



Financial Report and Consolidated Financial Statements



For the year ended
December 31, 2022



The Corporation of the Township of King
King, Ontario, Canada



Prepared by Finance,
Township of King



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Introduction



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Government Finance Officers Association

**Canadian Award
for
Financial Reporting**

Presented to

**The Corporation of the Township of King
ON**

For its Annual
Financial Report
for the Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to Township of King for its annual financial report for the fiscal year ended December 31, 2022. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

Message from Mayor Pellegrini



On behalf of the Township of King Council, I am pleased to share with you the Township's 2022 Year End Financial report. I am delighted to share with you the remarkable achievements and progress our Township has made throughout the year 2022.

King stands out from other municipalities in the Greater Toronto Area. We enjoy an exceptional rural lifestyle with green space that includes the Holland Marsh and Oak Ridges Moraine, while accessing the amenities we need within easy reach.

In King, we recognize the challenges taxpayers have faced during the COVID-19 pandemic. Council instructed the financial team to provide options to achieving a zero-percent tax impact on the Township portion of the 2022 budget with 0.75 per cent in service enhancements. Our King team responded with a budget that continues to offer a great quality of life.

As Mayor, it brings me immense pride to announce the completion of the year-end audited financial statements, which showcase our openness to transparency and responsible governance.

First and foremost, I would like to express my gratitude to each and every one of you. It is your unwavering support and commitment that have contributed to the Township's success. Together, we have achieved significant milestones that have enhanced the quality of life for all our residents. In 2022, the Township started construction of its new Township Wide Recreation Centre with the support of the Federal and Provincial funding partners. Other projects of importance are the additional EV charging stations, construction of the Tasca community park, Pottageville Pavilion, Schomberg Community Hall and Library upgrades, including several road, and culvert improvements.

Lastly, but certainly not least, I want to highlight the prudent financial management that has been an integral part of our achievements. The completion of the 2022 year-end audited financial statements demonstrates our dedication, integrity, and transparency. Let us celebrate our achievements and embark on an even brighter future for our remarkable Township!

A handwritten signature in black ink, appearing to read "Steve Pellegrini".

Mayor
Steve Pellegrini

Community Profile – “About King”



The Township of King is a unique, special place proud of its natural heritage and scenic beauty, agricultural lands, and rich local and rural history. King's traditions of farming and mills contribute to a vibrant quality of life. King Township is located just 40 kilometres north of downtown Toronto, covering 339 square kilometres and boasting some of Ontario's most beautiful and rolling country sides and natural areas. Over 98 per cent of King Township is within the Greenbelt area, with 65 per cent of King contained within the Oak Ridges Moraine, a famed geological formation created by a retreating glacier in the last ice age.

King Township is one of nine municipalities that make up the Regional Municipality of York. King includes the villages and hamlets of Ansnorveldt, Kettleby, King City, Laskay, Lloydtown, Nobleton, Pottageville, Schomberg and Snowball. The Township is easily accessible by Highways 9, 27, 400, and 407 and is only 30 minutes from Toronto Pearson International Airport.

King has a population surpassing 29,000 people and is projected to grow to 49,800 people by 2051. An important asset of King Township is its strong rural economy and agricultural sector, which depend on the Holland Marsh's deep fertile soils and rich growing season. About 60 per cent of the Holland Marsh, also known as “Ontario's Vegetable Basket,” is in King.

The Township's major infrastructure includes roads and bridges; water distribution and wastewater collection; waste management (collection); disposal and recycling; recreation facilities; parks; and fire and emergency services. Infrastructure also includes administration facilities for fire, operations and other service departments and vehicles for parks, operations and fire and emergency services.

The Township of King provides the following major services and many others:

- Fire and emergency services
- Recreation programs and facilities
- Water distribution systems
- Wastewater collection systems
- Garbage collection, disposal and recycling
- Municipal roads and bridges
- Parks
- Economic development
- Community planning and growth management
- Building Permit Issuance and Inspections
- By-law Enforcement
- Library Services
- Fleet Services

Mayor & Council



Jordan Cescolini
Councillor, Ward 1



David Boyd
Councillor, Ward 2



Jennifer Anstey
Councillor, Ward 3



Steve Pellegrini
Mayor



Mary Asselstine
Councillor, Ward 4



Debbie Schaefer
Councillor, Ward 5



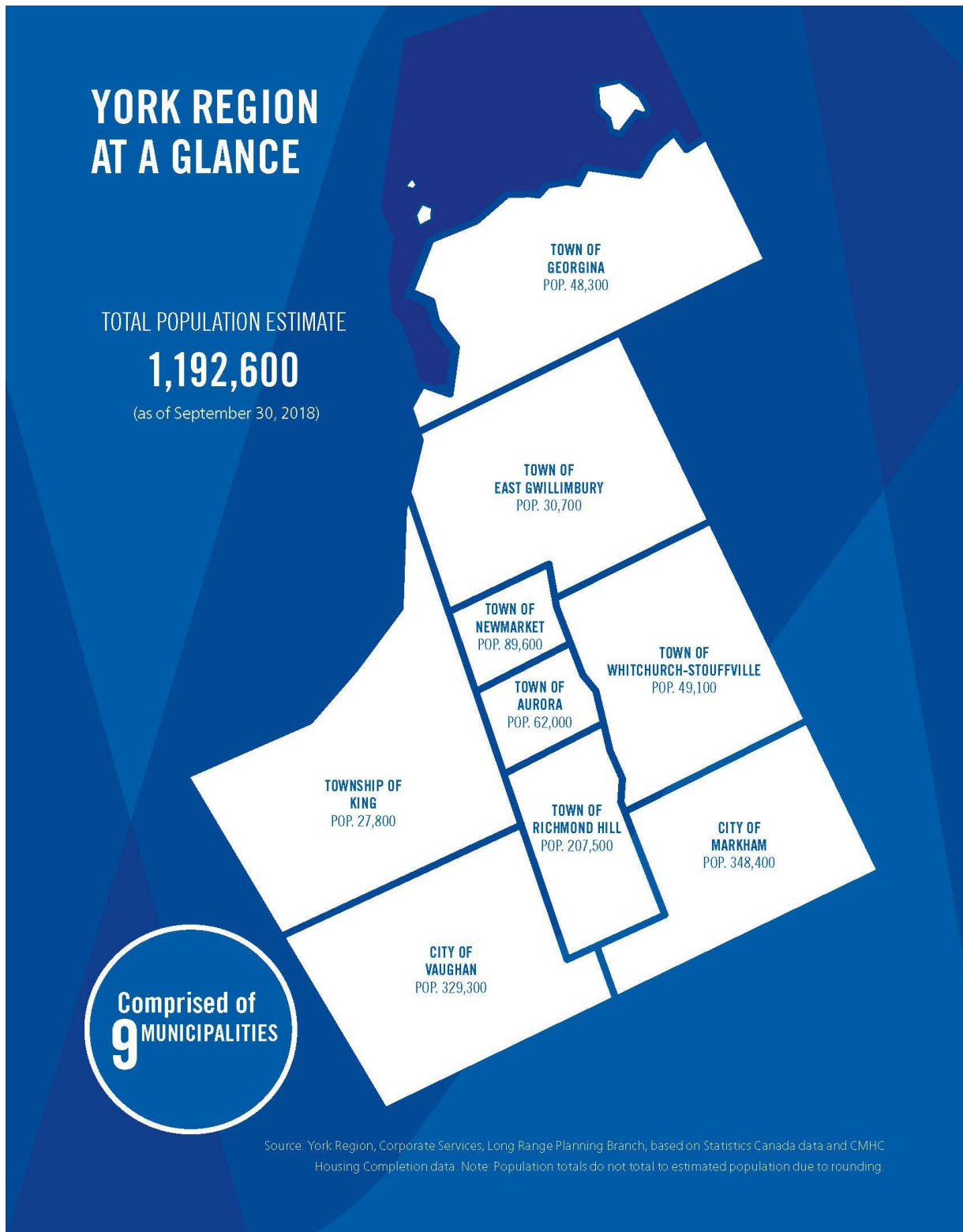
Avia Eek
Councillor, Ward 6

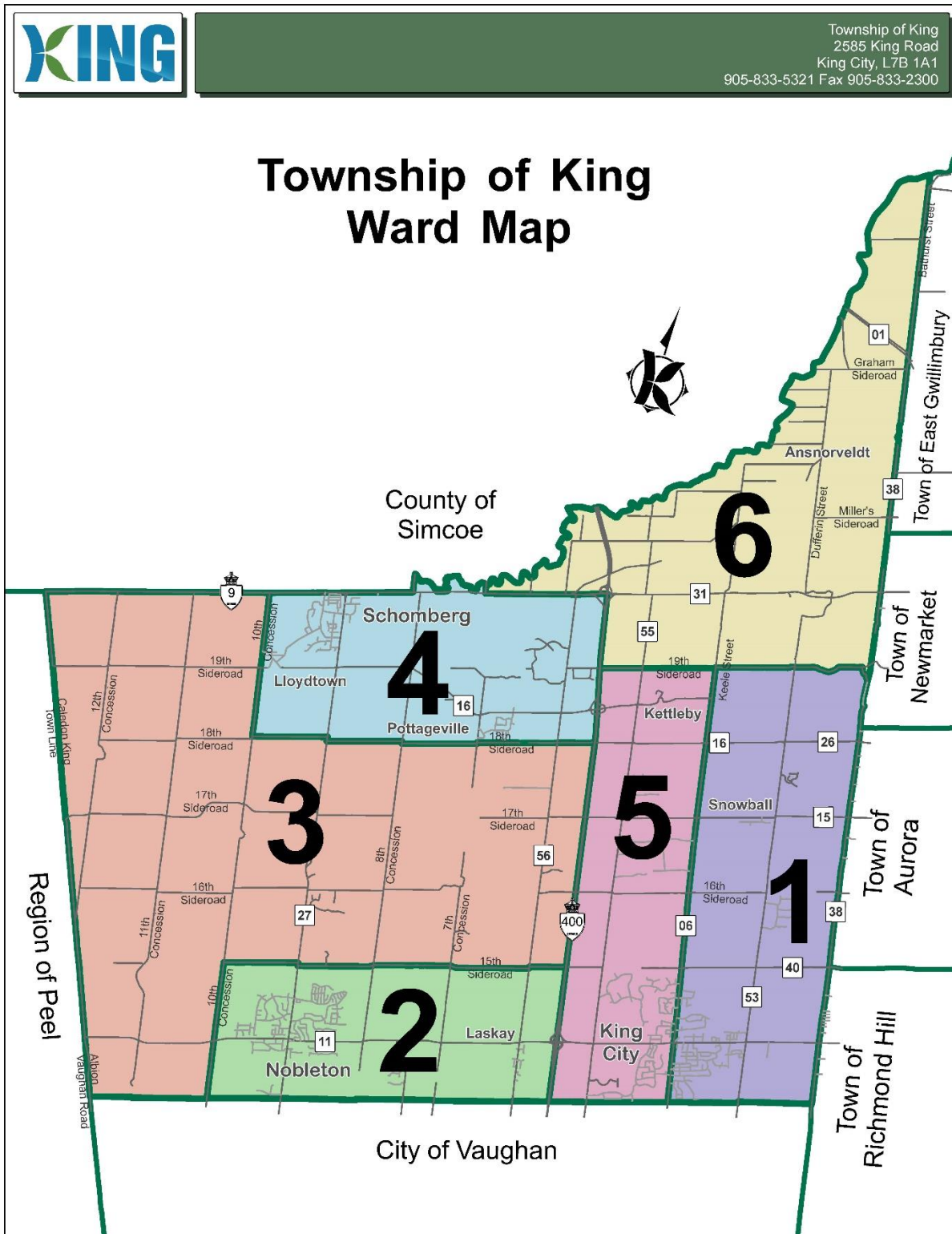
King Township is governed by an elected Mayor and six Councillors, each representing one of the six wards within the Township. As head of Council, the Mayor represents the Township on York Regional Council. Council sets policy and directs the affairs of the municipality with assistance from a staff of dedicated full-time employees.

Legislation dictates municipal elections be held every four years.

Where are we located?

King Township is one of 9 municipalities located within the Regional Municipality of York, as indicated by this map of the Region, and a map of the Township that follows on the next page.





Economic Profile



Expected to grow to 50,000 people by 2051, and located approximately 40 kilometres north of downtown Toronto, King is the location of choice for a diverse mix of over 575 businesses, including the corporate head office of The ClubLink Corp., LGL Ltd. -Environmental Research Associates, Robert B. Somerville Co. Ltd., B.C. Instruments and Showa Canada.

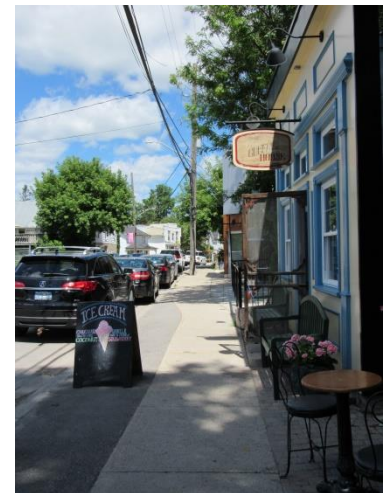
The Township's three main villages, King City, Nobleton and Schomberg, attract businesses and residents seeking to live or locate in rural communities that provide a superb quality of life second to none, close to urban amenities.

King is home to three post-secondary institutions focused on applied research, education and training opportunities: Seneca College - King City Campus; Koffler Scientific Reserve at Jokers Hill, University of Toronto; and the Muck Crops Research Station, University of Guelph.

Employment Area Lands

Major designated or zoned industrial and commercial areas are found within the communities of King City, Nobleton and Schomberg. Areas designated by the Official Plan as Employment Area include 95 Acres within King City, approximately 35 acres in Nobleton and approximately 20 acres in Schomberg.

There are opportunities for redevelopment and intensification in the three village cores, and a community improvement plan, financial incentives program and comprehensive village core design guidelines that will nurture and guide development in a sustainable manner.



Business Profile

Over the years, many companies have chosen to set up business in King. Today, the Township is home to 1,414 companies from different industries.

Top 10 employers within the Township of King are:

1. Seneca College
2. Priestly Demolition Inc.
3. Brookdale Treeland Nurseries Limited
4. Cardinal Golf Club
5. Showa
6. B.C. Instruments
7. ClubLink
8. Robert B. Somerville Company Limited
9. The Country Day School
10. Kingbridge Centre

Within the Economic Development Division includes several programs for Business Retention such as:

- **2021 Business Directory** - Represents the ninth consecutive year a directory has been developed and published in partnership with the King Chamber of Commerce. It is distributed to every household in King with 1,000 copies available for responding to inquiries.
- **ShopKING Shop Local Seasonal Campaigns** – In partnership with the King Weekly Sentinel newspaper and the King Chamber of Commerce, and with corporate sponsors' financial support, a series of full-page advertisements and social media posts are developed and deployed to help some of the hardest-hit business sectors—including retail, restaurants, and personal services—as they re-emerge and reopen following closures related to the COVID19 pandemic and economic crisis.
- **Extended Private Patio Program** – As a COVID-19 response measure to help restaurants, and in compliance with the Provincial and AGCO-regulated permissions, the Township put in place an extended outdoor seating patio application and permitting process for the second year.

Some initiatives within the Downtown Area have some specific programs to promote businesses. These include:

Community Improvement Plan (CIP) A new and broader Township-wide program was adopted by Council in March 2021. Building on the success of the first program that focused on the commercial cores of King City, Nobleton and Schomberg, this new program includes eligible properties in five precincts and provides incentives to commercial, agricultural and agri-business enterprises to make physical improvements to their properties. The new CIP Plan outlines financial incentives for property owners and tenants to invest in their property and outlines how the Township will roll out the plan.

Business Profile

Main Street Schomberg Public Right of Way (ROW) Pop-Up Patio Program – As a COVID-19 response measure to help restaurants, and in compliance with Provincial and AGCO-regulated permissions, the Township put in place an extended outdoor seating patio application and permitting process for the second year. Two businesses participated in the program in 2020 and four in 2021. This helped create a vibrant Main Street while allowing physical distancing and safe outdoor dining.



Schomberg Main Street Revitalization Strategy - Council endorsed a Downtown Revitalization Strategy for Main Street in Schomberg in May 2019. The Township secured additional Provincial funding in the second quarter of 2021 to support 65 action items into March 31, 2023. This downtown revitalization plan focuses on Marketing and Promotion, Economic Development, Physical Designs and Improvements and Management and Organization.



Message from the Chief Administrative Officer

As Chief Administrative Officer, I am delighted to share the successful completion of our 2022 year-end financial statements. This significant achievement recognizes the collective efforts and dedication of the team.

The Township faced numerous challenges throughout 2022, having persevered through a difficult year with the transition out of COVID to be fully operational in all programs and facilities. While experiencing record high inflation with back-to-back zero budget increases, the Township overcame these obstacles while constantly adapting to the new rapid pace of economic, regulatory, and social change.

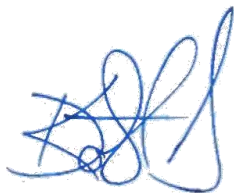
The Annual Financial Plan tells the story of many successes, including seamless delivery of services to our community during the COVID-19 pandemic, and the continued achievement of objectives set out in King's 2019-2022 Corporate Strategic Plan.

A few highlights include:

- King Road and Keele Street Streetscaping Improvements
- Various Road Improvements, Upgrades and Conversions
- Graham Sideroad Bridge Rehabilitation
- Park Improvements and Construction – Pottageville Pavillion, Nobleton Tennis court, Budweth Park
- Active Transportation Routes (i.e., Trails, Bike Lanes)
- Electric Vehicle (EV) charging stations
- Kingsview Manor Pump Station
- Schomberg Community Hall, King Township Public Library Upgrades and Seniors Centre

The Township of King remains committed to maintaining service levels and providing high-quality programs in a cost-effective way. The Annual Financial Report provides an overview of the financial position of the Township and a snapshot of those successes for 2022.

Each department plays a vital role in this accomplishment, and I extend my gratitude to all staff who have contributed to King's continued success.

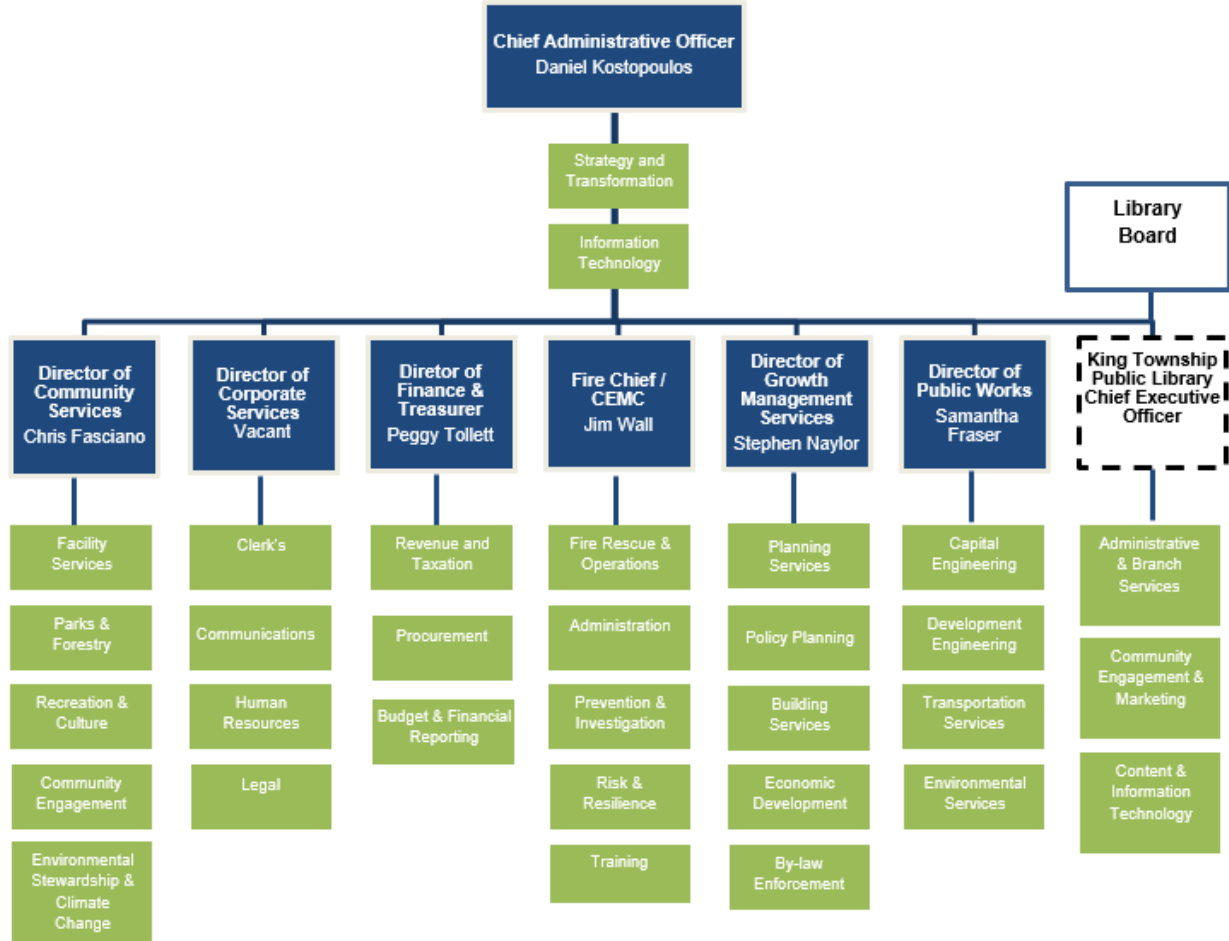


Chief Administrative Officer
Daniel Kostopoulos



The Corporation of the Township of King

Citizens of the Township of King 28,295



Total FTE's = 191 (2023 Approved)

Office of the CAO

The Chief Administrative Officer (CAO) provides corporate leadership in overall management of the Township's Senior Leadership Team. The CAO reviews and approves all recommendations made to Council and Committees of Council and guides corporate strategic planning. The CAO also acts as a department head to the Office of the CAO Department, which includes the Information Technology and Strategy and Transformation Divisions.

