 13</b>	<u>\$ 126,100,968</u>	<u>\$ 119,814,596</u>
<b>COMMITMENTS - Note 9</b>		
<b>CONTINGENT LIABILITY - Note 18</b>		



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

**THE CORPORATION OF LOYALIST TOWNSHIP**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budget (unaudited) 2017</u>	<u>Actual 2017</u>	<u>Restated Note 19 Actual 2016</u>
<b>REVENUE</b>			
Municipal taxation	\$ 13,645,000	\$ 13,150,477	\$ 13,217,490
Taxation from other governments	630,000	1,308,252	935,272
User charges	11,582,300	13,286,374	11,405,401
Government transfers			
Government of Canada	52,500	11,985	6,000
Province of Ontario	2,837,900	2,794,848	2,674,353
Investment income	26,900	173,731	102,637
Deferred revenue earned	194,200	205,653	288,287
Interest and penalties on taxes	275,000	249,163	283,202
Donations	13,300	48,359	42,089
Other	78,300	281,527	108,914
	<u>29,335,400</u>	<u>31,510,369</u>	<u>29,063,645</u>
<b>EXPENDITURES - Note 14</b>			
General government	1,633,841	1,797,364	1,404,916
Protection to persons and property	4,840,281	4,928,957	6,104,519
Transportation services	9,028,154	9,518,252	8,741,619
Environmental services	8,325,475	7,820,452	8,074,696
Recreation and cultural services	3,400,474	3,879,023	3,610,157
Planning and development	969,679	1,010,758	886,570
Cemeteries	93,800	28,546	31,176
	<u>28,291,704</u>	<u>28,983,352</u>	<u>28,853,653</u>
<b>NET EXPENDITURES</b>	<u>1,043,696</u>	<u>2,527,017</u>	<u>209,992</u>
<b>OTHER INCOME AND EXPENSES RELATED TO CAPITAL</b>			
Contributed tangible capital assets	-	1,108,900	1,679,399
Government transfers			
Government of Canada	1,464,510	623,758	924,655
Province of Ontario	2,188,060	1,921,999	1,000,747
User charges	771,930	111,048	387,416
Deferred revenue earned	1,106,500	278,051	901,945
Donations and miscellaneous	20,000	28,627	42,130
Loss on disposal of tangible capital assets	-	(313,028)	(608,035)
	<u>5,551,000</u>	<u>3,759,355</u>	<u>4,328,257</u>
<b>ANNUAL SURPLUS</b>	6,594,696	6,286,372	4,538,249
<b>ACCUMULATED SURPLUS - beginning of year,</b> as previously stated	119,814,596	119,814,596	115,091,349
Prior period adjustment - Note 19	-	-	184,998
<b>ACCUMULATED SURPLUS - end of year</b>	<u>\$ 126,409,292</u>	<u>\$ 126,100,968</u>	<u>\$ 119,814,596</u>



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

**THE CORPORATION OF LOYALIST TOWNSHIP**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL LIABILITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget (unaudited) 2017	Actual 2017	Restated Note 19 Actual 2016
<b>ANNUAL SURPLUS</b>	\$ 6,594,696	\$ 6,286,372	\$ 4,538,249
Amortization of tangible capital assets	4,587,405	4,587,404	4,507,864
Net acquisitions of tangible capital assets	(8,814,500)	(5,514,752)	(7,097,373)
Contributed tangible capital assets	-	(1,108,900)	(1,679,399)
Loss on disposal of tangible capital assets	-	313,028	608,035
Proceeds on disposal of tangible capital assets	-	-	1,200
Change in inventories and prepaid	-	54,531	119,224
<b>INCREASE IN NET FINANCIAL LIABILITY</b>	<u>2,367,601</u>	<u>4,617,683</u>	<u>997,800</u>
Net financial liability - beginning of year	<u>(8,881,541)</u>	<u>(8,881,541)</u>	<u>(9,879,341)</u>
<b>NET FINANCIAL LIABILITY - end of year</b>	<u>\$ (6,513,940)</u>	<u>\$ (4,263,858)</u>	<u>\$ (8,881,541)</u>



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

**THE CORPORATION OF LOYALIST TOWNSHIP**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017	2016
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	\$ 6,286,372	\$ 4,538,249
Item not requiring cash:		
Loss on disposal of tangible capital assets	313,028	608,035
Amortization of tangible capital assets	4,587,404	4,507,864
Contributed tangible capital assets	(1,108,900)	(1,679,399)
Change in employee benefits payable	63,678	1,234,454
Change in solid waste landfill closure and post-closure costs	<u>7,413</u>	<u>84,180</u>
	<u>10,148,995</u>	<u>9,293,383</u>
Changes in non-financial assets		
Prepaid expenses	(603)	(25,829)
Inventory	<u>55,134</u>	<u>145,053</u>
	<u>54,531</u>	<u>119,224</u>
Changes in non-cash assets and liabilities		
Taxes receivable	(16,466)	(180,849)
Accounts receivable	(458,624)	(1,619,418)
Water and sewer billings receivable	(71,196)	(66,813)
Land held for resale	(264,938)	4,462
Bank line of credit	-	(1,153,161)
Accounts payable and accrued liabilities	1,152,693	(548,599)
Deferred revenue	133,588	(71,050)
Deferred revenue - obligatory reserve fund	<u>177,629</u>	<u>631,951</u>
	<u>652,686</u>	<u>(3,003,477)</u>
Net change in cash from operating transactions	<u>10,856,212</u>	<u>6,409,130</u>
<b>CAPITAL TRANSACTIONS</b>		
Cash used to acquire capital assets	(2,680,219)	(6,955,391)
Proceeds on disposal of tangible capital assets	-	1,200
Cash used to acquire assets under construction	<u>(2,836,502)</u>	<u>(141,982)</u>
Net change in cash from capital transactions	<u>(5,516,721)</u>	<u>(7,096,173)</u>
<b>FINANCING TRANSACTIONS</b>		
(Repayment) advance of construction loan	(1,836,001)	1,836,001
Proceeds from long-term debt	2,936,165	3,217,673
Repayment of long-term debt	<u>(1,107,269)</u>	<u>(1,002,783)</u>
Net change in cash from financing transactions	<u>(7,105)</u>	<u>4,050,891</u>
<b>NET INCREASE IN CASH</b>	5,332,386	3,363,848
<b>CASH - beginning of the year</b>	<u>9,699,325</u>	<u>6,335,477</u>
<b>CASH - end of the year</b>	<u>\$ 15,031,711</u>	<u>\$ 9,699,325</u>



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

# THE CORPORATION OF LOYALIST TOWNSHIP

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

### 1. SIGNIFICANT ACCOUNTING POLICIES

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

#### a) Basis of consolidation:

##### *i) Consolidated entities:*

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

##### *ii) Accounting for County and school board transactions:*

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

##### *iii) Trust Funds:*

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

#### b) Basis of accounting:

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

#### c) Employee benefit obligations:

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

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

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



**THE CORPORATION OF LOYALIST TOWNSHIP**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d) Landfill closure and post-closure liabilities:**

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

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

**e) Deferred revenue - obligatory reserve funds:**

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

**f) Use of estimates:**

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, employee benefit obligations, useful lives of tangible capital assets and landfill closure and post-closure liability.

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

**g) Government transfers:**

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

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

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





**THE CORPORATION OF LOYALIST TOWNSHIP**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**h) Property taxation:**

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

A provision for uncollectible taxes has been recorded for potential losses on assessment appeals or other possible uncollectible taxes receivable outstanding at December 31, 2017 in the amount of \$814,410 (2016 - \$332,192). 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.

**i) 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.

**j) Non-financial assets:**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Consolidated Change in Net Financial Liability for the year.

*i) Tangible capital assets*

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful life as follows:

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



**THE CORPORATION OF LOYALIST TOWNSHIP**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**j) Non-financial assets (continued):**

*i) Tangible capital assets (continued)*

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

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

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

**ii) Contribution of tangible capital assets**

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

**iii) Works of art and cultural and historic assets**

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

**iv) Interest capitalization**

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

**iv) Inventories of supplies**

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

**2. STATEMENT OF REMEASUREMENT GAINS AND LOSSES**

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

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

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

	<u>School Boards</u>	<u>County</u>
Taxation	\$ 4,370,600	\$ 9,856,300
Requisitions	<u>(4,370,600)</u>	<u>(9,856,300)</u>
	<u>-</u>	<u>-</u>



**THE CORPORATION OF LOYALIST TOWNSHIP**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**4. TRUST FUNDS**

Trust funds administered by the Township, amounting to \$76,100 (2016 - \$73,190), have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations and Accumulated Surplus".

**5. CASH**

Cash consists of the following:

	<u>2017</u>	<u>2016</u>
Unappropriated cash	\$ 4,748,916	\$ 2,177,474
Development charges by-law	2,064,022	1,640,637
Asset Replacement Reserve Funds	618,125	317,134
Special Area Reserve Funds	4,830,682	3,585,576
Contingency Reserve Funds	161,038	196,884
Restricted Reserve Funds	1,771,131	1,385,908
Other Special Area Reserve Funds	188,125	193,338
Other Obligatory Reserve Funds	<u>649,672</u>	<u>202,374</u>
	<u>\$ 15,031,711</u>	<u>\$ 9,699,325</u>

**6. BANK INDEBTEDNESS**

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

**7. PENSION AGREEMENTS**

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 130 members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for current service in 2017 was \$710,600 (2016 - \$681,483). The Township also made contributions to Registered Retirement Savings Plans on behalf of two (2016 - three) members of its staff. The amount contributed to these plans for the year was \$4,370 (2016 - \$5,895).

**8. EMPLOYEE BENEFITS PAYABLE AND OTHER LIABILITIES**

Employee benefit obligations of the Township as at December 31, 2017 are as follows:

	<u>2017</u>	<u>2016</u>
Non-pension retirement benefits	\$ 355,891	\$ 343,880
Workplace Safety and Insurance Board obligations	<u>1,481,761</u>	<u>1,430,094</u>
	1,837,652	1,773,974
Amounts previously funded from operations	-	(24,778)
Amounts to be recovered from reserve funds	<u>(161,038)</u>	<u>(196,884)</u>
Amounts to be recovered from future revenue	<u>\$ 1,676,614</u>	<u>\$ 1,552,312</u>



**THE CORPORATION OF LOYALIST TOWNSHIP**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**8. EMPLOYEE BENEFITS PAYABLE AND OTHER LIABILITIES (continued)**

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

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

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

The accrued benefit obligation relating to employee non-pension retirement benefits has been actuarially determined using the projected benefit method pro-rated on services. At December 31, 2017, based on an actuarial update, the accrued benefit obligation was \$537,654 (2016 - \$549,262).

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

Discount rate	4.00% per annum
Inflation rate	1.75% per annum
Salary escalation	2.75% per annum
Dental benefits escalation	3.75% per annum
Health benefits escalation	4.75% per annum*

\*2017 over 2016 reducing 0.3333% per annum to reach 3.75% in 2020

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

	<u>2017</u>	<u>2016</u>
Accrued benefit liability, beginning of the year	\$ 343,880	\$ 334,934
Expense recognized for the year	13,268	13,214
Interest cost	21,312	18,840
Benefits paid for the year	(46,188)	(32,389)
Amortization of loss over estimated average - Remaining life 11 years	<u>23,619</u>	<u>9,281</u>
Accrued benefit liability, end of year	<u>\$ 355,891</u>	<u>\$ 343,880</u>

The accrued benefit liability at December 31, 2017 includes the following components:

	<u>2017</u>	<u>2016</u>
Accrued benefit obligation	\$ 537,654	\$ 549,262
Unamortized actuarial loss	<u>(181,763)</u>	<u>(205,382)</u>
Accrued benefit liability, end of year	<u>\$ 355,891</u>	<u>\$ 343,880</u>



**THE CORPORATION OF LOYALIST TOWNSHIP**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**8. EMPLOYEE BENEFITS PAYABLE AND OTHER LIABILITIES (continued)**

*b) Workplace Safety and Insurance Board Act:*

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

At December 31, 2017, based on an actuarial update, the Township’s accrued benefit obligation relating to future payments on Workplace Safety and Insurance Board claims is \$1,505,545 (2016 - \$1,457,758).