The Corporation of the Township of King

The Office of the CAO is responsible for ensuring that Council directives are coordinated between departments and relevant agencies while guiding operations of the organization in alignment with the vision and values of the Township and Council's priorities as identified in the corporate strategic plan.



Community Services

The Community Services Department is responsible for the provision of recreational, cultural, and active opportunities through six key divisions that include recreation and culture, parks and forestry, fleet services, environmental stewardship and climate change, community engagement, and facilities.

The department bases its service delivery on the corporately established values that include alignment and accountability, customer service excellence, teamwork and engagement, communication, balance, community, integrity, and respect. The department also strives to ensure staff approaches operations in a professional manner while remaining innovative, creative, and equitable in the delivery of services. These corporate values are recognized through departmental vision and mission statements.



Corporate Services

The Corporate Services Department is responsible for a variety of legislative, corporate, and public services. This includes the development, coordination, implementation and maintenance of broad and complex organization-wide services, projects, policies, and procedures. The Corporate Services Department consists of Clerks, Communications, Human Resources, Legal, and Centralized customer service – ServiceKING.



Finance

The Finance Department is responsible for handling all the financial affairs of the municipality on behalf of, and in the manner directed by, Council. The Department's roles and responsibilities include the coordination of the annual operating and capital budgets, development charges, water, and wastewater budget, and reporting of the Corporation's finances; co-coordinating and supporting asset management planning and best practices; developing and implementing a financial strategy for the Township; administering of property tax billing and collection on behalf of the Township, Region of York, and School Boards; establishing the water and wastewater rate, billing, and collection of payments; regular reporting to Council with respect to the financial affairs of the municipality as it requires or requests; and ensuring investments of the municipality are made in compliance with the regulations made under section 418 of the *Municipal Act*.



Fire & Emergency Services

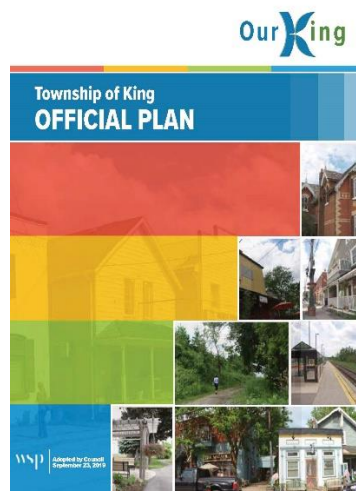
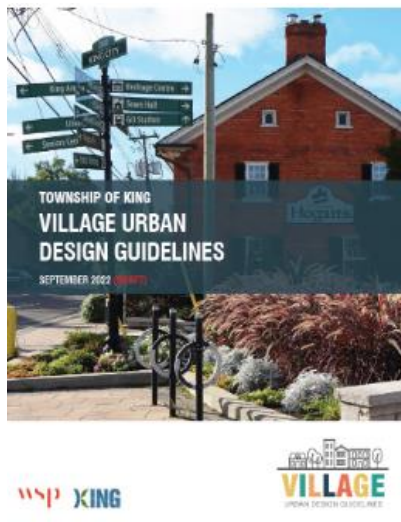
King Fire & Emergency Services proudly protects an area of 333 square kilometres and a population of 28,000 residents. Serviced by three Firehouses and a compliment of 150 dedicated volunteer firefighters, King Fire & Emergency Services provides Fire & Life Safety Education, Fire Prevention / Investigation Services, Fire Suppression Medical Aid Response, and Specialized Rescue Services.



King's fire service strives to deliver the highest level of service and emergency response with the greatest margin of safety for both its firefighters and the public in the most fiscally responsible way.

Growth Management Services

The Growth Management Services Department (GMS) consists of Building, By-law Enforcement, Economic Development and Planning. Growth Management Services is responsible for many growth-related processes for the Township. Roles and responsibilities include business attraction, expansion, support, and retention (Economic Development), development review and approvals (Planning), the issuance of building permits (Building), and monitoring compliance of buildings and activities through municipal by-laws (By-law Enforcement). King takes a comprehensive, synergistic approach in efficiently managing the activities of the Department.



Library

King Township Public Library (KTPL) is a four-branch system that offers both traditional and progressive programs and services as well as a contemporary, innovative multi-format collection. The Library is engaged in the King community, with numerous partnerships, community relationships and presence at a variety of community events. Library services offers universal access to print and digital material, information, and online services, as well as a wide variety of programs and outreach initiatives for people of all ages.



The library also provides access to the Internet through public workstations, tablets, and laptops, as well as wireless services to support personal electronic devices.

Public Works

The Public Works Department is responsible for the operation and maintenance of the Township's roadways, water distribution, wastewater collection, stormwater collection and treatment systems. Development Engineering key functions is to plan, design, approve and execute of all infrastructure projects related to the systems it operates and maintains, which include, Engineering approval of all Planning Applications and administering all Subdivision Agreements. Public Works includes Transportation, water and wastewater master planning and the administration of Municipal Consent, Locates, Site Alteration and Entrance permits, Asset Management and Waste Management.





The Corporation of the Township of King

Below is the tracking of the Full-Time Equivalent (FTE) from 2021-2023

| DEPARTMENT | 2021 APPROVED | 2022 APPROVED | 2023 APPROVED |
|------------------------------------|------------------|------------------|------------------|
| OFFICE OF THE CAO | | | |
| STRATEGY AND TRANSFORMATION | 9 | 7 | 7 |
| INFORMATION TECHNOLOGY | 7 | 7 | 7 |
| TOTAL | 16 | 14 | 14 |
| COMMUNITY SERVICES | | | |
| PARKS AND FORESTRY | 10 | 10 | 10 |
| FACILITIES | 15 | 15 | 18 |
| RECREATION AND CULTURE | 10 | 10 | 10 |
| COMMUNITY ENGAGEMENT | 7 | 7 | 7 |
| FLEET | 3 | 3 | 3 |
| TWRC | | 10 | 10 |
| TOTAL | 45 | 55 | 58 |
| CORPORATE SERVICES | | | |
| CLERKS | 7 | 7 | 7 |
| COMMUNICATIONS | 2 | 2 | 2 |
| HUMAN RESOURCES | 4 | 4 | 5 |
| SERVICE KING | 4 | 4 | 4 |
| LEGAL | <i>TBD</i> | 2 | 2 |
| TOTAL | 17 | 19 | 20 |
| FINANCE | 11 | 11 | 12 |
| TOTAL | 11 | 11 | 12 |
| FIRE AND EMERGENCY SERVICES | | | |
| TOTAL | 6 | 7 | 7 |
| GROWTH MANAGEMENT | | | |
| BUILDING | 7 | 7 | 7 |
| BY-LAW ENFORCEMENT | 6 | 6 | 6 |
| ECONOMIC DEVELOPMENT | 2 | 2 | 2 |
| PLANNING / POLICY | 11 | 11 | 13 |
| TOTAL | 26 | 26 | 28 |
| LIBRARY (KTPL) | | | |
| TOTAL | 11 | 11 | 13 |
| PUBLIC WORKS | | | |
| ENVIRONMENTAL OPERATIONS | 9 | 9 | 9 |
| DEVELOPMENT ENGINEERING | 7 | 8 | 9 |
| CAPITAL ENGINEERING | 6 | 6 | 6 |
| TRANSPORTATION OPERATIONS | 14 | 14 | 15 |
| TOTAL | 36 | 37 | 39 |
| TOTAL FULL TIME EQUIVALENTS | 168 | 180 | 191 |

2022 Department Summary

The Township of King is pleased to present its 2022 Financial Report and Consolidated Financial Statements, for the year ended December 31, 2022. This report has been prepared in accordance with the *Municipal Act, 2001* and based on the reporting standards set by the Public Sector Accounting Board of Chartered Professional Accountants of Canada and the best practices in financial reporting by the Municipal Finance Officers Association (MFOA).

In 2022, the Township had a deficit as a direct result of the continued impacts of the pandemic. The biggest impact was with the closure of the facilities with the loss of revenues for recreation and culture activities for the first part of spring. This was mitigated somewhat by gapping of staffing, delays in hiring for vacant positions, and the redeployment of staff. In addition to costs impacts with COVID-19 measures in the office and facilities to meet with province safety requirements. With the assist of the Safe Restart funding from the Federal and Province Government, the Township was able to offset the majority of the deficit for 2022 and the balance was funded by the tax rate stabilization reserve fund.

In 2022, the Township completed several financial policies with regards to our accounts receivable and donation policy. We continued to enhance and refine our 10-year capital forecast for budget purposes.

The Township has been successful in receiving modernization funding which has been used in 2022 to make improvements to software systems with the replacement of our building, planning, and bylaw system. The completion of this system will provide an online portal for residents and developers to submit applications, check the status of their application, and pay associated fees. The estimated timing of completion is for the end of 2023.

The overall Fiscal Strategy is intended to guide the financial policies and corporate strategies to ensure the goals and objectives of the Corporate Strategic Plan are achievable over the long-term.

A handwritten signature in black ink, appearing to read "Peggy Tollett".

Peggy Tollett, CPA, CGA,
Director of Finance / Treasurer

May 29, 2023

The 2022 Financial Report and Consolidated Financial Statements are the responsibility of Management of the Corporation of the Township of King. The financial statements have been examined by KPMG LLP Chartered Professional Accountants, the external auditors for the Corporation. The responsibility of the external auditor is to express an opinion on whether the financial statements are fairly presented, in all material respects, in accordance with public sector accounting standards.

The Financial Highlights have been extracted from the Township's Audited Consolidated Financial Statements.



King Township Municipal Centre (KTMC)

Section 296 (1) of the *Municipal Act*, requires that all municipalities appoint an auditor licensed under the *Public Accounting Act, 2004* who is responsible for annually auditing the accounts and transactions of the municipality and its local boards and express an opinion on the financial statements of these bodies based on the audit.

KPMG LLP Chartered Accountants were appointed in September 2022 after completing an competitive tender process with other local municipalities within York Region. They have audited the Township's 2022 Consolidated Financial Statements and expressed their opinion within the Independent Auditor's Report that precedes the financial statements.

Under Section 294.1 of the *Municipal Act*, a municipality shall, for each fiscal year, prepare annual financial statements for the municipality in accordance with generally accepted accounting principles (GAAP) for local governments as recommended, from time to time, by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants (CPA) of Canada. Section 295 contains requirements for municipalities to publish a full set of financial statements in a newspaper in the municipality or to advertise the availability of the financial statements within 60 days of receiving the audited financial statements of the previous fiscal year.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards. Management is also responsible for establishing, reviewing, and managing systems of internal control to ensure the safety and security of the Township's assets from potential loss or misuse.

The financial statements have been prepared in accordance with the *Municipal Act, 2001* and based on the reporting standards set by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and best practices in financial reporting by the Municipal Finance Officers Association (MFOA).

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The Financial Report provide a high-level overview of the financial position of the Township of King for the fiscal year ended December 31, 2022.

There are four required financial statements which include:

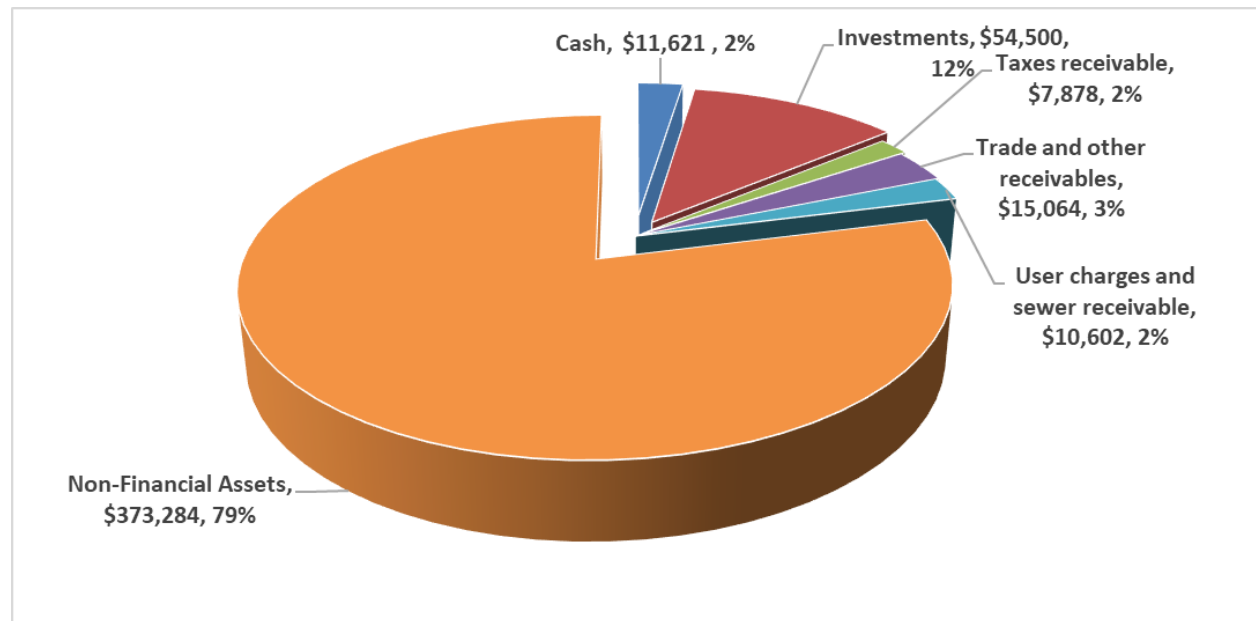
- Consolidated Statement of Financial Position
- Consolidated Statement of Operations and Accumulated Surplus
- Consolidated Statement of Change in Net Financial Assets
- Consolidated Statement of Cash Flows

These financial statements provide information on the cost of the Township activities, what we own (Assets), what we owe (Liabilities), the Revenues, and Expenses. The next few pages give you a financial picture and breakdown of each area.

Statement of Financial Position

The following highlights outline the Financial Position as at December 31, 2022
(In thousands of dollars)

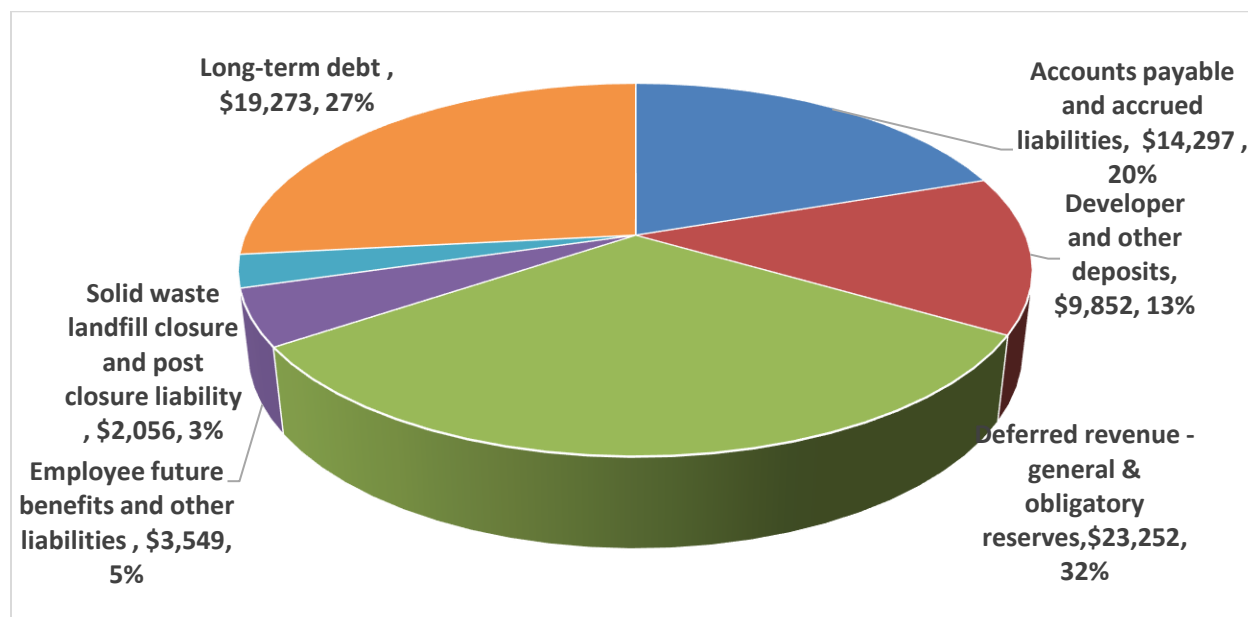
| As at December 31, 2022 | 2022 | |
|-----------------------------------|------------------|-------------|
| What we own (Assets) | \$000's | % |
| Cash | \$11,621 | 2% |
| Investments | 54,500 | 12% |
| Taxes receivable | 7,878 | 2% |
| Trade and other receivables | 15,064 | 3% |
| User charges and sewer receivable | 10,602 | 2% |
| Non-Financial Assets | 373,284 | 79% |
| Total | \$472,949 | 100% |



| As at December 31, 2022 | 2022 | |
|---|-----------------|-------------|
| What we owe (Liabilities) | \$000's | % |
| Accounts payable and accrued liabilities | \$14,297 | 20% |
| Developer and other deposits | 9,852 | 13% |
| Deferred revenue - general & obligatory reserves | 23,252 | 32% |
| Employee future benefits and other liabilities | 3,549 | 5% |
| Solid waste landfill closure and post closure liability | 2,056 | 3% |
| Long-term debt | 19,273 | 27% |
| Total | \$72,279 | 100% |

| Net Worth | | |
|---------------------------------------|------------------|-------------|
| Accumulated operating surplus | \$(21,959) | -5% |
| Investment in Tangible Capital Assets | 372,210 | 93% |
| Reserve and Reserve Funds | 50,419 | 12% |
| Total | \$400,670 | 100% |

| Total Liabilities and Net Worth | \$472,949 |
|--|------------------|
|--|------------------|

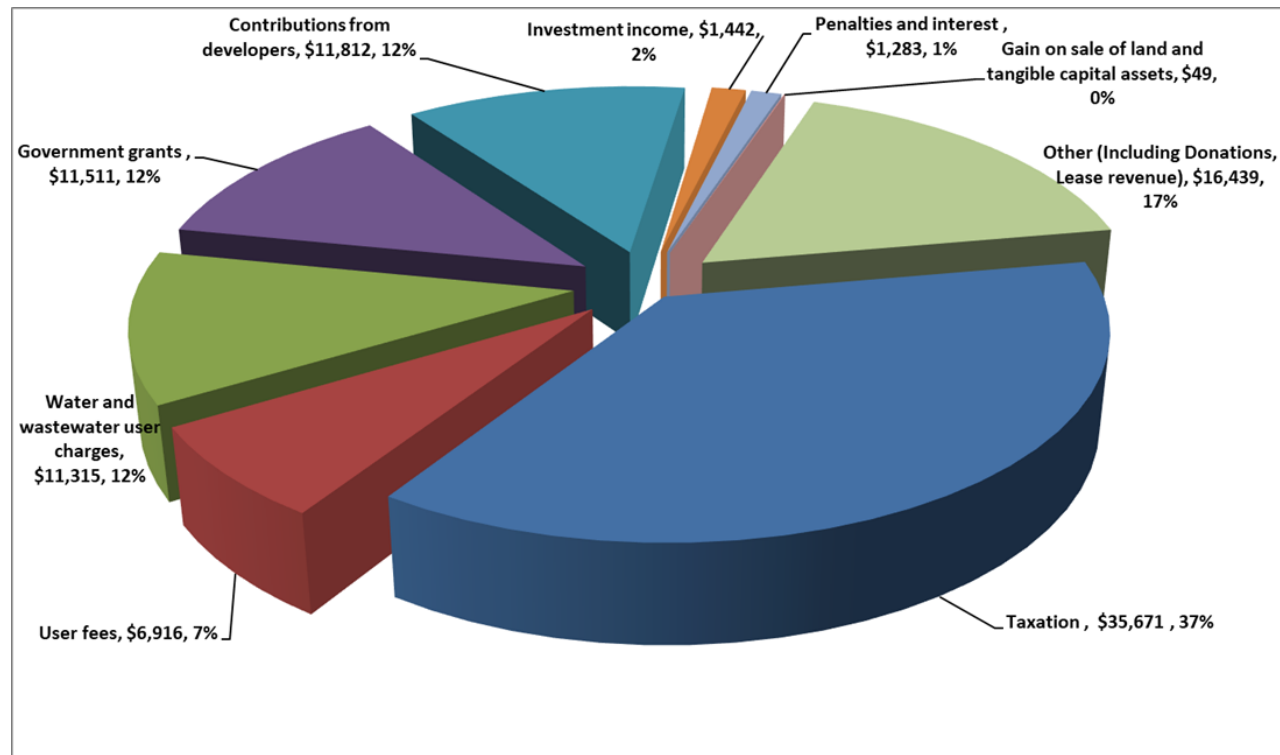


Revenues and Expenses

The following highlights outline the Statement of Operations as at December 31, 2022
(In thousands of dollars)

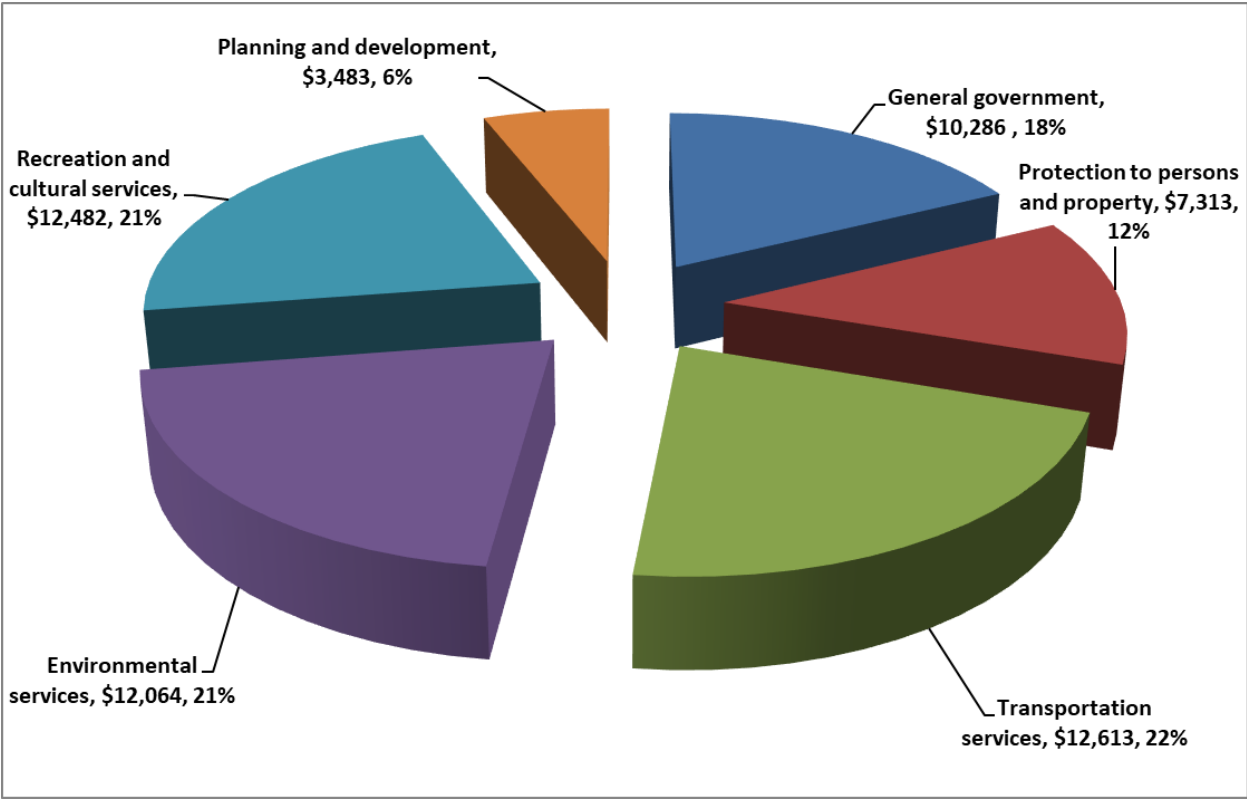
For the year ended December 31, 2022

| Where the funding comes from (Revenues) | \$000's | % |
|--|------------------|-------------|
| Taxation | \$ 35,671 | 37% |
| User fees | 6,916 | 8% |
| Water and wastewater user charges | 11,315 | 12% |
| Government grants | 11,511 | 12% |
| Contributions from developers | 11,812 | 12% |
| Investment income | 1,442 | 1% |
| Penalties and interest | 1,283 | 1% |
| Gain on sale of land and tangible capital assets | 49 | 0% |
| Other (Including Donations, Lease revenue) | 16,439 | 17% |
| Total | \$ 96,438 | 100% |



For the year ended December 31, 2022

| What the funding was used for (Expenses) | \$000's | % |
|---|------------------|-------------|
| General government | \$ 10,286 | 18% |
| Protection to persons and property | 7,313 | 13% |
| Transportation services | 12,613 | 22% |
| Environmental services | 12,064 | 21% |
| Recreation and cultural services | 12,482 | 21% |
| Planning and development | 3,483 | 5% |
| Total | \$ 58,241 | 100% |



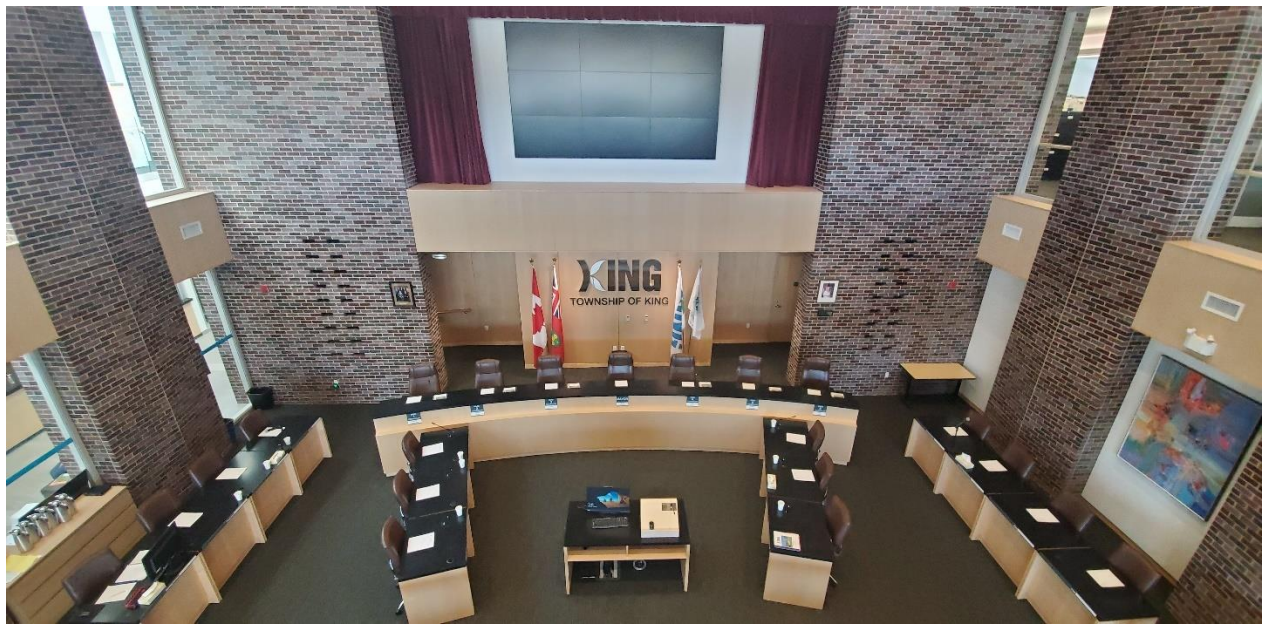
In addition to the Financial Discussion and Analysis and the Consolidated Financial Statements, the 2022 Financial Report contains supplementary financial, non-financial and statistical information about the Township. (See Statistical Section).

FINANCIAL REPORT

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The Financial Highlights have been extracted from the Township's Audited Consolidated Financial Statements.



King Township Municipal Centre (KTMC)

The Township of King prepares its budget on a fund accounting basis where budgeted operating expenditures and capital are balanced with revenues. Like all other municipalities, the Township of King is required under the Public Sector Accounting Board rules to prepare financial statements on the full accrual basis accounting, including amortization, tangible capital assets, landfill closure, and future employment benefits.

The Consolidated Financial Statements in the 2022 Financial Report have been prepared in accordance with general accepted accounting principles for local government as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. By converting the Township's statements to a full accrual basis, it changes the budget from a balanced budget to recognize either a surplus or deficit. The statements and related information are the responsibility of management and include the financial activities of all deemed entities controlled by the Township of King.

Some highlights of the 2022 financial statements include:

- An investment in Tangible Capital Assets of \$34 million which included but not limited to infrastructure, roads, bridges, recreation facilities, equipment, and vehicles. This includes \$5.5 million in assumptions of subdivisions for various developers in 2022 for assumed Township infrastructure which includes roads, signage, water, and wastewater assets.
- An increase in developer contributions of \$11.8 million which includes subdivision assumptions and funding for the King City East (KCE) spine servicing.
- An increase in the amount of development charges (DC) and Federal Gas Tax Funding, Parkland contributions received totalling \$7.4 million, of which \$7.3 million has been recognized to fund capital projects both development and infrastructure.
- An increase in the long-term liabilities of \$1.9 million reflects the new debt of \$4.5 million for the Nobleton Sewer (phase 3) less debt servicing payment obligations that have drawn down total debt outstanding.
- An increase in user fees of \$3.8 million in the statement of operations as a direct relation to the lifting of the closure of facilities due to the COVID-19 pandemic. Still an overall reduction in user fees as compared to prior years as facilities did not open until Spring 2022.
- An increase in taxes Receivable of \$0.7 million related to additions to taxes for Nobleton Sewer connection fee payment options which carry from 2022 and 2023 for 15 years and year-end supplemental billings due to changes in assessments from MPAC.

Financial Assets

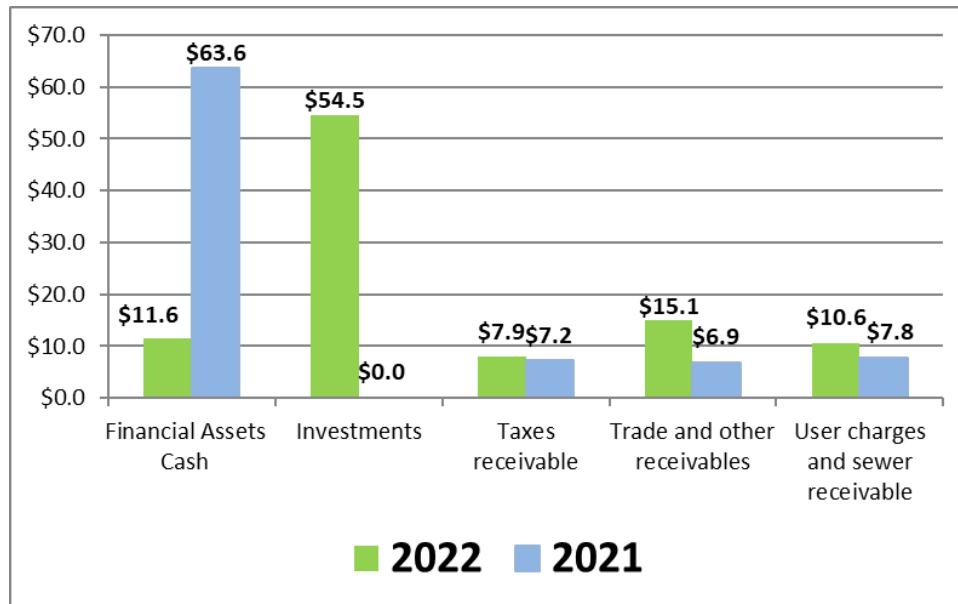
Table 1:

| As at December 31 (\$ millions) | 2022 | 2021 | Change in 2022 Increase / (Decrease) |
|-----------------------------------|---------------|---------------|--|
| Financial Assets | | | |
| Cash | \$11.6 | \$63.6 | \$(52.0) |
| Investments | \$54.5 | \$0.0 | \$54.5 |
| Taxes receivable | \$7.9 | \$7.2 | \$0.7 |
| Trade and other receivables | \$15.1 | \$6.9 | \$8.2 |
| User charges and sewer receivable | \$10.6 | \$7.8 | \$2.8 |
| Total | \$99.7 | \$85.5 | \$14.2 |

The increase of \$14.2 million in financial assets for the Township is mainly attributed to the following:

- \$52.0 million decrease in cash mainly due to reallocating cash into investments for a total of \$54.5 million in order to generate additional investment income.
- \$54.5 million in a variety of Guaranteed Investment Certificates (GIC's) for 1 or 2 years.
- Increase of \$0.7 million for taxes receivable with additional billing at year-end for supplementary assessment changes from MPAC and transfers to taxes for Nobleton Sewer connection fee payments.
- Grant funding for the Town Wide Recreation Centre (TWRC) for \$7.8 million was submitted in December 2022, and received in February 2023. Funding was accrued in 2022 under trade and other receivable.
- \$1.0 million Increase from additional maintenance receivable to be established for 2022 for the Holland Marsh related to drain 15. These charges will be a local improvement will be added to the 2023 final tax billing once final allocations are received from the Holland Marsh. This also includes additional recovery for billing of fire response time for motor vehicle accidents, facility rental agreements for recreation, and recovery for developments.
- Increase of \$2.8 million sewer receivable related to setting up the connection fee payment options for Nobleton Sewer Phase 3, and offset by payments made on levies for sewer connections in Nobleton for Phase 1 & 2.

Table 2: Summary of Financial Assets 2022 vs 2021



Investments

New for 2022 a considerable amount was re-invested from our High Interest Savings Account (HISA) to Guaranteed Investment Certificates (GIC'S). Below is a summary of the investments, date of purchase, type, rates, and amount invested.

Table 3:

| Date - Purchase | Description | Type | Rate | Amount |
|-----------------|--|------------|-------|----------------------|
| 15-Jun-22 | 1 year GIC - CIBC Wood Gundy | Annual GIC | 3.55% | \$ 15,000,000 |
| 16-Aug-22 | 1 year GIC - CIBC Wood Gundy | Annual GIC | 4.50% | \$ 10,000,000 |
| 07-Oct-22 | 6 Month Non-Redeemable - CIBC | Annual GIC | 4.87% | \$ 10,000,000 |
| 07-Oct-22 | Redeemable Variable GIC (VRGIC) - CIBC | Annual GIC | 4.24% | \$ 5,000,000 |
| 25-Oct-22 | 2 Year Note - CIBC Woody Gundy | Annual GIC | 5.15% | \$ 10,000,000 |
| 07-Dec-22 | 1 year Non-Redeemable - CIBC Woody Gundy | Annual GIC | 5.40% | \$ 4,500,000 |
| Total | | | | \$ 54,500,000 |

Taxes Receivable

The Township is continuing to implement a tax arrears program to help reduce property taxes outstanding. The program involves communicating with the property owners, offering special payment arrangements and payment plans, notifying mortgage companies, and proactively processing tax sales on eligible properties.

2022 MANAGEMENT DISCUSSION AND ANALYSIS



Tax arrears have been an issue with the Township over the years as indicated on the table below that shows the tax arrears from 2018-2022. We see a slight increase in taxes receivable for 2022 which is mainly due to timing of supplementary billing with assessment changes from MPAC and transfers to taxes due to lack of payment for outstanding invoices from by-law.

Below is a chart to show the history of arrears over the last 5 years.

Table 4:

| Taxes Receivable, End of Year | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------------------------|---------------|--------------|--------------|--------------|--------------|
| Taxes Receivable | \$7,877,777 | \$7,225,326 | \$10,234,774 | \$10,447,877 | \$9,976,152 |
| Total Taxes Levied | \$ 90,699,749 | \$87,209,932 | \$86,394,348 | \$83,680,260 | \$80,562,287 |
| Percentage of Current Years Levy | 9% | 8% | 12% | 12% | 12% |

The Township reports our financial indicators to the province with the yearly reporting in the Financial Information Return (FIR). The Township's tax arrears historically have been over the 10% industry standard indicating a moderate to high level of risk which was flagged by Ministry staff in 2020. The success of the tax arrears program is evident in the results which show a decrease from 12% to 8% for 2021. Staff will continue this approach for future collections to ensure the taxes receivable balance decreases. It is important to note the Township collects on behalf of the York Region and the school boards and must make payments to them on an installment basis regardless if property owners pay or not.

Financial Liabilities

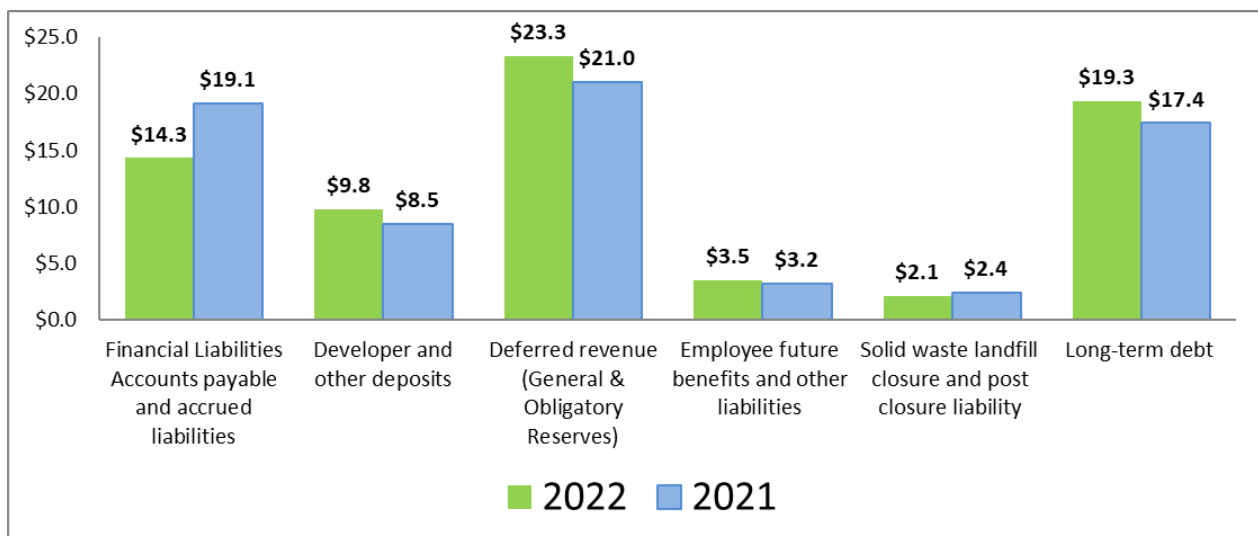
Table 5:

| As at December 31 (\$ millions) | 2022 | 2021 | Change in 2022 Increase / (Decrease) |
|---|---------------|---------------|--|
| Financial Liabilities | | | |
| Accounts payable and accrued liabilities | \$14.3 | \$19.1 | \$(4.8) |
| Developer and other deposits | \$9.8 | \$8.5 | \$1.3 |
| Deferred revenue (General & Obligatory Reserves) | \$23.3 | \$21.0 | \$2.3 |
| Employee future benefits and other liabilities | \$3.5 | \$3.2 | \$0.3 |
| Solid waste landfill closure and post closure liability | \$2.1 | \$2.4 | \$(0.3) |
| Long-term debt | \$19.3 | \$17.4 | 1.9 |
| Total | \$72.3 | \$71.6 | \$0.7 |

The Increase of \$0.7 million in financial liabilities for the Township is mainly attributed to the following:

- \$4.8 million decrease in accounts payable and accrued liabilities to account for less accruals for developer payments of the King City East (KCE) Spine Servicing agreement, legal matters on potential Ontario Land Tribunal (OLT) appeals related to the Official Plan, outstanding legal matters, and timing of payables related to invoices received.
- \$1.3 million in additional road damage deposits received in 2022 and developer contributions for planning subdivision and site plan applications currently being constructed.
- Increase of \$2.3 million related to DC funds collected in 2022 offset by the funding of DC capital projects in particular infrastructure currently being constructed for the KCE Spine Services, the Town-wide Recreation Facility, other road related projects, and park developments.
- \$0.3 million from updating the Township’s Post-Retirement non-pension benefits and Sick leave benefit by our actuarial review which was completed in 2020 and forecasted to the end of 2022. An actuarial review is required every 3 years and will need to be planned for the 2023 year-end audit.
- \$0.3 million decrease in Solid Waste landfill closure liabilities for the 2 landfill sites of the Township as the post-closure maintenance costs are incurred over time.
- Increase in the long-term liabilities of \$1.9 million reflects the new debt of \$4.5 million for the Nobleton Sewer (phase 3) less debt servicing payment obligations that have drawn down from the total debt outstanding related to debenture payments to the York Region.