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

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

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

	<u>2017</u>	<u>2016</u>
Accrued benefit liability, beginning of the year	\$ 1,430,094	\$ 204,586
Expense recognized for the year	102,938	31,102
Increase due to plan amendment	-	1,215,012
Interest cost	58,104	8,559
Benefits paid for the year	(113,255)	(30,142)
Amortization of loss over estimated average - Remaining life 9 years	<u>3,880</u>	<u>977</u>
Accrued benefit liability, end of year	<u>\$ 1,481,761</u>	<u>\$ 1,430,094</u>

The accrued benefit liability at December 31, 2017 includes the following components:

	<u>2017</u>	<u>2016</u>
Accrued benefit obligation	\$ 1,505,545	\$ 1,457,758
Unamortized actuarial loss	<u>(23,784)</u>	<u>(27,664)</u>
Accrued benefit liability, end of year	<u>\$ 1,481,761</u>	<u>\$ 1,430,094</u>

**9. COMMITMENTS**

(a) In April 2013, the Township awarded a seven-year contract to BFI Canada Inc. (now operating as Progressive Waste Solutions Ltd.) for garbage collection services, effective July 1, 2013. Costs are expected to be approximately \$312,200 in 2018 (\$306,000 in 2017) and are financed out of operating revenue.



# THE CORPORATION OF LOYALIST TOWNSHIP

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

### 9. COMMITMENTS (continued)

- (b) In April 2013, the Township awarded a seven-year contract to BFI Canada Inc. (now operating as Progressive Waste Solutions Ltd.) for recycling collection services, effective July 1, 2013. Costs are expected to be approximately \$450,000 in 2018 (\$410,000 in 2017) and are financed out of operating revenue.
- (c) In September 2013, the Township entered into a new five-year contract with the City of Kingston for Transit services. In 2016, changes were made to the contract with an implementation date of May 2, 2016. The weekly service hours were reduced to 115 hours per week at \$88.08 per hour (2016 rate). The capital payment was reduced to \$44,390 per year (2016 rate) to reflect the use of a single bus. The gross operating budget for the Amherstview Service Area will be \$681,000 in 2018 (\$670,800 in 2017).
- (d) Police services are provided by the Ontario Provincial Police on a non-contract basis. The contract with Loyalist Township expired on December 31, 2014. In 2015, Council opted to migrate from a section 10 municipality requiring a contract, to a section 5 municipality which does not require a contract. The new billing model for police services includes two components. Base policing costs are invoiced for items such as crime prevention, proactive policing, officer training and administrative duties and will make up approximately 57% of the invoice. The second component is for reactive calls for service making up the remaining 43%. Loyalist has budgeted \$2.3 million in 2018 (\$2.3 million in 2017).
- (e) In July 2017, the Township awarded tender 2017-15 to Amos Excavation and Construction for Morden Crescent watermain and sewer infrastructure replacement and road reconstruction. The project is funded through Ontario Communities Infrastructure Fund application based grant, general rate capital and utilities capital. In 2017, payment certificates amounted to \$323,700. Payments remaining for 2018 are estimated at \$285,890.

### 10. DEFERRED REVENUE

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

	Balance Beginning of the year	Additions	Transferred to Income	Balance End of the year
Externally restricted				
Development charges	\$ 1,640,639	\$ 693,985	\$ 270,600	\$ 2,064,024
Federal gas tax	171,334	506,397	133,830	543,901
Provincial gas tax	2,878	165,526	94,306	74,098
Building rate stabilization	112	-	-	112
Ontario Community Infrastructure Fund	693,053	-	693,053	-
Parkland	<u>28,049</u>	<u>3,510</u>	<u>-</u>	<u>31,559</u>
	2,536,065	1,369,418	1,191,789	2,713,694
Other deferred revenue	<u>61,997</u>	<u>648,304</u>	<u>514,716</u>	<u>195,585</u>
	<u>\$ 2,598,062</u>	<u>\$ 2,017,722</u>	<u>\$ 1,706,505</u>	<u>\$ 2,909,279</u>



THE CORPORATION OF LOYALIST TOWNSHIP

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

11. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

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

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

Estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure care activities using an estimated inflation rate of 2% and discounted at the Township's average long-term borrowing rate of 4.5% (2016 - 4.5%). The estimated total landfill closure and post-closure care expenses are calculated to be \$1,651,130 (2016 - \$1,664,860). 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, 2017 is an amount of \$1,227,776 (2016 - \$1,220,363) with respect to landfill closure and post-closure liabilities recognized to date.

The estimated remaining capacity of the Violet Road landfill site is 22% (196,000 cubic meters) of its total estimated capacity and its estimated remaining life is 24 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 37% (8,980 cubic meters) of its total estimated capacity and its estimated remaining life is 31 years, after which the period for post-closure care is estimated to be 25 years.