Table 6: Summary of Financial Liabilities 2022 vs 2021



Non-Financial Assets

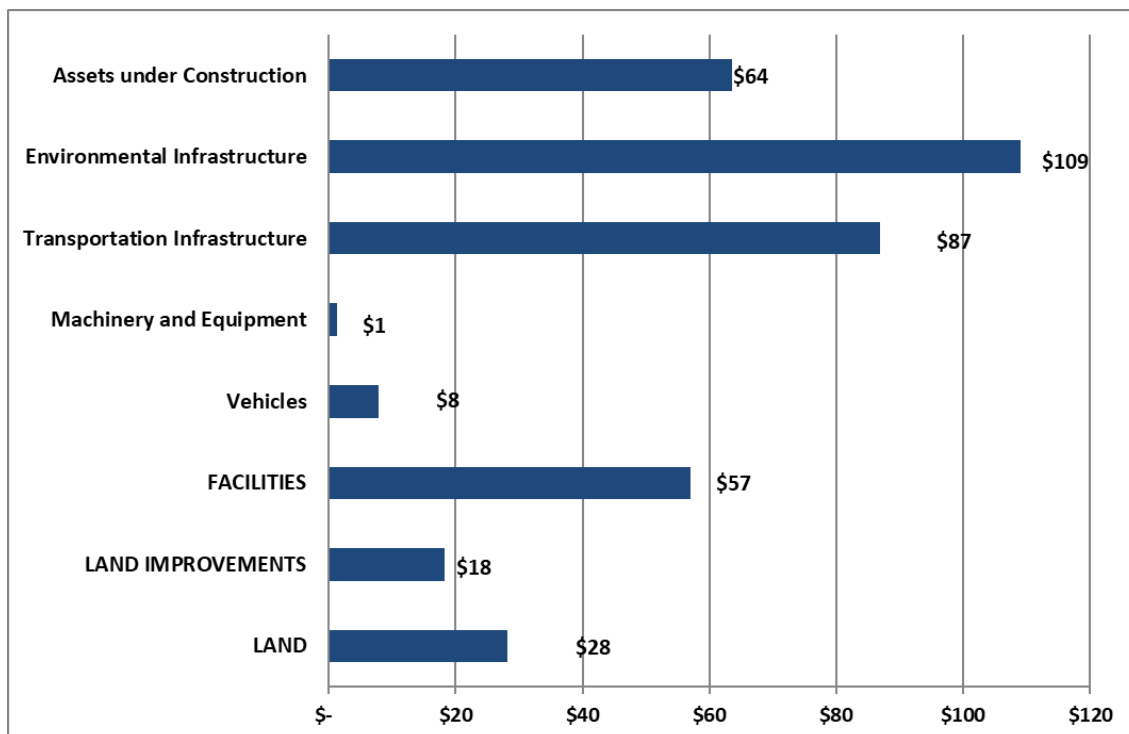
Table 7:

| As at December 31 (\$ millions) | 2022 | 2021 | Change in 2022 Increase / (Decrease) |
|---------------------------------|----------------|----------------|--|
| Non-Financial Assets | | | |
| Tangible capital assets | \$372.2 | \$348.1 | \$24.1 |
| Inventory held for own use | \$0.1 | \$0.2 | \$(0.1) |
| Prepaid expenses | \$1.0 | \$0.3 | \$0.7 |
| Total | \$373.3 | \$348.6 | \$24.7 |

The majority of the year over year change within Non-Financial Assets relates to the recognition of new assets. The Township made significant investment in tangible capital assets totalling \$34.0 million in 2022, of which \$5.5 million relates to assumed subdivisions. The increase in tangible capital assets is net of \$9.9 million amortization expenses.

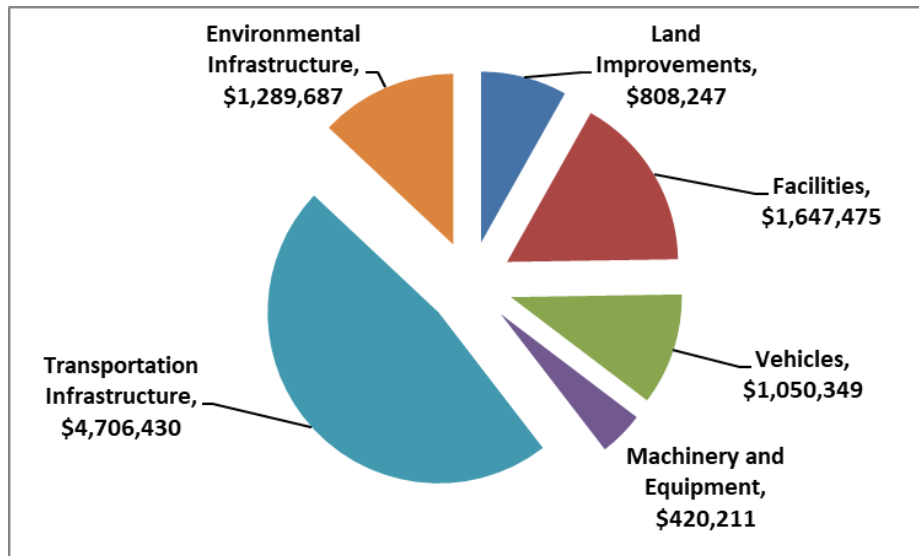
The following table represents the Net Book Value (NBV) of assets in millions:

Table 8: **Total NBV \$372.2 million**



The value of amortization per class of assets is listed on below:

Table 9: Total Amortization is \$9.9 million



For 2022, the Township recognized \$28.3 million in Tangible Capital Assets (not including assumed infrastructure from development). Below are some high-level projects for reference and is not the full list of projects recognized in the 2022 year-end.

Table 10:

| Additions for 2022 | Value \$ (millions) |
|--|----------------------------|
| • King road and Keele Street – Road improvements | \$7.3 |
| • Various Road Improvements | \$2.7 |
| • Graham Sideroad Bridge | \$2.8 |
| • Park Improvements – Pottageville Pavillion and Nobleton Tennis court, trails for active transportation | \$2.0 |
| • Electric Vehicle (EV) charging stations | \$0.5 |
| • Kingsview Manor Pump Station | \$1.6 |
| • Schomberg Community Hall and Library Upgrades | \$2.2 |

The Township assumed several subdivisions in 2022 which accounted for \$5.5 million in additional assets to the Township inventory. Service levels and growth needs will need to be addressed in these areas to ensure it is staffed and resourced accordingly. Below is a chart that outlines the date and name of the various assumptions for the Township in 2022.

Table 11:

| Date | Assumption Description |
|--------------------|---|
| September 12, 2022 | Dipoce Industrial Phase 1- Dipoce Management Limited – 19T-98-K01 |
| September 26, 2022 | King Station Phase 3 – King Station Inc. – 19T-07K01 |
| September 26, 2022 | Maidenstone – Tribute Nobleton Holding Corp. – 19T-04K03 |
| November 7, 2022 | Heathervale Boulevard – Plan 507 |

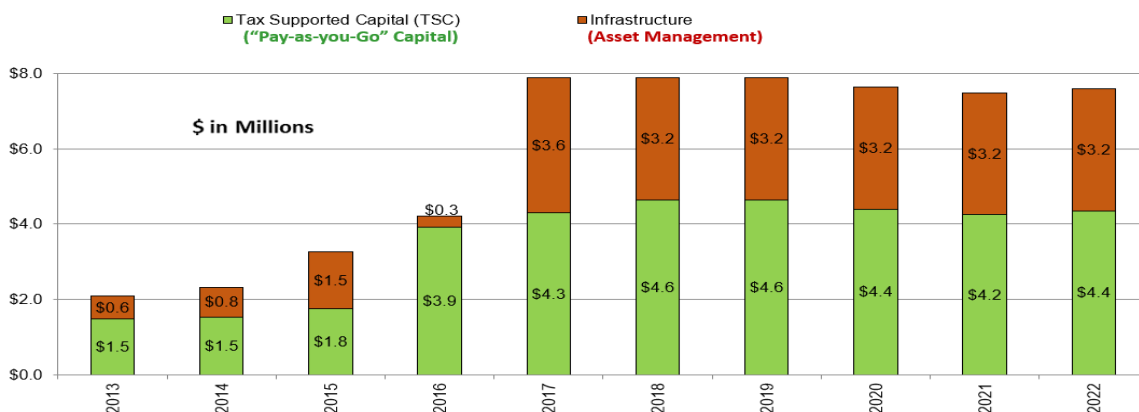
The Township’s sustainable funding source for capital offsets the projected amortization expenses of approximately \$9.9 million per year. With amortization providing an indication of how much should be set aside / spent each year to repair and replace the Township assets. However, amortization is based on historical cost of assets and the future cost to replace an asset (such as a road or bridge) will cost more than what the Township paid for it more than 50 years ago. The difference between the historical cost and the replacement cost is called the infrastructure funding gap.

The Township needs to build-up sustainable funding for capital. In recent years, the Township has actively worked to reduce the infrastructure funding shortfall by levying more property tax dollars for capital purposes.

The plan is to build up our tax funded capital which is \$4.3 million in 2022 and forecasted to increase \$0.3 million per year in the 10-year plan. Our contribution for infrastructure which is now \$3.1 million to cover the estimated annual depreciation or amortization of all assets. The plan is to increase the contribution by \$0.3 million per year in the 10-year plan for infrastructure replacement. By forecasting our capital expenditures, we can plan for funding from both reserves and stabilize the tax rate.

This chart shows the balance of using the two funding sources to support the repair and replacement of Township assets with using both tax supported capital reserve and infrastructure reserve.

Table 12:



As part of the Township’s Fiscal Strategy, we must look at our 10-year capital forecast and balance the needs of growth and non-growth. In conjunction with our Asset Management Plan (AMP) we must include the various studies to help formulate the 10-year plan. These include but, are not limited to the Community Service plan that looks at the various amenities for parks, recreation, and culture. The Fire Master Plan that looks at community risk assessment, the Official Plan for population growth for both residential and commercial / industrial, the Development Charge Study which is a 5-year plan that was adopted by Council in January 2021 and the Paving strategy.



Accumulated Surplus

Table 13:

| As at December 31 (\$ millions) | 2022 | 2021 | Change in 2022 Increase / (Decrease) |
|--|----------------|----------------|--|
| Financial Assets | \$99.7 | \$85.5 | \$14.2 |
| Financial Liabilities | \$72.3 | \$71.6 | \$0.7 |
| Net Financial Assets | \$27.4 | \$13.9 | \$13.5 |
| Non- Financial Assets | \$373.3 | \$348.6 | \$24.7 |
| Total Net Assets | \$400.7 | \$362.5 | \$38.2 |
| Accumulated Surplus - End of Year | \$400.7 | \$362.5 | \$38.2 |

2022 MANAGEMENT DISCUSSION AND ANALYSIS



The 2022 accumulated surplus change is equal to the 2022 annual surplus from operations from the statement of operations. In 2022, the Township's change represents an increase of \$38.2 million to the accumulated surplus at the end of December 31, 2022. Details are provided in the financial statements under note 12 for more information.

OPERATIONS AND ACCUMULATED SURPLUS

The budgets for the Township are prepared using fund accounting where revenues equal expenses for the budget / planning purposes. On the fund basis of accounting, the Township ended the 2022 year with a deficit of \$914 thousand due primarily to loss of revenues due to the COVID-19 Pandemic and incurring direct costs related to COVID-19 of \$334 thousand. In order to minimize the deficit, staff reduced spending where possible, delayed staffing recruitment to gap vacancies to offset the closure of facilities, and loss of revenues during the COVID-19 Pandemic.

Some highlights for the 2022 Statement of Operations include:

- An increase in user fees from 2021 to 2022 as a result of lifting COVID restrictions and the use of facilities from the Spring of 2022 to the end of the year.
- An increase in building permit activity generated \$0.9 million additional funding.
- An increase in government grants with the share of funding for the Townwide Recreation Centre (TWRC) accrued in 2022 for \$7.3 million and later received in 2023.
- Overall, the Township has a 2022 year-end full accrual surplus of \$38.2 million which is related primarily due to additional assets that were added by the Township of \$34.0 million which includes \$5.5 million of infrastructure assets that were assumed by development.
- In 2022, the Township recognized \$6.3 million in development charges under contribution and \$1.0 million in Federal Gas Tax under the grant revenue section of the Statement of Operations.
- For 2022, the Township received an increase in investment income for diversifying its portfolio which recognized \$0.9 million in revenue.
- Other revenue includes contributions related to Municipal capital facility agreements (MCFA) for \$6.2 million and \$5.5 for the Nobleton Sewer receivable set up for 2022.

A detailed reporting of the fund basis operating budget deficit will be provided in a separate report as part of the year-end process in Report (FIN-2023-10).

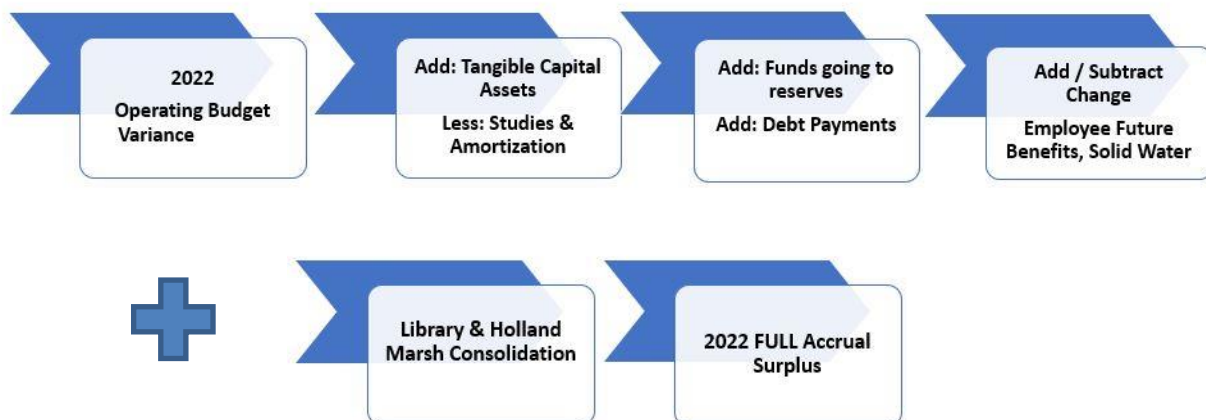
Conversion to Full Accrual Accounting

In order to comply with PSAB reporting, the Township converts its fund basis of accounting to the full accrual accounting for both revenues and expenses. For example, prior to 2009 there was no requirement to present tangible capital assets on the Township’s Statement of Financial Position. At the time, all Ontario municipalities at the time expensed tangible capital assets (TCA) additions with revenues related to capital project additions shown to fully offset the expenses.

Under the full accrual method of accounting, the TCA additions are now capitalized on the Township’s Statement of Financial Position similar to other private businesses and organizations. Municipalities now show amortization expense as listed on the Statement of Operations which is one of the largest expenses for many municipalities due the volume of assets under a municipality’s control such as roads, bridges, fleet, facilities, and equipment.

The items below are included in the December 31, 2022 financial statements:

- Amortization of tangible capital assets
- Accumulated Surplus/(Deficit) from Operations
- Net Book Value Gain / Loss on disposal of Tangible Capital Assets
- Revenue – Grants (including Federal Gas Tax)/Development Charges/Recoveries from other municipalities/ other - for Capital
- Revenue – Contributed Assets (assets assumed by the Township by developers)
- Transfer from/to Reserves are not considered Revenue or Expenses and are removed from the Township’s Surplus



2022 MANAGEMENT DISCUSSION AND ANALYSIS



The following is the adjustment from the Township’s fund accounting deficit of \$914 thousand to the actual full accrual surplus of \$38.2 million:

Table 14:

| | \$ Thousands |
|--|---|
| 2022 Fund Accounting Operating Budget Deficit | (\$914) |
| Tangible Capital Asset (TCA) Adjustments | |
| <ul style="list-style-type: none"> • Tangible Capital Asset Amortization • 2022 Tax Levy Funded Capital Program • Capital Budget Items not considered Tangible Capital Assets • Net Book Value loss on Disposal of Tangible Capital Assets | (\$9,922) \$21,507 (\$939) (\$2) |
| | \$10,644 |
| Surplus after accounting for TCA | \$9,730 |
| Other Full Accrual Adjustments | |
| <ul style="list-style-type: none"> • Transfers to Reserves not considered an expense • Transfers from Reserves not considered revenue • Long term debt (external) not considered as expenditures • Change in Employee Future Benefits Liability • Change in Solid Waste Landfill Closure and Post Closure Liability • Consolidation of Library Board and Holland Marsh | \$26,713 (\$1,125) \$2,447 (\$234) \$351 \$315 |
| | \$28,467 |
| 2022 Full Accrual Surplus | \$38,197 |



MUNICIPAL DEBT

King Township’s capital planning requirements may rely on the use of debenture financing to support investment in municipal infrastructure. This approach has been analyzed on the basis of the Township’s current debt structure, in conjunction with Ministry defined debenture capacity / annual repayment limits, and with a comprehensive understanding of current reserve and reserve funds.

Under section 401 of the *Municipal Act*, debentures are issued by the upper tier; therefore the Region of York issues debentures on behalf of the Township of King. Debenture issuance at the Township will only be undertaken in compliance with the provisions of the *Municipal Act, 2001*, specifically Part XIII Debt and Investment, as well as Ontario Regulation 403/02 (Debt and Financial Obligation Limit).

At the end of 2022, the Township’s net outstanding debt is \$19.3 million.

The long-term debt incurred by the Township and outstanding at the end of the year consists of the following:

Table 14:

| By-law | Description | Maturity Date | Interest | Type | 2022 | 2021 |
|---------|---|---------------|----------|--------------|-------------------|-------------------|
| 2015-62 | For the construction of road and watermain in the community of Nobleton, in the amount of \$6,000,000. | 2025-06-15 | 2.60% | Sinking Fund | 6,000,000 | 6,000,000 |
| 2016-54 | For the construction of sewer works in the community of Nobleton, in the amount of \$6,000,000, with annual principle payments of \$400,000 | 2026-07-06 | 3.80% | Serial | 1,600,000 | 2,000,000 |
| 2019-21 | For the King Roads projects in the amount of \$6,100,000. | 2029-04-18 | 2.65% | Sinking Fund | 6,100,000 | 6,100,000 |
| 2019-52 | For King Buildings including the king Township Municipal Centre (KTMC), King City Library / Senior Centre and Graham Sideroad Bridge. | 2029-04-18 | 2.65% | Sinking Fund | 10,000,000 | 10,000,000 |
| 2022-19 | For the construction of sewer works in the community of Nobleton in the amount of \$4,500,000, with annual principle payments of \$300,000. | 2037-07-15 | 4.45% | Serial | 4,500,000 | - |
| | Long-Term Liabilities | | | | 28,200,000 | 24,100,000 |
| | Less: Sinking Fund Assets | | | | (8,926,891) | (6,708,103) |
| | Net Long-Term Liabilities | | | | 19,273,109 | 17,391,897 |

Type of debentures:

Serial Debentures: Designed to pay equal, semi-annual principles amounts with interest calculated on the declining balances;

Amortized Debentures: Constructed to pay equal, semi-annual total payments with the interest component decreasing over the term;

Sinking Fund Debentures: Designed to pay equal, annual sinking fund contributions and equal, semi-annual interest payments to a fund that when combined with interest earned is used to repay the principal at the maturity.

2015-62 – Construction of Road and Watermain in Nobleton

This debenture was issued in 2015 for the construction of a road and watermain in the community of Nobleton for a total of \$6.0 million. This was issued as a sinking fund debenture with an interest rate of 2.6% and a maturity date of June 15, 2025. Semi-Annual payments are made for interest payments and the principle paid at maturity.

2016-54 – Sewer Works in Nobleton

Issued in 2011, for the construction of the sewer works in the community of Nobleton in the amount of \$6.0 million. This is a traditional serial debenture with a principal payment of \$400,000 a year plus interest of 3.8% for a maturity date of July 6, 2026.

2019-21 – King Road Projects

This debenture was issued in 2019 for the construction of various road projects throughout the Township for a total of \$6.1 million. This was issued as a sinking fund debenture with an interest rate of 2.65% and a maturity date of April 18, 2029. Semi-Annual payments are made for interest payments and the principle paid at maturity.

2019-52 – Various Town Projects

This debenture was issued in 2019 for the construction of Graham Sideroad Bridge, the King Township Municipal Centre (KTMC) and the King City Library / Senior Centre for a total of \$10.0 million. This was issued as a sinking fund debenture with an interest rate of 2.65% and a maturity date of April 18, 2029. Semi-Annual payments are made for interest payments and the principle paid at maturity.

2022-19 – Sewer Works in Nobleton

This debenture was issued in 2022 for the construction of sewer works (phase 3) in the community of Nobleton, in the amount of \$4.5 million. This is a traditional serial debenture with a principal payment of \$300,000 a year plus interest of 4.45% for a maturity date of July 15, 2037.

Annual debt charges are included in the amount of the property tax rate, user rate, and area specific charge (benefitting landowner) calculations. The table below summarizes the annual debt charges (principal and interest) for the Township's existing debt obligation; it does not include any new proposed debt.

Table 15:

| Year | Principal | Interest | Total |
|--------------|-------------------|------------------|-------------------|
| 2023 | 2,746,809 | 836,621 | 3,583,430 |
| 2024 | 2,746,809 | 808,669 | 3,555,478 |
| 2025 | 2,873,420 | 701,521 | 3,574,941 |
| 2026 | 2,204,290 | 594,971 | 2,799,261 |
| 2027 | 1,804,290 | 570,190 | 2,374,480 |
| 2028 - 2037 | 6,897,491 | 1,341,728 | 8,239,219 |
| TOTAL | 19,273,109 | 4,853,700 | 24,126,809 |

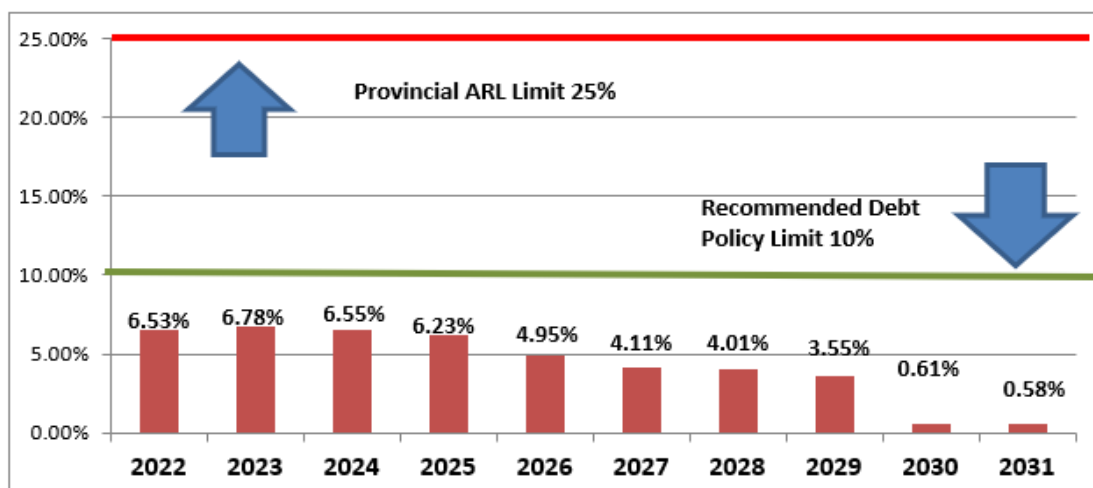
Annual Debt Repayment Limit

The Province of Ontario, through regulation, prescribes the Annual Debt Repayment Limit (ARL) for municipalities. The ARL is calculated based on 25% of the municipality’s own source revenues and represents the maximum amount which the municipality has available to commit to payments relating to debt and financial obligation. Prior to the authorization by Council of a long-term debt or financial obligation, this limit must be adjusted by the Treasurer in the prescribed manner. As per the debt policy within the Township of King we have an approved limit of 10% for all debt.

The ARL statement report indicates that the Township has a debt limit of \$12,576,213 million. The current amount utilized is \$3,349,829 which represents 6.53% for 2022. The chart below includes the 2022 – 2031 estimated debt ARL include principal and interest for all debentures including sinking fund contributions and long-term leases. For 2022, this includes the start of the Nobleton Sewer serial debenture for ½ a year in 2022 then a full year starting in 2023 for a 15-year term and estimated 4.45% interest.

2022-2031 ARL Debt Projections

Table 16:



Annual Reporting Requirements

The Director of Finance / Treasurer will determine the short- and long-term borrowing needs and report to Council annually on any outstanding debt balance, their use and measured to key financial indicators. Through the Capital Budget process, the Director of Finance / Treasurer will also seek Council approval on all new debt prior to works being formally undertaken and will advise Council of issuance of debt when it is appropriate.

The Corporate Debt Policy will be reviewed periodically and updated if necessary. Any required changes will then be submitted to Council for approval. Otherwise, the Corporate Debt Policy will be formally reviewed, at a minimum of every five (5) years from the date of the last review.

CONCLUSION

With consultation with Council, the Senior Leadership Team, and staff will continue to present a well-balanced annual budget and additional financial strategies to provide a fiscally responsible outlook for the Township of King.

Some of the principles staff take into consideration in developing its fiscal strategies are:

1. **FLEXIBLE** – Responsive financial policies allow for opportunities and changing circumstances. Being able to respond to change related to economic, social, environmental, and political conditions.
2. **TRANSPARENCY** – Providing regular reporting to Council and posting information relative to finance policies, reserves, and bylaws online.
3. **GOVERNANCE** – Maintain Integrity to ensure strong public funds and assets, to always spend within our means, to maintain a strong balance sheet, establish reserves and mitigate risk.
4. **RELIABLE** – Maintaining public confidence and being accountable. Providing citizens with the best value for money while maintaining current service levels.

The overall Fiscal Strategy is intended to guide the financial policies and corporate strategies to ensure the goals and objectives of the Corporate Strategic Plan are achievable over the long-term.

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Financial Information



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Management Report

May 29, 2023

The accompanying consolidated financial statements of the Corporation of the Township of King are the responsibility of the Township's management and have been prepared in accordance with Canadian public sector accounting standards. The preparation of the 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 Corporation maintains a system of internal controls designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate, that transactions are properly authorized, and the Corporation's assets are properly accounted for and adequately safeguarded. The Corporation is responsible for the budget, accounting, and the audit processes.

The financial statements have been examined by KPMG LLP, Chartered Professional Accountants, the external auditors for the Corporation. The responsibility of the external auditor is to express an opinion on whether the financial statements are fairly presented, in all material respects, in accordance with Canadian public sector accounting standards.

Township Council, through the Audit Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The Audit Committee meets periodically with management, as well as with the external auditors to satisfy itself that each party is properly discharging its responsibilities with respect to internal controls and financial reporting.

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

Daniel Kostopolous

Peggy Tollett, CPA, CGA

Chief Administrative Officer

Director of Finance / Treasurer



THE CORPORATION OF THE TOWNSHIP OF KING

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of The Corporation of the Township of King

Opinion

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

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated 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 consolidated financial position of the Entity as at December 31, 2022, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated 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.



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Other Matter - Comparative Information

The financial statements for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 30, 2022.

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 auditor's report that includes our opinion.

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

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



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- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

May 29, 2023

THE CORPORATION OF THE TOWNSHIP OF KING

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| As at December 31 | 2022 | 2021 |
|--|--------------------|--------------------|
| Financial Assets | | |
| Cash (Note 2) | 11,621,145 | 63,643,519 |
| Investments (Note 3) | 54,500,000 | - |
| Taxes receivable (Note 4) | 7,877,777 | 7,225,326 |
| Trade and other receivables (Note 5) | 15,064,364 | 6,865,158 |
| User charges and sewer receivable (Note 6) | 10,602,565 | 7,811,619 |
| | <u>99,665,851</u> | <u>85,545,622</u> |
| Financial Liabilities | | |
| Accounts payable and accrued liabilities | 14,297,110 | 19,068,280 |
| Developer and other deposits | 9,852,065 | 8,476,180 |
| Deferred revenue (Note 7) | 23,251,590 | 21,044,526 |
| Employee future benefits and other liabilities (Note 8) | 3,549,157 | 3,252,526 |
| Solid waste landfill closure and post closure liability (Note 9) | 2,055,588 | 2,406,561 |
| Long-term debt (Note 10) | 19,273,109 | 17,391,897 |
| | <u>72,278,619</u> | <u>71,639,970</u> |
| Net Financial Assets | <u>27,387,232</u> | <u>13,905,652</u> |
| Non-Financial Assets | | |
| Tangible capital assets (Note 11) | 372,210,586 | 348,122,237 |
| Inventory held for own use | 98,351 | 182,105 |
| Prepaid expenses | 975,914 | 265,084 |
| | <u>373,284,851</u> | <u>348,569,426</u> |
| Total Net Assets | <u>400,672,083</u> | <u>362,475,078</u> |
| Accumulated Surplus - End of Year (Note 12) | <u>400,672,083</u> | <u>362,475,078</u> |

Commitments (Note 20), Contingencies (Note 21)

Approved by

Mayor



Treasurer



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

THE CORPORATION OF THE TOWNSHIP OF KING

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

| For the year ended December 31 | 2022 Budget (Note 18) | 2022 Actual | 2021 Actual |
|--|-----------------------------|--------------------|--------------------|
| Revenues | | | |
| Taxation (Note 15) | 38,713,609 | 35,671,022 | 34,067,696 |
| User fees | 4,942,465 | 6,915,773 | 3,072,649 |
| Water and wastewater user charges | 11,083,191 | 11,315,413 | 10,928,012 |
| Government grants (Note 19) | 757,881 | 11,510,664 | 3,799,950 |
| Contributions from developers (Note 16) | - | 11,811,535 | 61,549,422 |
| Investment income | 686,722 | 1,442,300 | 525,150 |
| Penalties and interest | 1,150,000 | 1,283,612 | 1,281,693 |
| Gain on sale of land and tangible capital assets | - | 48,608 | 20,930 |
| Other | 1,866,812 | 16,439,876 | 6,753,492 |
| | <u>59,200,680</u> | <u>96,438,803</u> | <u>121,998,994</u> |
| Expenses (Note 24) | | | |
| General government | 9,918,744 | 10,286,714 | 7,871,884 |
| Protection to persons and property | 6,405,797 | 7,313,098 | 6,599,396 |
| Transportation services | 12,886,997 | 12,612,971 | 11,142,718 |
| Environmental services | 12,613,890 | 12,063,603 | 12,833,616 |
| Recreation and cultural services | 17,038,154 | 12,481,794 | 10,095,609 |
| Planning and development | 2,275,897 | 3,483,618 | 2,029,528 |
| | <u>61,139,479</u> | <u>58,241,798</u> | <u>50,572,751</u> |
| Annual Surplus from Operations | <u>(1,938,799)</u> | <u>38,197,005</u> | <u>71,426,243</u> |
| Accumulated Surplus - Beginning of Year | <u>362,475,078</u> | <u>362,475,078</u> | <u>291,048,835</u> |
| Accumulated Surplus - End of Year (Note 12) | <u>360,536,279</u> | <u>400,672,083</u> | <u>362,475,078</u> |

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

THE CORPORATION OF THE TOWNSHIP OF KING

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

| For the year ended December 31 | 2022 Budget (Note 18) | 2022 Actual | 2021 Actual |
|---|-----------------------------|----------------|----------------|
| Annual Surplus from Operations | (1,938,799) | 38,197,005 | 71,426,243 |
| Acquisition of tangible capital assets (net of changes in construction in progress) | (47,314,192) | (34,013,091) | (78,531,571) |
| Amortization of tangible capital assets | 9,740,693 | 9,922,399 | 8,526,680 |
| Proceeds on disposal of tangible capital assets | - | - | 25,000 |
| Loss/(Gain) on disposal of tangible capital assets | - | 2,343 | (20,930) |
| | (37,573,499) | (24,088,349) | (70,000,821) |
| Inventory held for own use | - | 83,754 | (68,282) |
| Change in prepaid expenses | - | (710,830) | (161,627) |
| Increase/(Decrease) in Net Financial Assets (Debt) | (39,512,298) | 13,481,580 | 1,195,513 |
| Net Financial Assets - Beginning of Year | 13,905,652 | 13,905,652 | 12,710,139 |
| Net Financial Assets - End of Year | (25,606,646) | 27,387,232 | 13,905,652 |

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

THE CORPORATION OF THE TOWNSHIP OF KING

CONSOLIDATED STATEMENT OF CASH FLOWS

| For the year ended December 31 | 2022 | 2021 |
|---|---------------------|---------------------|
| Cash Provided By (Used In) | | |
| Operating Activities | | |
| Annual Surplus from operations | 38,197,005 | 71,426,243 |
| Items not involving cash | | |
| Amortization of tangible capital assets | 9,922,399 | 8,526,680 |
| Loss/(Gain) on disposal of tangible capital assets | 2,343 | (20,930) |
| | <u>48,121,747</u> | <u>79,931,993</u> |
| Changes in non-cash working capital items (Note 14) | (13,512,242) | 14,717,013 |
| Capital Activities | | |
| Acquisition of tangible capital assets (net of changes in construction in progress) | (34,013,091) | (78,531,571) |
| Proceeds on disposal of tangible capital assets | - | 25,000 |
| | <u>(34,013,091)</u> | <u>(78,506,571)</u> |
| Investing Activities | | |
| Purchase of short-term investments | (54,500,000) | - |
| Financing Activities | | |
| Sinking fund contributions | (2,218,788) | (2,168,354) |
| Principal repayment on long-term debt | (400,000) | (400,000) |
| Debenture proceeds | 4,500,000 | - |
| | <u>1,881,212</u> | <u>(2,568,354)</u> |
| Net Change in Cash | (52,022,374) | 13,574,081 |
| Cash - Beginning of Year | 63,643,519 | 50,069,438 |
| Cash - End of Year | <u>11,621,145</u> | <u>63,643,519</u> |

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

THE CORPORATION OF THE TOWNSHIP OF KING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

The Corporation of the Township of King (the "Township") is a lower-tier municipality located in the Regional Municipality of York, Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Township are the responsibility of management. They have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

a) Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of the Township. They include the activities of all organizations, committees of Council and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned and controlled by the Township. These include:

| | |
|--|--------|
| King Township Library Board | 100% |
| The Holland Marsh Drainage System Joint Municipal Services Board | 59.15% |

All interfund assets, liabilities, revenues and expenses have been eliminated on consolidation. The Township's portion of The Holland Marsh Drainage System Joint Municipal Services Board has been included in these consolidated financial statements on a proportionate consolidation basis.

b) Basis of Accounting

i) Accrual Basis of Accounting

The Township follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are 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.

ii) Revenue Recognition

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Charges for sewer and water usage are recorded as user fees. User fees and other revenues are recognized when the services are performed or goods are delivered, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and fees are fixed or determinable. Amounts received for future services are deferred until the service is provided. Connection fee revenues are recognized when the connection has become available.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable. A grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, is recognised as income in the period in which it is receivable.

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

ii) Revenue Recognition (continued)

Developer contributions and fees for services are recognized over the period of service or when required expenses occur if applicable.

Sales of other services and other revenues are recognized on an accrual basis.

Investment income earned on reserve funds and obligatory reserve funds are added to the fund balance and forms part of the respective reserve funds and deferred revenue balances.

iii) Expenses

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. Interest expense is recognized as incurred. Expenses paid in the current period attributable to future benefits received are classified as prepaid expenses in the Township's non-financial assets.

Government transfer payments to other public sector entities are recognized in the year that the transfer is authorized, and all eligibility criteria have been met by the recipient. Any transfers paid in advance are deemed to have met all eligibility criteria.

iv) Government Transfers

Government transfers are recognized in the consolidated financial statements when the transfer is authorized and any eligibility criteria have been met, except to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

v) Property Taxes and Related Revenues

Property tax billings are prepared by the Township based on an assessment roll prepared by Municipal Property Assessment Corporation (MPAC) based upon Current Value Assessment (CVA). Tax rates are established annually by Township Council, incorporating amounts to be raised for local services and the requisition made by the Region of York in respect of regional services. The Township is required to collect education taxes on behalf of the Province of Ontario. A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Township determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments and related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known.

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

vi) Assets

The assets standard provides additional guidance on the definition of assets and what is meant by economic resources, control, past transactions and events from which future economic benefits are to be obtained. For the year ended December 31, 2022, all material assets have been disclosed and reported within this definition.

vii) Cash

Cash is comprised of cash on hand and cash held in financial institutions.

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

viii) Investments

Investments consist of guaranteed investment certificates (GIC's) which are recorded at amortized cost and have original dates to maturity of 91 days or longer.

ix) 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.

x) 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 are amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|-------------------------------|-----------------|
| Land | No amortization |
| Land improvements | 15-50 years |
| Facilities | 20-45 years |
| Vehicles | 2-25 years |
| Machinery and equipment | 3-10 years |
| Transportation infrastructure | 15-75 years |
| Environmental infrastructure | 80-100 years |

Tangible capital assets under construction are not amortized until the asset is available for productive use. For larger scale linear infrastructure projects (such as sanitary sewer and concurrent road works), these assets are not amortized until all contracts/phases of the project are complete. No amortization is charged in the year of acquisition.

Contributed tangible capital assets are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Tangible capital assets conveyed from developers are recorded at the estimated engineering value at time of registration.

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

xi) Contractual Rights and Obligations

Contractual rights reflect future rights to economic resources arising from contracts and/or agreements that will result in both an asset and revenue in future fiscal periods.

Contractual obligations represent obligations, which will result in liabilities upon the completion of agreed upon terms specified in contracts and/or agreements in future fiscal periods.

xii) Contingent Assets and Liabilities

Contingent assets and contingent liabilities arise from circumstances when the Township is uncertain whether it has an asset and/or liability on the date of the Statements. The existence of the asset and/or liability is ultimately dependent upon the occurrence or nonoccurrence of a future event that is outside of the Township's control.

For the year ended December 31, 2022, the Township is not aware of any contingent assets. However, disclosure regarding the Township's contingent liabilities can be found in note 21.

THE CORPORATION OF THE TOWNSHIP OF KING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

xiii) **Deferred Revenue - General**

Funds received in advance to conduct certain programs, or in the completion of specific work pursuant to legislation, regulation or agreement are recorded as deferred revenue. Deferred revenue also includes user charges and fees collected for services not yet rendered.

Revenue is recognized in the fiscal period in which the related expenses are incurred or services are performed.

xiv) **Deferred revenue - Obligatory Reserve Funds**

Deferred revenue includes funds received for specific purposes such as development charge contribution and federal gas tax revenue which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes. These funds, by their nature, are restricted in their use and, until applied to applicable capital works, are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended.

xv) **Employee Future Benefits**

The Township accrues its obligations under employee benefit plans as the employees render the services necessary to earn employee future benefits. The Township has adopted the following valuation methods and assumptions:

Actuarial cost method:

Accrued benefit obligations are computed using the projected benefit method prorated on service, as defined in PSAB 3250 and PSAB 3255. The objective under this method is to expense each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement. Under this method an equal portion of total estimated future benefit is attributed to each year of service.

Accounting policies:

Actuarial gains and losses are recognized as income or expenses over the three year period of the related actuarial evaluation in which the determination of the gain or loss occurred. Obligations are attributed to the period beginning on the member's date of hire and ending on the expected date of termination, death or retirement, depending on the benefit value. Vacation entitlements are accrued for as entitlements are earned. The Township's fiscal year-end is December 31 and the measurement date of the Township's obligation is as such.

xvi) **Long-Term Debt**

Long-term debt is recorded net of related sinking fund balances.

xvii) **Reserve Funds**

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

xviii) **Use of Estimates**

The preparation of the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions on such areas as the employee future benefits liability, the solid waste landfill closure and post-closure liability, the taxes receivable, taxation revenue, the allowance for doubtful accounts and the historical cost and estimated useful lives of tangible capital assets.