The estimated remaining capacity of the Amherst Island Phase 2 landfill site is 43% (4,800 cubic meters) of its total estimated capacity and its estimated remaining life is 17 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, 2017 is to be recovered as follows:

	<u>2017</u>	<u>2016</u>
Landfill closure and post-closure liability	\$ 1,227,776	\$ 1,220,363
Amounts previously funded from operations	(421,000)	(401,200)
Amounts to be recovered from reserve funds	<u>(310,682)</u>	<u>(307,113)</u>
Amounts to be recovered from future revenue	<u>\$ 496,094</u>	<u>\$ 512,050</u>





**THE CORPORATION OF LOYALIST TOWNSHIP**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**12. LONG-TERM DEBT**

Long-term debt consists of the following:

	2017	2016
4.15% Canada Mortgage and Housing Corporation \$924,600 debenture, annual payments of \$84,034 for principal and interest, due May, 2025	\$ 562,293	\$ 620,573
4.06% Infrastructure Ontario \$1,164,300 debenture, semi-annual payments of \$38,810 for principal and interest, due August, 2025	620,960	698,580
4.35% Infrastructure Ontario \$1,737,400 debenture, semi-annual payments of \$43,435 for principal and interest, due August, 2030	1,129,310	1,216,180
2.95% Infrastructure Ontario \$417,819 debenture, semi-annual payments of \$17,336 for principal and interest, due December, 2031	395,308	417,819
3.24% Infrastructure Ontario \$1,225,555 debenture, semi-annual payments of \$41,870 for principal and interest, due December, 2036	1,181,167	1,225,555
3.42% Infrastructure Ontario \$1,574,299 debenture, semi-annual payments of \$41,094 for principal and interest due December, 2041	1,533,606	1,574,299
3.28% Infrastructure Ontario \$1,441,335 debenture, semi-annual payments of \$49,420 for principal and interest, due September, 2037	1,441,335	-
3.42% Infrastructure Ontario \$1,494,830 debenture, semi-annual payments of \$44,717 for principal and interest, due September, 2042	1,494,830	-
2.5% Toronto Dominion \$1,399,047 bank loan, monthly payments of \$10,513 for principal and interest, due March, 2028	1,139,795	1,236,140
1.94% Toronto Dominion \$2,264,462 bank loan, monthly payments of \$16,434 for principal and interest, due March, 2028	1,831,904	1,991,879
2.81% Toronto Dominion \$1,750,000 bank loan, monthly payments of \$11,926 for principal and interest, due January, 2030	1,464,863	1,565,280
2.6% Toronto Dominion \$757,754 bank loan, monthly payments of \$13,482 for principal and interest, due October, 2022	734,059	-





**THE CORPORATION OF LOYALIST TOWNSHIP**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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

	2017	2016
5.07% Royal Bank of Canada \$1,775,000 bank loan, monthly payments of \$14,102 for principal and interest, repaid during the year	-	843,386
3.14% Royal Bank of Canada \$593,240 bank loan, monthly payments of \$6,592 for principal plus interest, due May, 2021	276,824	355,928
2.35% Royal Bank of Canada \$2,063,366 bank loan, monthly payments of \$19,312 for principal and interest, due March, 2025	1,426,082	1,657,821
	<b>\$ 15,232,336</b>	<b>\$ 13,403,440</b>

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

	Principal	Interest	
2018	\$ 1,245,845	\$ 459,997	
2019	1,267,457	424,117	
2020	1,286,625	389,450	
2021	1,269,846	351,900	
2022	1,230,710	314,563	
Thereafter	8,931,853	1,976,650	

Interest paid during the year amounted to \$446,089 (2016 - \$332,432).

In September 2017, the Township entered into two financing agreements with Infrastructure Ontario for \$1.4 million and \$1.5 million. These long-term loans include the conversion of the short-term construction loan that was borrowed in 2016 in the amount of \$1,836,001. The following projects were funded:

- Briscoe Hyland
- Front Road
- Sewer Plant Wetland
- McIntyre Road
- Light Rescue Vehicle

During 2017, the Township renewed a loan that was previously with Royal Bank of Canada, with the TD Commercial Bank in the amount of approximately \$758,000. This loan was to finance the Fairfield water area filter expansion.



**THE CORPORATION OF LOYALIST TOWNSHIP**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**13. ACCUMULATED SURPLUS**

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

	<u>2017</u>	<u>Restated Note 19 2016</u>
<u>Operating surplus</u>		
General purpose (applicable to all ratepayers and properties)	\$ 2,055,822	\$ 2,163,983
Building services	(69,070)	(343,814)
Sewer areas	543,950	497,589
Water areas	878,201	521,120
Amherstview Transit Area	<u>(10,962)</u>	<u>(10,962)</u>
	<u>3,397,941</u>	<u>2,827,916</u>
<u>Other surplus:</u>		
Land held for resale	1,737,877	1,472,939
Landfill closure costs	(807,376)	(819,163)
Contaminated site liability	(200,000)	(200,000)
Employee benefit obligations	<u>(1,837,652)</u>	<u>(1,773,974)</u>
	<u>(1,107,151)</u>	<u>(1,320,198)</u>
<u>Investment in tangible capital assets:</u>		
Equity in tangible capital assets	130,003,275	128,280,055
Capital costs financed by long-term debt	(15,232,336)	(15,239,442)
Capital costs financed internally	(885,800)	(1,087,400)
Capital costs not yet funded	(1,403,979)	(1,827,254)
Unexpended capital financing	<u>2,669,374</u>	<u>1,568,498</u>
	<u>115,150,534</u>	<u>111,694,457</u>
<u>Reserves set aside for specific purposes by Council:</u>		
Future expenses	57,918	43,553
Capital	55,200	37,600
Working capital	<u>977,425</u>	<u>852,425</u>
	<u>1,090,543</u>	<u>933,578</u>



**THE CORPORATION OF LOYALIST TOWNSHIP**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**13. ACCUMULATED SURPLUS (continued)**

	<u>2017</u>	<u>Restated Note 19 2016</u>
<u>Reserve funds set aside for specific purposes by Council:</u>		
General rate		
Violet Road landfill	310,682	307,113
Fire training centre	50,830	43,916
Municipal capital	311,592	55,000
Quarry rehabilitation	27,563	27,237
Ice resurfacers	38,019	30,991
Scholarships	18,412	18,199
Industrial development	269,687	55,765
Prepaid local charges	120,969	142,781
Workplace Safety Insurance Board claims	161,038	196,884
Renewable Energy Community Fund	<u>418,210</u>	<u>236,273</u>
	<u>1,727,002</u>	<u>1,114,159</u>
Special rate		
Ferry berthage	633,171	625,780
Ferry operations	188,125	193,338
Sewer areas	2,974,413	2,299,993
Water areas	1,856,270	1,285,583
Utility equipment replacement	<u>190,120</u>	<u>159,990</u>
	<u>5,842,099</u>	<u>4,564,684</u>
Total reserve funds	<u>8,659,644</u>	<u>6,612,421</u>
 Total accumulated surplus	 <u>\$ 126,100,968</u>	 <u>\$ 119,814,596</u>