THE CORPORATION OF THE TOWNSHIP OF KING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

xix) Budget Figures

The approved operating and capital budgets for 2022 are reflected on the Consolidated Statement of Operations and Accumulated Surplus and on the Consolidated Statement of Change in Net Financial Assets. The Capital budget is on a project-oriented basis, the costs of which may be carried but over one or more years and, therefore, may not be comparable with the current year actual amounts. The budget presented in these financial statements has been reconciled to the approved budgets to reflect the accrual basis of accounting in Note 18.

xx) Pension Plan

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer pension plan, on behalf of all permanent, full-time members of its staff. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by eligible employees based on the length of credited service and the average earnings. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of the benefits. The Township uses defined contribution plan accounting principles for the Plan because insufficient information is available to apply defined benefit plan accounting principles. As such, the Township's contributions due during the year are expensed as incurred.

xxi) Related Party Transaction

A related party exists when one party has the ability to exercise control or shared control over the other. Related parties also include key management personnel, such as Township Councillors, as well as their close family members.

PS 2200 - Related Party Disclosure, requires the Township to disclose circumstances in which the entity enters into transactions with its related parties at a value different from that which would have been arrived at if the parties were unrelated (i.e. not at arm's length) and these transactions are considered to have a significant financial impact on the Township's consolidated financial statements. In the event qualifying transactions are identified, the Township would disclose the nature of relationships with all involved parties, type of related party transaction, and amounts recognized in the consolidated financial statements.

xxii) Future Accounting Pronouncements

These standards and amendments were not effective for the year ended December 31, 2022, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements.

Standards applicable for fiscal years beginning on or after April 1, 2022 (the Township's December 31, 2023 year-end):

(1) PS 1201, Financial Statement Presentation, was issued in June, 2011. This standard requires entities to present a new statement of remeasurement gains and losses separate from the statement of operations and accumulated surplus. This new standard includes unrealized gains and losses arising from remeasurement of financial instruments and items denominated in foreign currencies and any other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard applies when PS 3450, Financial Instruments, and PS 2601, Foreign Currency Translation, are adopted.

(2) PS 3450, Financial Instruments, establishes the standards on accounting for and reporting all types of financial instruments including derivatives.

(3) PS 2601, Foreign Currency Translation, establishes the standards on accounting for and

THE CORPORATION OF THE TOWNSHIP OF KING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

reporting transactions that are denominated in a foreign currency. Earlier adoption is permitted. A public sector entity adopting this standard must also adopt the new financial instruments standard.

(4) PS 3041 - Portfolio Investments, replaces PS 3040 - Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of portfolio investments to conform to PS 3450

- Financial Instruments. The distinction between temporary and portfolio investments has been removed in

the new standard, and upon adoption, PS 3030 - Temporary Investments, will no longer apply.

(5) PS 3280, Asset Retirement Obligations, addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets either in productive use or no longer in productive use.

Standards applicable for fiscal years beginning on or after April 1, 2023 (the Township's December 31, 2024 year-end):

(6) PS 3160 - Public Private Partnerships ("P3s"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity.

(7) PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.

(8) Public Sector Guideline 8 Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction.

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

2. CASH

The Township has an available bank operating credit line in the amount of \$5,000,000. Outstanding indebtedness bears interest at prime less 0.375%. At year end the Township has not utilized any amount under this credit facility (2021 - \$Nil).

The Township also has an available demand installment loan in the amount of \$3,000,000. Outstanding indebtedness bears interest at prime. At year end the Township has not utilized any amount under this credit facility (2021 - \$Nil).

3. INVESTMENTS

| | 2022 | 2021 |
|---|-------------------|------|
| Guaranteed Investment Certificates (GIC's): | | |
| • maturing on April 5, 2023 at 3.03% per annum | 10,000,000 | - |
| • maturing on June 15, 2023 at 3.55% per annum | 15,000,000 | - |
| • maturing on August 16, 2023 at 4.50% per annum | 10,000,000 | - |
| • maturing on October 10, 2023 at 4.25% per annum | 5,000,000 | - |
| • maturing on December 7, 2023 at 5.40% per annum | 4,500,000 | - |
| • maturing on October 26, 2024 at 5.15% per annum | 10,000,000 | - |
| | 54,500,000 | - |

4. TAXES RECEIVABLE

| | 2022 | 2021 |
|---------------------------------|------------------|-----------|
| Taxes receivable | 7,974,242 | 7,321,791 |
| Allowance for doubtful accounts | (96,465) | (96,465) |
| | 7,877,777 | 7,225,326 |

5. TRADE AND OTHER RECEIVABLES

| | 2022 | 2021 |
|---------------------------------|-------------------|-----------|
| Accounts receivable | 15,096,976 | 6,960,090 |
| Allowance for doubtful accounts | (32,612) | (94,932) |
| | 15,064,364 | 6,865,158 |

The accounts receivable increased because of a higher grants receivable balance at the end of the year.

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

6. USER CHARGES AND SEWER RECEIVABLE

In June 2006, Council for the Township of King approved By-law 2006-68, further amended by By-law 2007-110, which provided for the installation of sanitary sewers within a designated sewer service area in the village of King City. The total costs for this project amounted to \$47.1M, of which \$30.2M was to be funded from the existing benefitting landowners and \$16.9M from growth (development charges). The funding for the existing benefitting landowners was reduced by way of grants, contributions from developers, and a contribution by the Township. The net amount to be recovered from the existing benefitting landowners was \$19.4M. This amount was spread over the total number of landowners, 1,553, to be serviced in the village and each benefitting landowner was assessed a lump sum amount of \$12,541. The Township of King provided a number of payment options to the benefitting landowners, one of these options were to include an annual charge, with applicable interest, on their property tax bill for the life of the debenture, 10 years. For landowners that selected the 10-year debenture payment option, the Township recorded a corresponding receivable that declines each year by the amount of the annual charge of \$1,664 per residential unit equivalent.

In April 2010, Council for the Township of King approved By-law 2010-38, further amended by By-law 2011-105, which provided for the installation of sanitary sewers within a designated sewer service area in the village of Nobleton. The total costs for this project were estimated at \$8.0M, of which \$4.0M was to be funded from growth (development charges), \$2.5M from contributions and \$16.2M from the existing benefitting landowners. This amount was spread over the total number of landowners, 860, to be serviced in the village and each benefitting landowner was assessed a lump sum amount of \$18,790. The Township of King provided a number of payment options to the benefitting landowners, one of these options were to include an annual charge, with applicable interest, on their property tax bill for the life of the debenture, 15 years. For landowners that selected the 15-year debenture payment option, the Township recorded a corresponding receivable that declines each year by the amount of the annual charge of \$1,775 per residential unit equivalent.

In July 2019, Council for the Township of King approved By-law 2019-73, which provided for the installation of sanitary sewers within a designated sewer service area in the village of Nobleton. The total costs for this project were estimated at \$7.9M, of which \$1.1M was to be funded from developer contributions, \$1.1M from the Wastewater reserve, \$2.0M from the Infrastructure reserve, \$0.8M from grants, and \$2.9M from the existing benefitting landowners. This amount was spread over the total number of landowners, 107, to be serviced in the village and each benefitting landowner was assessed a lump sum amount of \$21,870. The Township of King provided a number of payment options to the benefitting landowners, one of these options were to include an annual charge, with applicable interest, on their property tax bill for the life of the debenture, 15 years. For landowners that selected the 15-year debenture payment option, the Township recorded a corresponding receivable that declines each year by the amount of the annual charge of \$1,975 per residential unit equivalent.

In March 2022, Council for the Township of King approved By-law 2022-12, which provided for the installation of sanitary sewers within a designated sewer service area in the village of Nobleton. The total costs for this project were estimated at \$11M, of which \$6M was to be funded from developer contributions, \$0.4M from the Wastewater reserve, and \$4.6M from the existing benefitting landowners. This amount was spread over the total number of landowners, 197, to be serviced in the village and each benefitting landowner was assessed a lump sum amount of \$23,500. The Township of King provided a number of payment options to the benefitting landowners, one of these options were to include an annual charge, with applicable interest, on their property tax bill for the life of the debenture, 15 years. For landowners that selected the 15-year debenture payment option, the Township recorded a corresponding receivable that declines each year by the amount of the annual charge of \$2,180 per residential unit equivalent.

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

7. DEFERRED REVENUE

| | Balance at December 31, 2021 | Contributions Received and Interest Income | Revenue Recognized | Balance at December 31, 2022 |
|---------------------------------|------------------------------------|---|-----------------------|------------------------------------|
| Obligatory Reserve Funds | | | | |
| Development charges | 18,654,042 | 7,221,003 | (6,299,201) | 19,575,844 |
| Federal gas tax | 703,335 | 790,902 | (1,018,356) | 475,881 |
| | 19,357,377 | 8,011,905 | (7,317,557) | 20,051,725 |
| General | | | | |
| Deferred facility rentals | 579,349 | 884,619 | (729,397) | 734,571 |
| Deferred revenue | 1,107,800 | 1,575,575 | (218,081) | 2,465,294 |
| | 1,687,149 | 2,460,194 | (947,478) | 3,199,865 |
| | 21,044,526 | 10,472,099 | (8,265,035) | 23,251,590 |

8. EMPLOYEE FUTURE BENEFITS AND OTHER LIABILITIES

The Township provides certain employee benefits that will require funding in future periods. Under the Township's sick leave plan, unused sick leave can accumulate and employees with five years of active service are entitled to a maximum benefit of 50% of the employee's annual salary at the date of retirement, termination or death. The Township also pays certain health, dental and travel life insurance benefits on behalf of its retired employees.

The Township recognizes the cost of its post retirement non-pension benefit costs and sick leave obligations in the period in which the employee rendered the services.

| | 2022 | 2021 |
|--|------------------|-----------|
| Accrued post-retirement non-pension benefits | 939,403 | 1,001,422 |
| Vested sick leave benefits | 1,780,182 | 1,483,795 |
| Vacation payable | 829,572 | 767,310 |
| | 3,549,157 | 3,252,527 |

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

8. EMPLOYEE FUTURE BENEFITS AND OTHER LIABILITIES (CONTINUED)

The actuarial results for each of the plans as at December 31, 2022 are as follows:

| | Post Retirement Non-Pension Benefits | Vested Sick Leave Benefits | Total 2022 | Total 2021 |
|--|--|-------------------------------|-----------------------|---------------|
| Accrued benefit liability, beginning of year | 1,001,422 | 1,483,795 | 2,485,217 | 2,267,450 |
| Current service cost | 68,020 | 160,763 | 228,783 | 223,655 |
| Interest cost | 24,352 | 45,361 | 69,713 | 63,809 |
| Benefit payments | (43,103) | (19,667) | (62,770) | (68,339) |
| Amortization of actuarial (gain)/loss | (111,288) | 109,930 | (1,358) | (1,358) |
| Accrued benefit liability, end of year | 939,403 | 1,780,182 | 2,719,585 | 2,485,217 |
| Unamortized actuarial (gain)/loss | - | - | - | (1,358) |
| Accrued benefit obligation, end of year | 939,403 | 1,780,182 | 2,719,585 | 2,483,859 |

The amortization of actuarial gains for the current year is in the amount of \$1,358 (2021 - \$1,358).

Actuarial evaluations for accounting purposes are performed every three years using the projected benefit method prorated on services. The most recent actuarial report was prepared as at January 1, 2020.

The assumptions used in the January 1, 2020 actuarial valuation and the projections for fiscal 2021 and 2022 were:

Interest (discount) rate

The rate used to discount future benefits is assumed to be 2.60% per annum. This rate reflects the cost of borrowing and the market yields on high quality bonds at the time of preparing the valuation. The assumption used in the previous valuation was 3.60% per annum.

Salary rate

The assumed rate used to project salaries reflects the expected Consumer Price Index adjusted for productivity, merit and promotion.

Health costs

Health costs were assumed to be at a rate of 4.20% for 2022, increasing to 5.30% in 2025 and then decreasing by 0.70% over the next 10 years and remain at 4.00% thereafter (2021 - 4.20%).

Dental costs

Dental costs were assumed to be at a rate of 4.50% for 2022 increasing to 5.60% in 2025 and then decreasing by 1.00% over the next 10 years and remain at 4.00% thereafter (2021 - 4.50%).

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

9. SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the Township's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities. The Township owns two landfill sites and both sites are currently inactive.

The reported liability as at year end was \$2,055,588 (2021 - \$2,406,561) and reflects a discount rate of 2.57% (2021 – 2.57%).

The Miller Road landfill is closed and has an estimated time of 21 years of post-closure care remaining.

The 10th Concession landfill is closed and has an estimated time of 38 years of post-closure care remaining.

The most recent valuation was prepared on December 31, 2021. Future events may result in significant changes to the estimated total expenses and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

A reserve fund of \$450,388 (2021 - \$450,388) is established to finance the future landfill closure and post-closure costs.

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

10. LONG-TERM DEBT

- (a) The Township has long-term debt managed and issued by the Region of York. The Township has the responsibility for the payment of principal and interest charges and/or annual contribution towards sinking funds that would be used to extinguish the debt at maturity. The total long-term debt reported on the consolidated statement of financial position include the following:

| | 2022 | 2021 |
|--|--------------------|-------------|
| Bylaw 2016-54 - long-term debt, issued in 2011 for the construction of sewer works in the community of Nobleton, in the amount of \$6,000,000, has annual principle payments of \$400,000 with an interest rate of 3.8% and a maturity date of July 6, 2026. At the end of the year, the outstanding principal amount of the liability is: | 1,600,000 | 2,000,000 |
| Bylaw 2015-62 - sinking fund debenture, issued in 2015 for the construction of road and watermain in the community of Nobleton, in the amount of \$6,000,000. The long-term debt has an interest rate of 2.6% and a maturity date of June 15, 2025. At the end of the year, the outstanding principal amount of the liability is: | 6,000,000 | 6,000,000 |
| Bylaw 2019-21 - sinking fund debenture, issued in 2019 for the King Roads project in the amount of \$6,100,000. The long-term debt has an interest rate of 2.65% and a maturity date of April 18, 2029. At the end of the year, the outstanding principal amount of the liability is: | 6,100,000 | 6,100,000 |
| By law 2019-52 - sinking fund debenture, issued in 2019 for the King Buildings project in the amount of \$10,000,000. The long-term debt has an interest rate of 2.65% and a maturity date of April 18, 2029. At the end of the year, the outstanding principal amount of the liability is: | 10,000,000 | 10,000,000 |
| By law 2022-19 - long-term debt, issued in 2022 for the construction of sewer works (phase 3) in the community of Nobleton, in the amount of \$4,500,000. The long-term debt has an interest rate of 4.45% and a maturity date of July 15, 2037. At the end of the year, the outstanding principal amount of the liability is: | 4,500,000 | - |
| Long-term liabilities | 28,200,000 | 24,100,000 |
| Less: sinking fund assets | (8,926,891) | (6,708,103) |
| Net long-term liabilities | 19,273,109 | 17,391,897 |

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

10. LONG-TERM DEBT (CONTINUED)

The following table outlines the principal repayments, including sinking fund payments, and interest requirements on the long-term debt.

| | Principal | Interest | Total |
|-------------|------------|-----------|------------|
| 2023 | 2,746,809 | 836,621 | 3,583,430 |
| 2024 | 2,746,809 | 808,669 | 3,555,478 |
| 2025 | 2,873,420 | 701,521 | 3,574,941 |
| 2026 | 2,204,290 | 594,971 | 2,799,261 |
| 2027 | 1,804,290 | 570,190 | 2,374,480 |
| 2028 - 2037 | 6,897,491 | 1,341,728 | 8,239,219 |
| | 19,273,109 | 4,853,700 | 24,126,809 |

The long-term debt issued in the name of the Township has been approved by by-law. The annual principal and interest payments required to service these debts are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing. The annual principal and interest payments required to service the long-term liabilities of the municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

Interest expense on long-term debt in the amount of \$647,344 (2021 - \$654,736) has been recognized on the consolidated statement of operations.

- (b) For the 2015 debt issuance, the Township is contributing \$542,519 annually to a sinking fund held at the Region of York. It is anticipated that the principal will be fully funded by maturity in 2025 of \$6,000,000 with the combined sinking fund contributions and investment income. The balance in the restricted fund is \$4,245,833 (2021 - \$3,629,004).
- (c) For the 2019 debt issuance, the Township is contributing \$569,948 annually to a sinking fund held at the Region of York. It is anticipated that the principal will be fully funded by maturity in 2029 of \$6,100,000 with the combined sinking fund contributions and investment income. The balance in the restricted sinking fund is \$1,773,569 (2021 - 1,166,615).
- (d) For the 2019 debt issuance, the Township is contributing \$934,342 annually to a sinking fund held at the Region of York. It is anticipated that the principal will be fully funded by maturity in 2029 of \$10,000,000 with the combined sinking fund contributions and investment income. The balance in the restricted sinking fund is \$2,907,490 (2021 - 1,912,484).

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

11. TANGIBLE CAPITAL ASSETS

| | Land | Land Improvements | Facilities | Vehicles | Machinery and Equipment | Transportation Infrastructure | Environmental Infrastructure | Assets under Construction | Total 2022 | Total 2021 |
|---|------------|-------------------|------------|------------|-------------------------|-------------------------------|------------------------------|---------------------------|--------------------|-------------|
| Cost | | | | | | | | | | |
| Balance, beginning of year | 28,215,515 | 17,866,555 | 68,883,684 | 21,529,978 | 2,663,710 | 173,677,595 | 120,189,342 | 55,411,188 | 488,437,567 | 410,098,515 |
| Additions during the year | - | 8,400,797 | 5,382,937 | 626,636 | 256,838 | 6,605,664 | 4,622,153 | 8,118,066 | 34,013,091 | 78,531,571 |
| Disposals/transfers during the year | - | - | - | - | (127,680) | - | - | - | (127,680) | (192,519) |
| Balance, end of year | 28,215,515 | 26,267,352 | 74,266,621 | 22,156,614 | 2,792,868 | 180,283,259 | 124,811,495 | 63,529,254 | 522,322,978 | 488,437,567 |
| Accumulated Amortization | | | | | | | | | | |
| Balance, beginning of year | - | 7,191,999 | 15,543,535 | 13,234,770 | 1,117,971 | 88,793,899 | 14,433,156 | - | 140,315,330 | 131,977,099 |
| Amortization during the year | - | 808,247 | 1,647,475 | 1,050,349 | 420,211 | 4,706,430 | 1,289,687 | - | 9,922,399 | 8,526,680 |
| Accumulated amortization on disposal | - | - | - | - | (125,337) | - | - | - | (125,337) | (188,449) |
| Balance, end of year | - | 8,000,246 | 17,191,010 | 14,285,119 | 1,412,845 | 93,500,329 | 15,722,843 | - | 150,112,392 | 140,315,330 |
| Net Book Value of Tangible Capital Assets | 28,215,515 | 18,267,106 | 57,075,611 | 7,871,495 | 1,380,023 | 86,782,930 | 109,088,652 | 63,529,254 | 372,210,586 | 348,122,237 |

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

11. TANGIBLE CAPITAL ASSETS (CONTINUED)

a) Assets under construction:

Assets under construction having a value of \$63,529,254 (2021 - \$55,411,188) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Tangible capital assets recognized at nominal value:

Certain assets have been assigned a nominal value because of the difficulty of determining a valuation.

c) Capitalization of interest:

No interest was capitalized in 2022 (2021 - \$Nil)

12. ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following amounts:

| | 2022 | 2021 |
|---|---------------------|--------------|
| General purposes | 3,018,117 | (3,852,202) |
| King Township Library Board Annual Surplus | (16,638) | (21,303) |
| Holland Marsh Drainage System Joint Municipal Services Board Unfunded | 42,269 | 110,839 |
| Employee benefits and post-employment liabilities | (3,549,157) | (3,252,526) |
| Solid waste landfill and post-closure liability | (2,055,588) | (2,406,561) |
| Invested in Tangible Capital Assets | 372,210,586 | 348,122,237 |
| Less: Amount financed by long-term debt | (19,273,109) | (17,391,897) |
| Interest on long-term debt | (123,229) | (130,766) |
| Reserve Funds (Note 13) | 50,418,832 | 41,297,257 |
| | 400,672,083 | 362,475,078 |

13. RESERVE FUNDS

| | 2022 | 2021 |
|--|-------------------|-------------|
| Reserve funds set aside by Council: | | |
| Reserve funds For Existing Infrastructure Stability (Rehabilitation & Replacement) | 20,263,833 | 18,871,511 |
| Reserve funds for New Infrastructure | 17,537,797 | 11,458,387 |
| Reserve funds for Stabilization & Contingencies | 10,725,769 | 10,575,295 |
| Reserve funds for Special Purposes | 1,225,273 | (108,827) |
| Library Board Managed Reserve funds | 666,160 | 500,891 |
| | 50,418,832 | 41,297,257 |

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

14. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

| | 2022 | 2021 |
|--|---------------------|-------------|
| Decrease in taxes receivable | (652,451) | 3,009,448 |
| Increase in trade and other receivables | (8,199,206) | (1,406,466) |
| (Increase) Decrease in user charges receivable and sewer receivable | (2,790,946) | 1,272,935 |
| Decrease (Increase) in inventory held for own use | 83,754 | (68,282) |
| (Increase) in prepaid expenses | (710,830) | (161,627) |
| (Decrease) Increase in accounts payable and accrued liabilities | (4,771,170) | 3,304,325 |
| Increase in developer and other deposits | 1,375,885 | 473,482 |
| Increase in deferred revenue | 2,207,064 | 6,756,591 |
| Increase in employee future benefits and other liabilities | 296,631 | 160,842 |
| (Decrease)/Increase in solid waste landfill closure and post closure liability | (350,973) | 1,375,765 |
| | (13,512,242) | 14,717,013 |

15. TAXATION

During the year, the following taxation revenue was raised and remitted to the Regional Municipality of York and the School Boards:

| | 2022 | 2021 |
|---|---------------------|--------------|
| Taxation revenue | 90,699,749 | 87,209,932 |
| Amount levied and remitted to Regional Municipality of York | (35,758,962) | (34,178,803) |
| Amount levied and remitted to School Boards | (19,269,765) | (18,963,433) |
| Net taxation | 35,671,022 | 34,067,696 |

16. CONTRIBUTIONS FROM DEVELOPERS

| | 2022 | 2021 |
|--|-------------------|------------|
| Subdivision assumptions | 5,512,333 | 34,351,405 |
| Developer credits for King City East Spine Servicing | - | 17,577,777 |
| Developer credits for Township Infrastructure | 6,299,202 | 9,620,240 |
| | 11,811,535 | 61,549,422 |

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

17. PENSION AGREEMENTS

The Ontario Municipal Employees Retirement System (OMERS) provides pension services to more than half a million active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2022. The results of the valuation disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets at that date of \$123,628 million indicating an actuarial funding deficit of \$6,678 million. OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit. Matching contributions made by the Township to OMERS for 2022 were \$1,435,671 (2021 - \$1,447,517).

18. BUDGET RECONCILIATION

The authority of Council is required before monies can be spent by the Township. Approvals are given in the form of an annually approved budget. The budget approved by the Council on November 15, 2021 differs from the budget in the Consolidated Statement of Operations as the approved budget has been adjusted to account for the material changes due to PSAB reporting requirements.

| | 2022 |
|---|---------------------|
| Budgeted surplus (deficit) for the year, as approved by Council | |
| Operating | 7,685,290 |
| Capital | (47,314,192) |
| Total budgeted deficit for the year, as approved by Council | (39,628,902) |
| Add: | |
| Capital expenditures carried forward from previous years | 47,314,192 |
| Decrease in landfill liability | 350,973 |
| Less: | |
| Amortization | (9,740,693) |
| Increase in post-retirement benefits | (234,369) |
| Budgeted deficit for the year, per statement of operations | (1,938,799) |

19. GOVERNMENT GRANTS

Government grant revenue is comprised of the following types of grants:

| | 2022 | 2021 |
|-------------------|-------------------|-----------|
| Federal grants | 5,306,317 | 1,596,011 |
| Provincial grants | 6,204,347 | 2,203,939 |
| | 11,510,664 | 3,799,950 |

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

20. COMMITMENTS

The Township of King has entered into the following contract:

- a) The lease of photocopiers at all Township locations at an approximate cost of \$28,390 per year. The lease will expire September 30, 2023.

The Township has numerous contracts with a variety of suppliers for future capital projects that are budgeted in the next fiscal year.

21. CONTINGENCIES

In the ordinary course of business, various claims and lawsuits are brought against the Township. After reviewing the merits of these actions and claims with counsel and the insurers, management has incorporated a provisional estimate for any potential uninsured liability arising from these claims. Any adjustment as a result of these claims will be recognized at the time the amount is known or can be reasonably determined.

22. INSURANCE COVERAGE

The Township is self-insured for insurance claims up to \$50,000 for any individual claim and for any number of claims arising out of a single occurrence. Outside insurance coverage is in place for claims in excess of \$50,000 to a maximum of \$5,000,000 per claim occurrence. The Township has not made any provisions for self-insurance claims under \$50,000 in the reserves. Claim costs during the year amounted to \$135,675 (2021 - \$120,212).

During the year the Township's total paid premiums was \$675,662 (2021 - \$517,207), which has been reported as an expense in the consolidated statement of operations.

23. COVID-19 IMPACT

In response to COVID-19 and consistent with guidance provided by government agencies, the Township has implemented a number of measures to protect residents and staff from COVID-19. The Township continues to respond to the pandemic and plans for continued operational and financial impacts during the 2023 fiscal year and beyond. Management has assessed the impact of COVID-19 and believes there are no significant issues that compromise its ongoing operations. The outcome and timeframe to a recovery from the current pandemic is highly unpredictable, thus it is not practicable to estimate and disclose its effect on future operations at this time.

THE CORPORATION OF THE TOWNSHIP OF KING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

24. SEGMENTED INFORMATION

The Township provides a wide range of services to its residents. For management reporting purposes the Township's operations and activities are organized and reported by department. The following departments have been separately disclosed in the segmented information, along with a description of their services.

Accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For each reported segment, revenues and expenses represent amounts directly attributable to the segment.

Governance & Corporate Support

Includes Council, Office of the CAO, Clerks, Finance, Human Resources, Communications, and Information Technology services.

Fire & Emergency Services

King Fire and Emergency Services provide fire services to the residents of King. They are responsible to provide fire suppression service, fire prevention programs, training and education.

Bylaw & Building Services

The Township ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-law for the protection of occupants. It facilitates economic development by providing services for the approval of building permit applications.

Environmental Services

The Township provides drinking water to its citizens and collects wastewater. The solid waste and recycling program includes curbside collection of recyclables, organics, yard waste and garbage.

Roads & Related Services

This includes the safety and maintenance of the Township's paved roads, sidewalks, street lights, trees, and traffic control devices.

Planning, Development & Drainage Services

The Township creates plans for King's future. It manages urban development for business interests, environmental concerns, heritage matters, local neighbourhoods through Township planning, economic development, and parks planning.

Parks & Facilities

The Township provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as fitness and aquatic programs.

The Township maintains numerous recreation facilities, as well as indoor community space for booking and community use. It also maintains parks and playgrounds, open spaces and trail systems.

Public Library Services

The provision of library services contributes towards the information needs of the Township's citizens. The library also provides programs to local residents.

Taxation Revenue

The Township's primary source of revenue to support its operations is realized through property taxation levied against property owners on the basis of assessment value as determined by the Municipal Property Assessment Corporation.

Eliminations

The Township's consolidated financial statements incorporate the assets, liabilities and operating results of the King Township Public Library (100%) and Holland Marsh Drainage System Joint Municipal Services Board (59.15%) on a proportionate share basis.

Accordingly, all interfund assets, liabilities, revenues and expenses have been eliminated on consolidation.

THE CORPORATION OF THE TOWNSHIP OF KING

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

For the year ended December 31, 2022

| | Governance & Corporate Support | Fire & Emergency Services | Bylaw & Building Services | Environmental Services | Roads & Related Services | Planning, Development & Drainage Services | Parks & Facilities | Public Library Services | Eliminations | Total 2022 |
|---|--------------------------------|---------------------------|---------------------------|------------------------|--------------------------|---|--------------------|-------------------------|--------------------|-------------------|
| Revenue | | | | | | | | | | |
| Taxation | 12,961,923 | 219,946 | 1,794,115 | 10,275,384 | 5,630,138 | 930,090 | 3,859,426 | 1,958,664 | (1,958,664) | 35,671,022 |
| Fees and user charges | 173,855 | 114,099 | 2,751,357 | 11,803,861 | 1,135,870 | 768,681 | 1,870,617 | 7,213 | (394,367) | 18,231,186 |
| Grants | 9,345,837 | - | 200 | 154,914 | 1,018,356 | 224,501 | 736,810 | 30,046 | - | 11,510,664 |
| Other revenue | 12,665,706 | 263,624 | 329,558 | 5,687,606 | 7,393,232 | 604,103 | 3,909,269 | 172,833 | - | 31,025,931 |
| | 35,147,321 | 597,669 | 4,875,230 | 27,921,765 | 15,177,596 | 2,527,375 | 10,376,122 | 2,168,756 | (2,353,031) | 96,438,803 |
| Expenses | | | | | | | | | | |
| Salaries and benefits | 4,420,844 | 2,242,918 | 1,472,770 | 1,531,070 | 3,334,893 | 1,593,847 | 5,660,397 | 1,539,390 | - | 21,796,129 |
| Amortization on tangible capital assets | 661,949 | 574,414 | - | 1,405,014 | 5,141,893 | 64,190 | 1,885,340 | 189,598 | - | 9,922,398 |
| Materials and supplies | 2,615,815 | 1,452,899 | 1,028,790 | 7,005,363 | 1,748,797 | 445,192 | 3,830,365 | 314,147 | (394,367) | 18,047,001 |
| Contracted services | 678,496 | 25,657 | 474,376 | 1,938,681 | 2,042,488 | 1,834,534 | 750,468 | - | - | 7,744,700 |
| Interest on debt | 198,750 | - | - | 103,694 | 344,900 | - | - | - | - | 647,344 |
| Other expenses | - | - | - | 84,226 | - | - | 1,958,664 | - | (1,958,664) | 84,226 |
| | 8,575,854 | 4,295,888 | 2,975,936 | 12,068,048 | 12,612,971 | 3,937,763 | 14,085,234 | 2,043,135 | (2,353,031) | 58,241,798 |
| Net Surplus (Deficit) | 26,571,467 | (3,698,219) | 1,899,294 | 15,853,717 | 2,564,625 | (1,410,388) | (3,709,112) | 125,621 | - | 38,197,005 |

THE CORPORATION OF THE TOWNSHIP OF KING

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

For the year ended December 31, 2021

| | Governance & Corporate Support | Fire & Emergency Services | Bylaw & Building Services | Environmental Services | Roads & Related Services | Planning, Development & Drainage Services | Parks & Facilities | Public Library Services | Eliminations | Total 2021 |
|--|--------------------------------------|---------------------------------|---------------------------------|---------------------------|--------------------------------|--|-----------------------|-------------------------------|--------------|-------------|
| Revenue | | | | | | | | | | |
| Taxation | 4,043,294 | 337,715 | 553,290 | 7,687,181 | 19,113,610 | 905,716 | 2,613,420 | 1,917,482 | (1,917,482) | 35,254,226 |
| Fees and user charges | 171,110 | 105,478 | 1,018,942 | 11,258,980 | 271,037 | 700,006 | 691,057 | 1,886 | (217,835) | 14,000,661 |
| Grants | 1,310,121 | 10,600 | - | 756,302 | 1,227,539 | 120,754 | 344,588 | 30,046 | - | 3,799,950 |
| Other revenue | 6,425,310 | 547,436 | 68,115 | 11,208,397 | 45,211,453 | 958,714 | 4,398,982 | 125,750 | - | 68,944,157 |
| | 11,949,835 | 1,001,229 | 1,640,347 | 30,910,860 | 65,823,639 | 2,685,190 | 8,048,047 | 2,075,164 | (2,135,317) | 121,998,994 |
| Expenses | | | | | | | | | | |
| Salaries and benefits | 4,210,946 | 1,947,790 | 1,773,434 | 1,367,243 | 2,765,897 | 1,460,633 | 4,423,961 | 1,328,813 | - | 19,278,717 |
| Amortization on tangible capital assets | 630,135 | 524,727 | - | 1,170,498 | 4,373,497 | 64,278 | 1,589,492 | 174,053 | - | 8,526,680 |
| Materials and supplies | 2,523,457 | 1,237,333 | 707,600 | 6,725,524 | 1,479,296 | 299,014 | 1,960,951 | 473,353 | (217,835) | 15,188,693 |
| Contracted services | 212,464 | 53,770 | 586,557 | 1,906,609 | 1,819,562 | 538,063 | 347,547 | - | - | 5,464,572 |
| Interest on debt | 198,750 | - | - | 116,905 | 339,081 | - | - | - | - | 654,736 |
| Other expenses | - | - | - | 1,459,353 | - | - | 1,917,482 | - | (1,917,482) | 1,459,353 |
| | 7,775,752 | 3,763,620 | 3,067,591 | 12,746,132 | 10,777,333 | 2,361,988 | 10,239,433 | 1,976,219 | (2,135,317) | 50,572,751 |
| Net Surplus (Deficit) | 4,174,083 | (2,762,391) | (1,427,244) | 18,164,728 | 55,046,306 | 323,202 | (2,191,386) | 98,945 | - | 71,426,243 |



Statistics

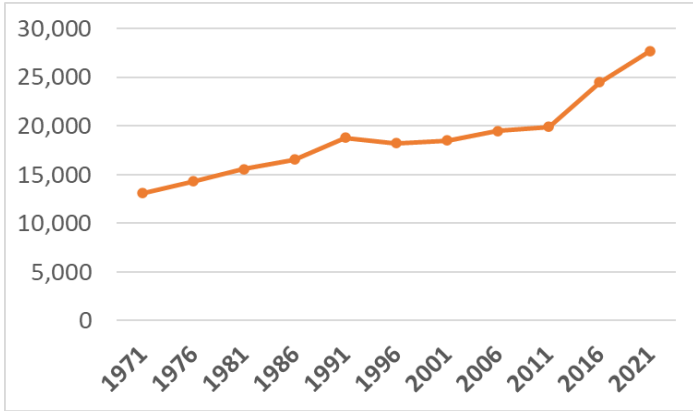
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| FISCAL YEAR | 2022 | 2021 | 2020 | 2019 | 2018 |
|-------------|--------|--------|--------|--------|--------|
| Population | 28,295 | 27,713 | 27,700 | 26,308 | 24,916 |
| Households | 10,463 | 10,404 | 10,336 | 9,923 | 9,510 |

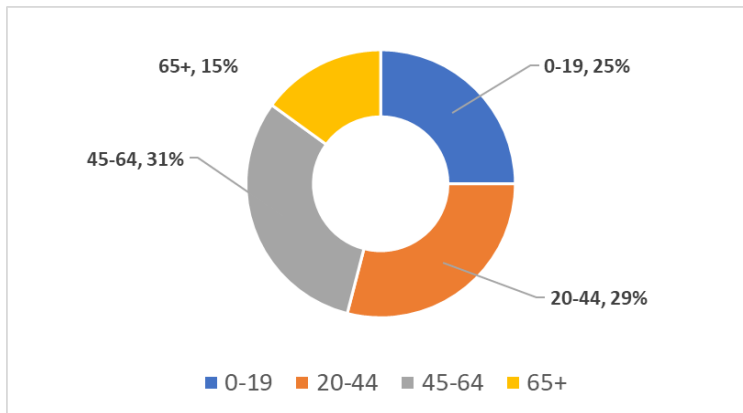
* Information pulled from the FIR / MPAC. 2019 was an average between 2018 & 2020

King Township's population grew by 23.2% between 2011 and 2016, from 19,899 to 24,512. The population density is 73.6 people per square kilometre; however, the Township is characterized by areas of low density farming communities and the much higher density of its three major communities. In 2016, of the 24,512 residents in the township, 6,970 resided in King City, 4,614 in Nobleton, and 2,691 in Schomberg. The estimated growth from 2016 to 2021 is 13.1%



| Year | Population | % Growth |
|------|------------|----------|
| 1971 | 13,120 | |
| 1976 | 14,297 | 9.0% |
| 1981 | 15,553 | 8.8% |
| 1986 | 16,573 | 6.6% |
| 1991 | 18,791 | 13.4% |
| 1996 | 18,223 | -3.0% |
| 2001 | 18,533 | 1.7% |
| 2006 | 19,487 | 5.1% |
| 2011 | 19,899 | 2.1% |
| 2016 | 24,512 | 23.2% |
| 2021 | 27,713 | 13.1% |

The age demographics show an even distribution between the age groups. The median age as of 2016 was 42.5, slightly higher than the Ontario median age of 41.3.

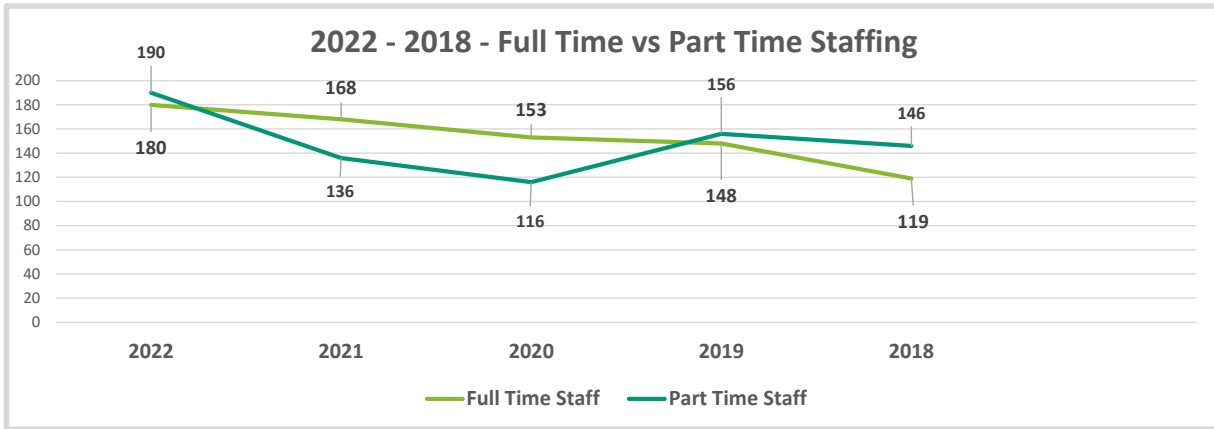


(Based on statistics Canada and the BMA Municipal Study)



| Staffing Levels | 2022 | 2021 | 2020 | 2019 | 2018 |
|-----------------|------|------|------|------|------|
| Full Time Staff | 180 | 168 | 153 | 148 | 119 |
| Part Time Staff | 190 | 136 | 116 | 156 | 146 |

*Information provided from Schedule 80 of FIR



* Note: 2021- 2020 shows a drop in part-time due to facility closures due to Covid-19

TAX RATE STATISTICS

| Residential and Farm | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Township | 0.311662 | 0.311325 | 0.318392 | 0.328370 | 0.347552 |
| Region | 0.336958 | 0.326425 | 0.321619 | 0.336549 | 0.350606 |
| School | 0.153000 | 0.153000 | 0.153000 | 0.161000 | 0.170000 |
| Total Residential and Farm Rate | 0.801620 | 0.790750 | 0.793011 | 0.825919 | 0.868158 |

| Commercial | 2022 | 2021 | 2020 | 2019 | 2018 |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Township | 0.415165 | 0.414716 | 0.424130 | 0.420117 | 0.428288 |
| Region | 0.447530 | 0.434831 | 0.428429 | 0.430581 | 0.432052 |
| School | 0.880000 | 0.880000 | 0.896686 | 0.931834 | 0.966480 |
| Total Commercial Rate | 1.742695 | 1.729547 | 1.749245 | 1.782532 | 1.826820 |

| Industrial | 2022 | 2021 | 2020 | 2019 | 2018 |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Township | 0.512130 | 0.511569 | 0.523182 | 0.515672 | 0.520390 |
| Region | 0.552046 | 0.536382 | 0.528484 | 0.528517 | 0.524962 |
| School | 0.880000 | 0.880000 | 0.980000 | 1.030000 | 1.090000 |
| Total Industrial Rate | 1.944176 | 1.927951 | 2.031666 | 2.074189 | 2.135352 |

TAX INFORMATION

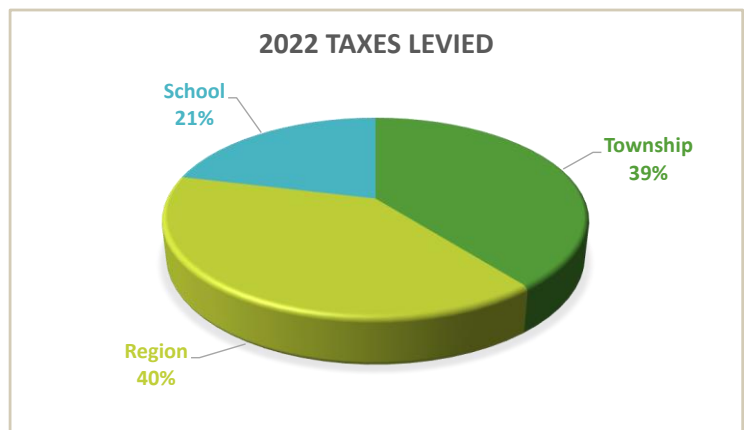
Taxes Levied

| | | | | | |
|--------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Township | \$ 35,671,022 | \$ 34,067,696 | \$ 34,345,419 | \$ 33,031,389 | \$ 32,049,068 |
| Region | 35,758,962 | 34,178,803 | 33,134,375 | 32,316,446 | 30,871,350 |
| School | 19,269,765 | 18,963,433 | 18,914,554 | 18,332,425 | 17,641,869 |
| Total | \$ 90,699,749 | \$ 87,209,932 | \$ 86,394,348 | \$ 83,680,260 | \$ 80,562,287 |