# THE CORPORATION OF LOYALIST TOWNSHIP

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

### 14. SEGMENTED INFORMATION

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

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

(a) General Government:

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

(b) Protections Services:

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

(c) Transportation Services:

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

(d) Environmental Services:

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

(e) Recreation and Culture:

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

(f) Planning and Development:

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



# THE CORPORATION OF LOYALIST TOWNSHIP

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

### 14. SEGMENTED INFORMATION (continued)

(g) Water Systems - Fairfield and Bath:

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

(h) Sewage Systems - Loyalist East and Bath:

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

(i) Amherst Island Ferry Service:

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

(j) Amherstview Transit Service:

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

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

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

### 15. SUPPLEMENTARY INFORMATION

	2017	2016
Expense by object:		
Salaries, wages and employee benefits	\$ 11,489,880	\$ 12,331,772
Materials, services, rents and financial expenses	12,622,950	11,780,811
Transfers to others	283,118	233,206
Amortization	4,587,404	4,507,864
	\$ 28,983,352	\$ 28,853,653



**THE CORPORATION OF LOYALIST TOWNSHIP**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**16. TANGIBLE CAPITAL ASSETS**

(a) Assets under construction:

Assets under construction having a value of \$2,836,501 (2016 - \$ 2,754,159) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets (restated - Note 19):

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$1,108,900 (2016 - \$1,679,399) comprised of roads infrastructure in the amount of \$545,322 (2016 - \$937,171) and water and wastewater infrastructure in the amount of \$563,578 (2016 - \$742,228).

(c) Tangible capital assets disclosed at nominal values:

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

(d) Works of art and historical treasures

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

For details on tangible capital assets, see Schedule C.

**17. BUDGET FIGURES**

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

**18. CONTINGENT LIABILITIES**

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



**THE CORPORATION OF LOYALIST TOWNSHIP**  
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**19. PRIOR PERIOD ADJUSTMENT**

During the year, as a result of evolving tangible capital asset accounting and asset management planning, certain tangible capital assets from 2007 were identified that required correction. The correction was accounted for retroactively with restatement of the prior year. The effect of these changes on the 2016 comparative figures are as follows:

Accumulated surplus - as previously stated for the year ended December 31, 2015	<u>\$ 115,091,349</u>
Change in accumulated amortization	(96,362)
Prior period adjustment - tangible capital assets	<u>281,360</u>
Net change in accumulated surplus	<u>184,998</u>
Revised accumulated surplus - December 31, 2015	<u>\$ 115,276,347</u>

In 2016, as a result of evolving tangible capital asset accounting and asset management planning, certain tangible capital assets were identified that required correction. The correction was accounted for retroactively with restatement of the prior year. The effect of these changes on the 2016 comparative figures are as follows:

Adjusted accumulated surplus - December 31, 2015	<u>\$ 115,276,347</u>
Annual surplus - as previously stated for the year ended December 31, 2016	3,961,090
Change in amortization expense	(9,772)
Prior period adjustment - tangible capital assets	<u>586,931</u>
Adjusted annual surplus for the year ended December 31, 2016	<u>4,538,249</u>
Revised accumulated surplus - December 31, 2016	<u>\$ 119,814,596</u>

Tangible capital assets - as previously stated at December 31, 2016	\$ 127,517,898
Prior period adjustments - tangible capital assets	868,291
Change in amortization expense	(9,772)
Change in accumulated amortization	<u>(96,362)</u>
Revised net book value - December 31, 2016	<u>\$ 128,280,055</u>

**20. COMPARATIVE FIGURES**

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



SCHEDULE A

THE CORPORATION OF LOYALIST TOWNSHIP  
 SCHEDULE OF RESERVES AND RESERVE FUNDS  
 DECEMBER 31, 2017

	CONTRIBUTIONS				TRANSFERS			BALANCE December 31, 2017
	BALANCE January 1, 2017	Interest Income	Revenue/ Transfers	Total	To Operations	To (from) Capital	Total	
<b>General Rate Reserve Funds</b>								
Violet Landfill	\$ 307,113	\$ 1,649	\$ 1,921	\$ 3,570	\$ -	\$ -	\$ -	\$ 310,683
Industrial Park	55,765	764	10,693	11,457	-	(202,465)	(202,465)	269,687
Ameriks Scholarship	18,199	246	2,600	2,846	2,633	-	2,633	18,412
Amherst Drive Frontage Fees	142,781	1,835	-	1,835	-	23,647	23,647	120,969
Community Vibracy Fund	236,273	2,471	104,280	106,751	-	-	-	343,024
Road Use Agreement Fund	-	187	75,000	75,187	-	-	-	75,187
Fire Training Centre	43,916	554	6,360	6,914	-	-	-	50,830
Quarry Rehabilitation	27,237	327	-	327	-	-	-	27,564
Ice Resurfacers	30,991	372	6,658	7,030	-	-	-	38,021
Workplace Safety Insurance Board	196,884	2,432	10,000	12,432	48,278	-	48,278	161,038
Municipal Reserve Fund	55,000	1,592	255,000	256,592	-	-	-	311,592
	<u>1,114,159</u>	<u>12,429</u>	<u>472,512</u>	<u>484,941</u>	<u>50,911</u>	<u>(178,818)</u>	<u>(127,907)</u>	<u>1,727,007</u>
<b>General Rate Reserves</b>								
Working Capital	852,425	-	125,000	125,000	-	-	-	977,425
Future Expenses	43,553	-	14,365	14,365	-	-	-	57,918
Capital	37,600	-	17,600	17,600	-	-	-	55,200
	<u>933,578</u>	<u>-</u>	<u>156,965</u>	<u>156,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,090,543</u>
<b>Service Rate</b>								
Ferry Berthage	625,780	4,022	3,371	7,393	-	-	-	633,173
Amherstview Sewer Impost Fees	1,822,411	19,163	511,020	530,183	-	-	-	2,352,594
Fairfield Water Impost Fees	992,083	13,741	520,665	534,406	-	137,781	137,781	1,388,708
Bath Sewer Impost Fees	477,582	5,210	139,026	144,236	-	-	-	621,818
Bath Water Impost Fees	293,500	3,817	170,244	174,061	-	-	-	467,561
Ferry Operations	193,338	2,652	-	2,652	7,865	-	7,865	188,125
Equipment Replacement Loyalist East Sewer	71,766	1,028	25,000	26,028	-	-	-	97,794
Equipment Replacement Fairfield Water	59,287	811	15,000	15,811	-	-	-	75,098
Equipment Replacement Bath Sewer	15,275	216	5,000	5,216	-	-	-	20,491
Equipment Replacement Bath Water	13,662	177	5,000	5,177	-	22,102	22,102	(3,263)
	<u>4,564,684</u>	<u>50,837</u>	<u>1,394,326</u>	<u>1,445,163</u>	<u>7,865</u>	<u>159,883</u>	<u>167,748</u>	<u>5,842,099</u>
<b>Total reserve funds</b>	<u>\$ 6,612,421</u>	<u>\$ 63,266</u>	<u>\$ 2,023,803</u>	<u>\$ 2,087,069</u>	<u>\$ 58,776</u>	<u>\$ (18,935)</u>	<u>\$ 39,841</u>	<u>\$ 8,659,649</u>



**SCHEDULE B**

**THE CORPORATION OF LOYALIST TOWNSHIP  
SCHEDULE OF SEGMENTED INFORMATION  
DECEMBER 31, 2017**

	General Government	Emergency Services	Transportation Services	Waste Services	Health Services	Recreation and Culture	Planning and Development	Water	Sewer	Building Services	Amherst Island Ferry	Amherstview Transit	Total
<b>REVENUE</b>													
Municipal taxation	\$ 1,399,736	\$ 3,591,434	\$ 4,173,521	\$ 533,595	\$ -	\$ 2,443,448	\$ 573,818	\$ -	\$ -	\$ -	\$ -	\$ 434,925	\$ 13,150,477
Taxation from other governments	144,013	369,508	429,397	54,899	-	251,397	59,038	-	-	-	-	-	1,308,252
User charges	148,055	156,206	1,378,249	697,424	6,390	999,905	334,628	4,405,767	3,879,496	810,279	352,991	116,984	13,286,374
Government transfers													
Government of Canada	-	-	-	-	-	11,985	-	-	-	-	-	-	11,985
Province of Ontario	65,607	189,009	195,620	25,011	-	125,529	26,896	-	-	-	2,167,176	-	2,794,848
Investment income	116,318	554	513	1,649	888	372	2,599	18,547	25,617	-	6,674	-	173,731
Deferred revenue earned	-	111,347	-	-	-	-	-	-	-	-	-	94,306	205,653
Interest and penalties on taxes	27,427	70,375	81,781	10,456	-	47,880	11,244	-	-	-	-	-	249,163
Donations	-	990	-	-	2,600	44,769	-	-	-	-	-	-	48,359
Other	206,761	-	-	-	-	-	10,750	52,941	11,075	-	-	-	281,527
	<u>2,107,917</u>	<u>4,489,423</u>	<u>6,259,081</u>	<u>1,323,034</u>	<u>9,878</u>	<u>3,925,285</u>	<u>1,018,973</u>	<u>4,477,255</u>	<u>3,916,188</u>	<u>810,279</u>	<u>2,526,841</u>	<u>646,215</u>	<u>31,510,369</u>
<b>EXPENDITURES</b>													
Salaries, wages and benefits	1,574,337	1,032,145	2,256,693	309,290	9,825	2,114,754	567,572	894,082	450,082	431,355	1,840,402	9,342	11,489,879
Interest on long-term debt	-	57,026	17,775	19,267	-	15,773	23,705	150,669	148,283	-	-	-	432,498
Materials	516,901	402,090	1,293,342	176,031	4,318	462,417	33,234	445,393	352,481	33,248	469,819	4,486	4,193,760
Contracted Services	808,964	2,461,847	956,712	750,680	14,403	865,828	108,211	438,075	910,934	19,057	36,493	579,991	7,951,195
Rent and Financial Expenses	10,164	2,640	-	354	-	32,341	-	-	-	-	-	-	45,499
External transfers	62,756	176,068	-	1,745	-	41,248	1,300	-	-	-	-	-	283,117
Interfunctional adjustments	(1,291,899)	23,300	(309,857)	19,217	-	59,088	270,457	202,379	689,215	57,300	228,404	52,396	-
Amortization	116,141	232,881	2,081,248	49,576	-	287,574	6,279	941,565	871,134	-	-	1,006	4,587,404
	<u>1,797,364</u>	<u>4,387,997</u>	<u>6,295,913</u>	<u>1,326,160</u>	<u>28,546</u>	<u>3,879,023</u>	<u>1,010,758</u>	<u>3,072,163</u>	<u>3,422,129</u>	<u>540,960</u>	<u>2,575,118</u>	<u>647,221</u>	<u>28,983,352</u>
<b>NET EXPENDITURES</b>	<u>310,553</u>	<u>101,426</u>	<u>(36,832)</u>	<u>(3,126)</u>	<u>(18,668)</u>	<u>46,262</u>	<u>8,215</u>	<u>1,405,092</u>	<u>494,059</u>	<u>269,319</u>	<u>(48,277)</u>	<u>(1,006)</u>	<u>2,527,017</u>
<b>OTHER ITEMS RELATED TO CAPITAL</b>													
Contributed tangible capital assets	-	-	511,820	-	-	-	-	324,187	272,893	-	-	-	1,108,900
Government transfers													
Government of Canada	-	-	281,269	-	-	50,000	-	292,484	5	-	-	-	623,758
Province of Ontario	-	-	693,155	-	-	-	-	1,125,965	102,879	-	-	-	1,921,999
User charges	-	525	28,425	-	-	150	-	78,468	3,480	-	-	-	111,048
Deferred revenue earned	-	-	278,051	-	-	-	-	-	-	-	-	-	278,051
Donations	-	28,627	-	-	-	-	-	-	-	-	-	-	28,627
Gain (loss) on disposal	-	17,000	(306,010)	-	-	(972)	-	(23,046)	-	-	-	-	(313,028)
	<u>-</u>	<u>46,152</u>	<u>1,486,710</u>	<u>-</u>	<u>-</u>	<u>49,178</u>	<u>-</u>	<u>1,798,058</u>	<u>379,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,759,355</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ 310,553</u>	<u>\$ 147,578</u>	<u>\$ 1,449,878</u>	<u>\$ (3,126)</u>	<u>\$ (18,668)</u>	<u>\$ 95,440</u>	<u>\$ 8,215</u>	<u>\$ 3,203,150</u>	<u>\$ 873,316</u>	<u>\$ 269,319</u>	<u>\$ (48,277)</u>	<u>\$ (1,006)</u>	<u>\$ 6,286,372</u>

C

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

	GENERAL							INFRASTRUCTURE						Total
	Land	Land Improvements	Building and Building Improvements	Vehicles	Furniture, Fixtures and Equipment	Machinery and Equipment	Information Technology Hardware and Software	Water Infrastructure	Wastewater Infrastructure	Stormwater Infrastructure	Bridges and Other Structures	Roads Infrastructure	Assets Under Construction	
<b>COST</b>														
Balance, beginning of year	\$ 4,430,039	\$ 2,761,878	\$ 13,328,131	\$ 6,377,699	\$ 366,400	\$ 4,191,141	\$ 378,117	\$ 49,731,567	\$ 45,069,924	\$ 22,622,630	\$ 5,569,690	\$ 39,521,585	\$ 2,754,159	\$ 197,102,960
Additions during the year	-	428,167	78,382	560,034	45,211	204,820	125,905	2,131,467	431,444	690,439	111,933	1,757,145	752,676	7,317,623
Disposals during the year	-	2,108	25,000	168,585	-	28,419	-	59,152	-	17,577	25,531	467,972	670,334	1,464,678
Balance, end of year	<u>4,430,039</u>	<u>3,187,937</u>	<u>13,381,513</u>	<u>6,769,148</u>	<u>411,611</u>	<u>4,367,542</u>	<u>504,022</u>	<u>51,803,882</u>	<u>45,501,368</u>	<u>23,295,492</u>	<u>5,656,092</u>	<u>40,810,758</u>	<u>2,836,501</u>	<u>202,955,905</u>
<b>ACCUMULATED AMORTIZATION</b>														
Balance, beginning of year	-	1,357,314	4,644,489	4,398,183	95,034	2,060,277	83,041	15,356,902	10,619,244	5,329,080	2,518,951	22,360,390	-	68,822,905
Amortization during the year	-	91,686	305,553	353,166	35,910	285,675	85,059	940,759	865,322	358,005	148,123	1,118,146	-	4,587,404
Accumulated amortization on disposals	-	2,108	25,000	161,977	-	27,419	-	36,106	-	6,260	16,986	181,823	-	457,679
Balance, end of year	<u>-</u>	<u>1,446,892</u>	<u>4,925,042</u>	<u>4,589,372</u>	<u>130,944</u>	<u>2,318,533</u>	<u>168,100</u>	<u>16,261,555</u>	<u>11,484,566</u>	<u>5,680,825</u>	<u>2,650,088</u>	<u>23,296,713</u>	<u>-</u>	<u>72,952,630</u>
Net book value of tangible capital assets	<u>\$ 4,430,039</u>	<u>\$ 1,741,045</u>	<u>\$ 8,456,471</u>	<u>\$ 2,179,776</u>	<u>\$ 280,667</u>	<u>\$ 2,049,009</u>	<u>\$ 335,922</u>	<u>\$ 35,542,327</u>	<u>\$ 34,016,802</u>	<u>\$ 17,614,667</u>	<u>\$ 3,006,004</u>	<u>\$ 17,514,045</u>	<u>\$ 2,836,501</u>	<u>\$ 130,003,275</u>

C

THE CORPORATION OF LOYALIST TOWNSHIP  
 SCHEDULE OF CAPITAL ASSETS AND ACCUMULATED AMORTIZATION  
 DECEMBER 31, 2016

	GENERAL							INFRASTRUCTURE					Assets Under Construction	Total
	Land	Land Improvements	Building and Building Improvements	Vehicles	Furniture, Fixtures and Equipment	Machinery and Equipment	Information Technology Hardware and Software	Water Infrastructure	Wastewater Infrastructure	Stormwater Infrastructure	Bridges and Other Structures	Roads Infrastructure		
<b>COST</b>														
Balance, beginning of year	\$ 4,430,039	\$ 2,506,308	\$ 13,267,859	\$ 6,178,150	\$ 361,676	\$ 4,129,346	\$ 244,886	\$ 49,120,997	\$ 43,318,208	\$ 21,253,029	\$ 5,381,052	\$ 37,167,572	\$ 2,896,141	\$ 190,255,263
Additions during the year	-	325,596	78,026	326,319	17,619	61,795	150,810	1,203,844	2,150,689	1,379,083	235,974	2,918,527	617,177	9,465,459
Disposals during the year	-	70,026	17,754	126,770	12,895	-	17,579	593,274	398,973	9,482	47,336	564,514	759,159	2,617,762
Balance, end of year	<u>4,430,039</u>	<u>2,761,878</u>	<u>13,328,131</u>	<u>6,377,699</u>	<u>366,400</u>	<u>4,191,141</u>	<u>378,117</u>	<u>49,731,567</u>	<u>45,069,924</u>	<u>22,622,630</u>	<u>5,569,690</u>	<u>39,521,585</u>	<u>2,754,159</u>	<u>197,102,960</u>
<b>ACCUMULATED AMORTIZATION</b>														
Balance, beginning of year	-	1,259,357	4,338,710	4,031,644	76,347	1,711,744	48,805	14,820,155	9,918,623	4,993,905	2,414,650	22,020,939	-	65,634,879
Amortization during the year	-	143,785	319,944	475,347	31,582	348,533	51,815	972,704	857,670	341,551	137,775	827,158	-	4,507,864
Accumulated amortization on disposals	-	45,828	14,165	108,808	12,895	-	17,579	435,957	157,049	6,376	33,474	487,707	-	1,319,838
Balance, end of year	<u>-</u>	<u>1,357,314</u>	<u>4,644,489</u>	<u>4,398,183</u>	<u>95,034</u>	<u>2,060,277</u>	<u>83,041</u>	<u>15,356,902</u>	<u>10,619,244</u>	<u>5,329,080</u>	<u>2,518,951</u>	<u>22,360,390</u>	<u>-</u>	<u>68,822,905</u>
Net book value of tangible capital assets	<u>\$ 4,430,039</u>	<u>\$ 1,404,564</u>	<u>\$ 8,683,642</u>	<u>\$ 1,979,516</u>	<u>\$ 271,366</u>	<u>\$ 2,130,864</u>	<u>\$ 295,076</u>	<u>\$ 34,374,665</u>	<u>\$ 34,450,680</u>	<u>\$ 17,293,550</u>	<u>\$ 3,050,739</u>	<u>\$ 17,161,195</u>	<u>\$ 2,754,159</u>	<u>\$ 128,280,055</u>

SCHEDULE D

THE CORPORATION OF LOYALIST TOWNSHIP

CONSOLIDATED SCHEDULE OF RECONCILIATION OF FINANCIAL PLAN TO THE BUDGET

DECEMBER 31, 2017

	OPERATING BUDGET	CAPITAL BUDGET	TRANSFERS TO CAPITAL	TRANSFER TO RESERVES AND RESERVE FUNDS	TANGIBLE CAPITAL ASSET ADJUSTMENTS	LONG-TERM DEBT PRINCIPAL	PSAB BUDGET
<b>REVENUES</b>							
Municipal taxation	\$ (13,645,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (13,645,000)
Taxation from other governments	(630,000)	-	-	-	-	-	(630,000)
User fees and sale of goods and services	(11,582,300)	-	-	-	-	-	(11,582,300)
Government transfers							
Government of Canada	(52,500)	-	-	-	-	-	(52,500)
Province of Ontario	(2,837,900)	-	-	-	-	-	(2,837,900)
Deferred revenue earned	(194,200)	-	-	-	-	-	(194,200)
Investment income	(26,900)	-	-	-	-	-	(26,900)
Interest and penalties on taxes	(275,000)	-	-	-	-	-	(275,000)
Donations	(13,300)	-	-	-	-	-	(13,300)
Other	(78,300)	-	-	-	-	-	(78,300)
Transfers from reserves	(273,400)	-	-	273,400	-	-	-
	<u>(29,608,800)</u>	<u>-</u>	<u>-</u>	<u>273,400</u>	<u>-</u>	<u>-</u>	<u>(29,335,400)</u>
<b>EXPENDITURES</b>							
Current							
Non-departmental	665,000	-	(665,000)	-	-	-	-
General government	2,092,800	-	(250,000)	(325,100)	116,141	-	1,633,841
Protection services	4,907,700	-	(172,000)	-	232,881	(128,300)	4,840,281
Transportation services	7,910,100	-	(898,000)	-	2,082,254	(66,200)	9,028,154
Environmental services	9,381,300	-	(887,700)	(1,124,100)	1,862,275	(906,300)	8,325,475
Recreation and cultural services	3,463,900	-	(330,000)	(6,600)	287,574	(14,400)	3,400,474
Planning and development	1,063,200	-	(29,800)	-	6,279	(70,000)	969,679
Health services	124,800	-	(31,000)	-	-	-	93,800
Capital							
General government	-	762,000	-	-	(762,000)	-	-
Protection services	-	1,327,300	-	-	(1,327,300)	-	-
Transportation services	-	2,286,400	-	-	(2,286,400)	-	-
Environmental services	-	3,303,900	-	-	(3,303,900)	-	-
Recreation and cultural services	-	1,104,900	-	-	(1,104,900)	-	-
Planning and development	-	-	-	-	-	-	-
Health services	-	30,000	-	-	(30,000)	-	-
	<u>29,608,800</u>	<u>8,814,500</u>	<u>(3,263,500)</u>	<u>(1,455,800)</u>	<u>(4,227,096)</u>	<u>(1,185,200)</u>	<u>28,291,704</u>
<b>NET REVENUES (EXPENDITURES)</b>	<u>-</u>	<u>(8,814,500)</u>	<u>3,263,500</u>	<u>1,182,400</u>	<u>4,227,096</u>	<u>1,185,200</u>	<u>1,043,696</u>
<b>OTHER INCOME AND EXPENSES RELATED TO CAPITAL</b>							
Deferred revenue earned	-	(1,106,500)	-	-	-	-	(1,106,500)
Government transfers							
Government of Canada	-	(1,464,510)	-	-	-	-	(1,464,510)
Province of Ontario	-	(2,188,060)	-	-	-	-	(2,188,060)
User charges	-	(771,930)	-	-	-	-	(771,930)
Donations and miscellaneous	-	(20,000)	-	-	-	-	(20,000)
	<u>-</u>	<u>(5,551,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,551,000)</u>
<b>FINANCING AND TRANSFERS</b>							
Debtenture and other long-term borrowings	-	-	-	-	-	-	-
Debt repayment	-	-	-	-	-	1,185,200	1,185,200
Transfers from (to) other funds	-	(3,263,500)	3,263,500	-	-	(1,185,200)	(1,185,200)
	<u>-</u>	<u>(3,263,500)</u>	<u>3,263,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>ANNUAL SURPLUS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,182,400</u>	<u>\$ 4,227,096</u>	<u>\$ 1,185,200</u>	<u>\$ 6,594,696</u>