Principle Corporate Tax payers

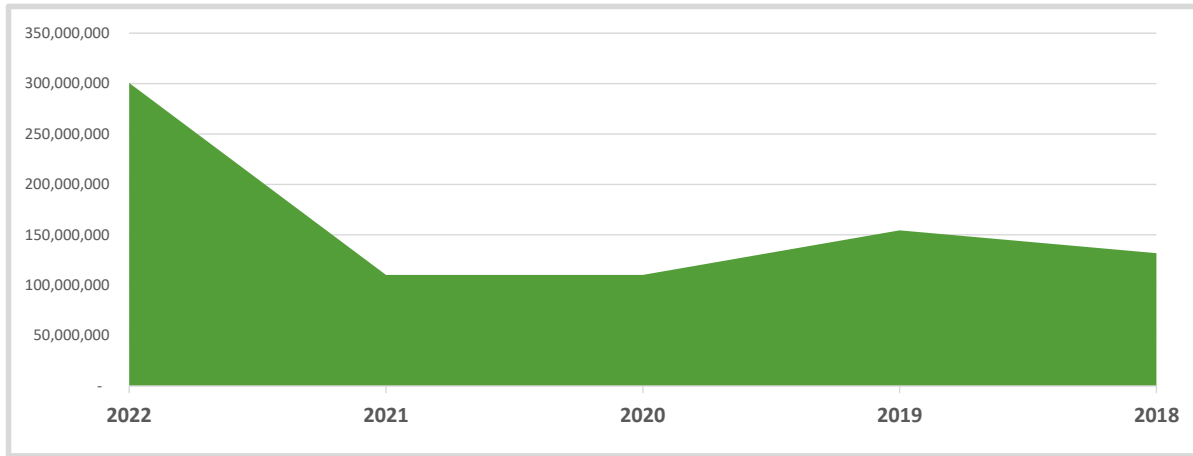
Top 10 employers within the Township of King are:

1. Seneca College
2. Priestly Demolition Inc.
3. Brookdale Treeland Nurseries Limited
4. Cardinal Golf Club
5. Showa
6. B.C. Instruments
7. ClubLink
8. Robert B. Somerville Company Limited
9. The Country Day School
10. Kingbridge Centre



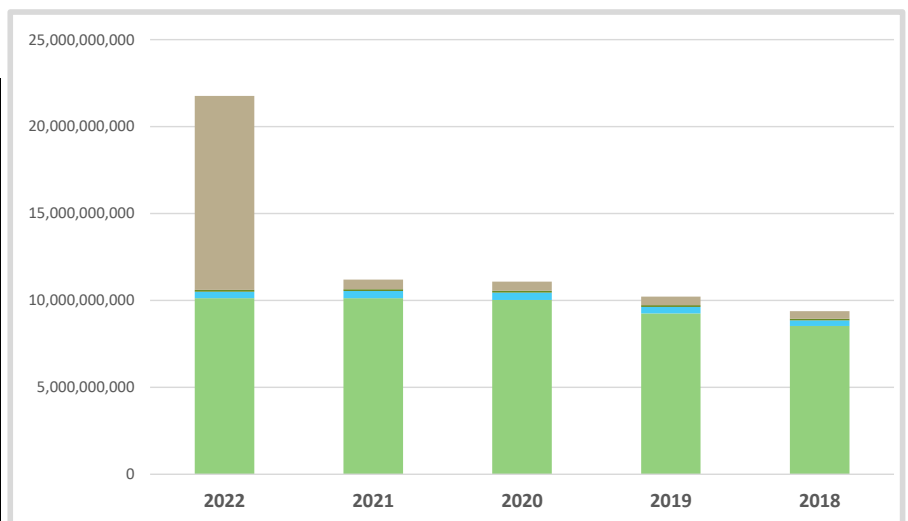


| New Construction | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|-------------|-------------|-------------|-------------|-------------|
| Value of construction (based on permits issued) | 300,600,839 | 110,281,623 | 110,281,623 | 154,502,944 | 131,792,193 |



| Assessment Value by Class | 2022 | 2021 | 2020 | 2019 | 2018 |
|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| Farmland | 618,084,484 | 635,059,327 | 635,059,327 | 581,634,145 | 541,776,586 |
| Residential | 9,462,391,895 | 9,344,114,537 | 9,347,427,537 | 8,631,974,733 | 7,954,455,283 |
| Managed Forest | 32,881,100 | 30,260,100 | 30,260,100 | 25,667,040 | 22,751,689 |
| Multi-Residential | 15,710,000 | 15,710,000 | 15,710,000 | 15,442,209 | 15,174,418 |
| Commercial | 375,306,996 | 380,495,911 | 415,561,411 | 371,250,950 | 312,947,112 |
| Industrial | 72,524,500 | 75,018,400 | 75,767,400 | 72,652,532 | 65,007,184 |
| Pipeline | 31,251,000 | 31,121,000 | 31,121,000 | 30,237,895 | 29,337,140 |
| Exempted | 545,939,381 | 524,427,381 | 524,427,381 | 493,526,669 | 436,032,725 |
| Total Assessment | 11,154,089,356 | 11,036,206,656 | 11,075,334,156 | 10,222,386,173 | 9,377,482,137 |

| Total Assessment by Major Class (2022 - 2018) | |
|--|--|
| Farmland, Residential, Managed Forest, Multi-Residential | |
| Commercial | |
| Industrial / Pipeline | |
| Exempted | |

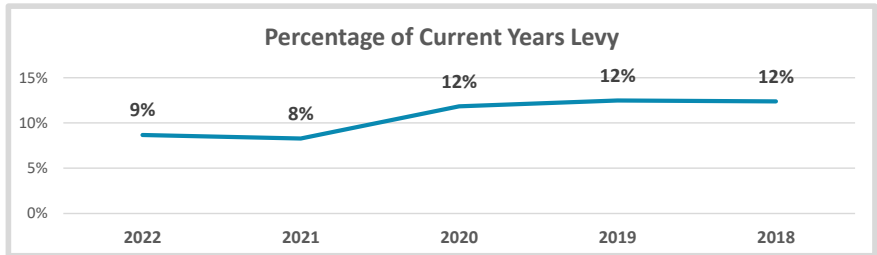




| Taxes Collected | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Township Collection | \$ 31,986,152 | \$ 31,779,144 | \$ 31,592,283 | \$ 29,955,653 | \$ 28,569,885 |
| Taxes transferred to the Region | 34479670 | 33,320,489 | 31,912,485 | 30,701,780 | 28,820,933 |
| Taxes transferred to the School Boards | 18973817 | 21,378,591 | 18,715,830 | 17,853,015 | 16,906,462 |
| Total | \$ 85,439,639 | \$ 86,478,224 | \$ 82,220,598 | \$ 78,510,448 | \$ 74,297,280 |

| Taxes Receivable, End of Year | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---------------|--------------|--------------|--------------|--------------|
| Taxes Receivable | \$7,877,777 | \$7,225,326 | \$10,234,774 | \$10,447,877 | \$9,976,152 |
| Total Taxes Levied | \$ 90,699,749 | \$87,209,932 | \$86,394,348 | \$83,680,260 | \$80,562,287 |
| Percentage of Current Years Levy | 9% | 8% | 12% | 12% | 12% |

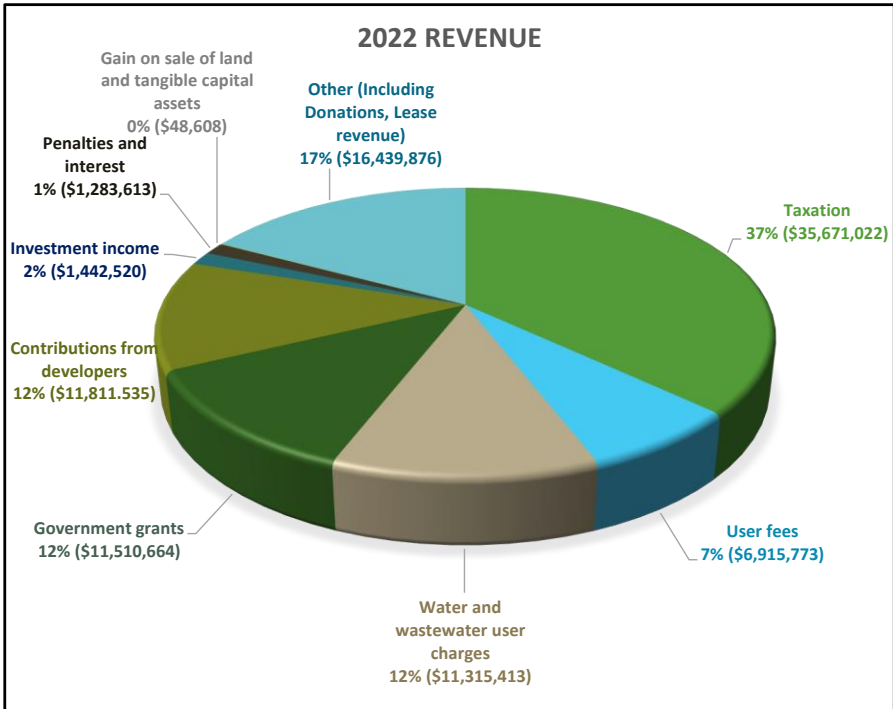
Trend of Tax Receivables (Arrears)





| FINANCIAL INFORMATION | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|----------------------|-----------------------|----------------------|----------------------|----------------------|
| REVENUES | | | | | |
| Taxation | \$ 35,671,022 | \$ 34,067,696 | \$ 34,345,419 | \$ 33,031,389 | \$ 32,049,068 |
| User fees | 6,915,773 | 3,072,649 | 2,770,494 | 6,069,728 | 4,466,966 |
| Water and wastewater user charges | 11,315,413 | 10,928,012 | 10,732,111 | 9,183,439 | 8,126,528 |
| Government grants | 11,510,664 | 3,799,950 | 4,124,580 | 2,749,899 | 1,702,150 |
| Contributions from developers | 11,811,535 | 61,549,422 | 8,648,507 | 19,132,037 | 16,154,051 |
| Investment income | 1,442,300 | 525,150 | 737,992 | 1,038,334 | 488,070 |
| Penalties and interest | 1,283,612 | 1,281,693 | 1,397,017 | 1,540,305 | 1,393,434 |
| Gain on sale of land and tangible capital assets | 48,608 | 20,930 | 10,564 | 105,588 | 9,133,502 |
| Other (Including Donations, Lease revenue) | 16,439,876 | 6,753,492 | 4,893,641 | 5,059,189 | 3,843,546 |
| Total | \$ 96,438,803 | \$ 121,998,994 | \$ 67,660,325 | \$ 77,909,908 | \$ 77,357,315 |

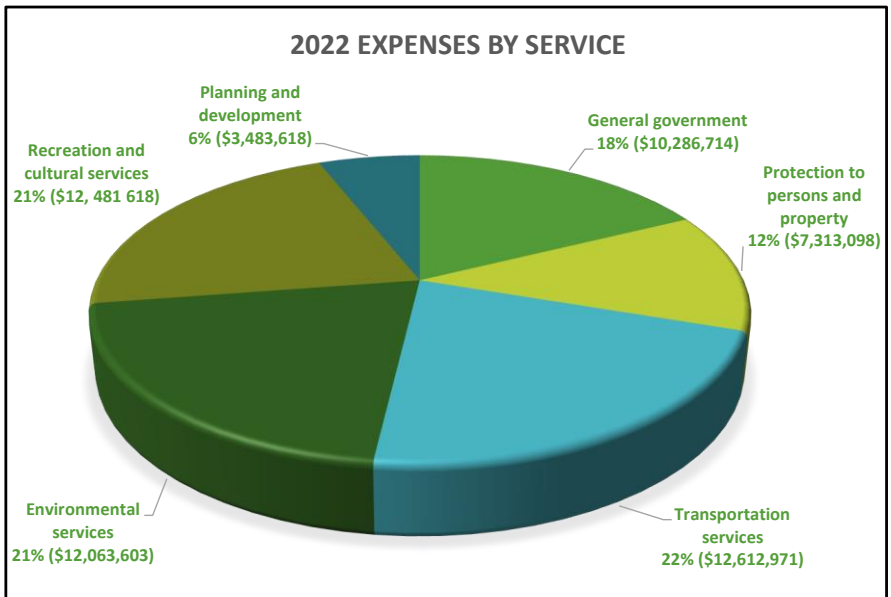
**Revenue by Type
(2022)**





| FINANCIAL INFORMATION | 2022 | 2021 | 2020 | 2019 | 2018 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| EXPENSES | | | | | |
| General government | \$ 10,286,714 | \$ 7,871,884 | \$ 7,505,777 | \$ 6,701,605 | \$ 5,557,704 |
| Protection to persons and property | 7,313,098 | 6,599,396 | 5,825,701 | 6,140,332 | 6,072,042 |
| Transportation services | 12,612,971 | 11,142,718 | 11,152,218 | 11,309,693 | 10,720,790 |
| Environmental services | 12,063,603 | 12,833,616 | 11,370,519 | 9,281,805 | 10,312,268 |
| Recreation and cultural services | 12,481,794 | 10,095,609 | 9,542,113 | 10,901,413 | 10,327,517 |
| Planning and development | 3,483,618 | 2,029,528 | 2,858,831 | 2,282,815 | 3,158,491 |
| Total | \$ 58,241,798 | \$ 50,572,751 | \$ 48,255,159 | \$ 46,617,663 | \$ 46,148,812 |

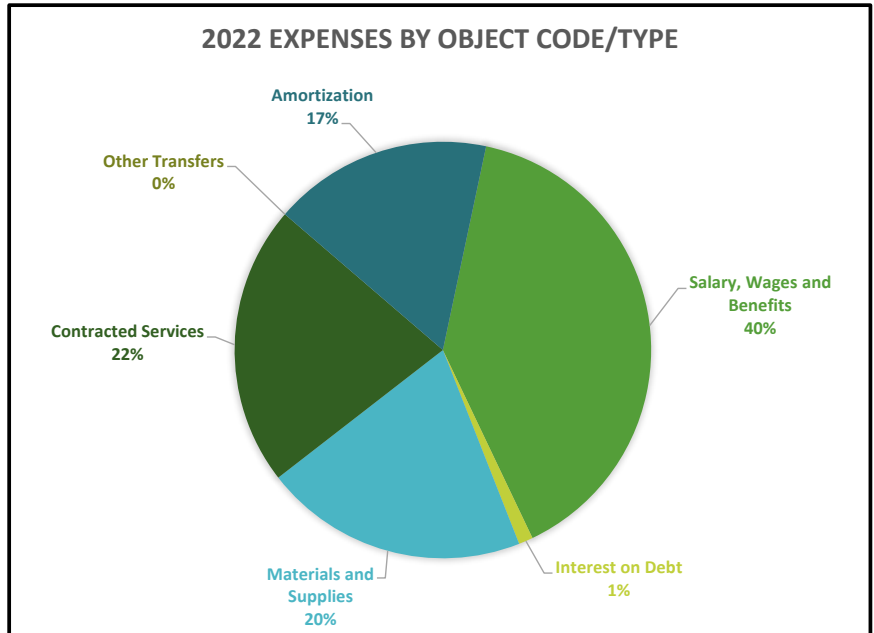
**Expense by Service
(2022)**





| EXPENSES BY OBJECT | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Salary, Wages and Benefits | \$ 23,056,640 | \$ 19,830,255 | \$ 18,775,875 | \$ 18,611,535 | \$ 17,416,518 |
| Interest on Debt | 647,344 | 654,736 | 678,015 | 604,161 | 649,672 |
| Materials and Supplies | 11,922,372 | 10,078,222 | 8,133,777 | 7,854,826 | 9,161,425 |
| Contracted Services | 12,693,043 | 11,482,858 | 13,041,451 | 12,129,202 | 11,888,136 |
| Other Transfers | 0 | 0 | 0 | 162 | 0 |
| Amortization | 9,922,399 | 8,526,680 | 7,626,041 | 7,417,777 | 7,033,061 |
| Total | \$ 58,241,798 | \$ 50,572,751 | \$ 48,255,159 | \$ 46,617,663 | \$ 46,148,812 |

Expense by Object Code or Type (2022)



| Long-Term Liabilities | 2022 | 2021 | 2020 | 2019 | 2018 |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Gross Long-Term Debt | \$ 19,273,109 | \$ 17,391,897 | \$ 19,960,251 | \$ 22,587,033 | \$ 13,902,128 |
| <i>Per Capita</i> | 681.15 | 627.57 | 720.59 | 858.56 | 557.96 |

| | | | | | |
|----------------------------|------------|------------|------------|------------|------------|
| Interest on Long-Term Debt | \$ 647,344 | \$ 654,736 | \$ 678,015 | \$ 604,161 | \$ 649,672 |
| <i>Per Capita</i> | 22.88 | 23.63 | 24.48 | 22.96 | 26.07 |

Sources of Debt Repayment

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Debt Retirement Fund* | \$ 2,629,459 | \$ 2,699,658 | \$ 2,635,655 | \$ 7,608,239 | \$ 1,538,718 |
| Tax Supported | | | | | |
| Water / Wastewater Reserve Funds | 472,231 | 487,431 | 502,902 | 517,831 | 533,031 |
| Total Debt Repayment Funds | \$ 3,101,690 | \$ 3,187,090 | \$ 3,138,557 | \$ 8,126,070 | \$ 2,071,749 |

*Debt Retirement Fund held by Region of York ** 2019 Includes a balloon payment of \$6.1M for debenture Bylaw# 2009-22

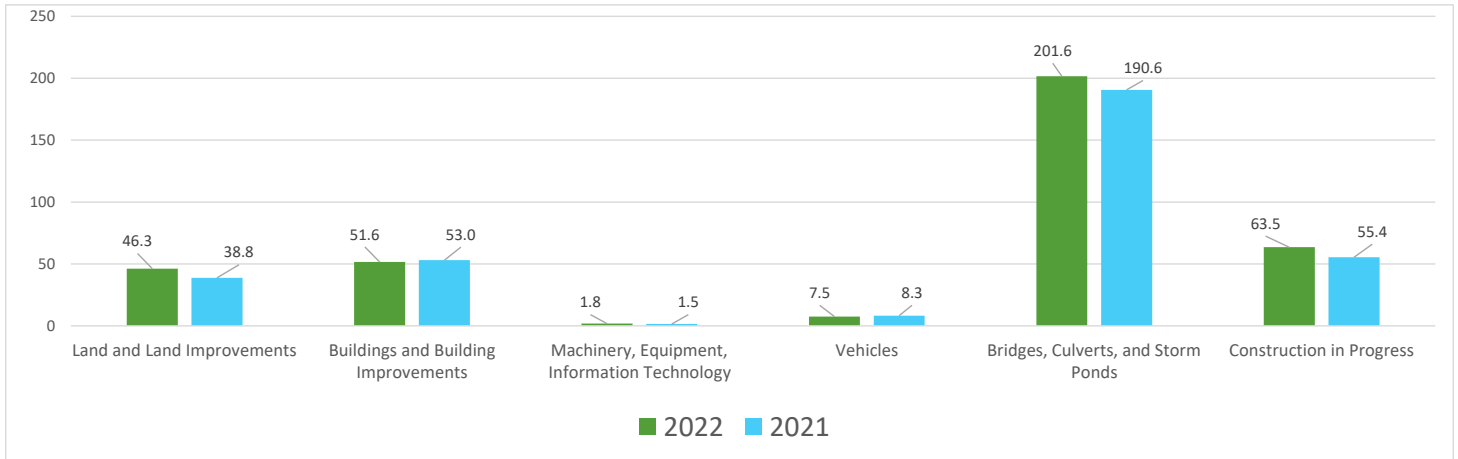
FIR - Schedule 81

| | | | | | |
|----------------------------|---------------|------------|------------|------------|------------|
| Provincial ARL | 12,851,683 | 11,521,477 | 10,571,486 | 7,777,247 | 6,341,603 |
| ARL as a % of Net Revenues | 5.58% | 6.34% | 6.23% | 17.54% | 4.98% |
| Net Revenue | \$ 55,596,106 | 50,304,850 | 50,367,612 | 46,320,846 | 41,572,002 |



| Tangible Capital Asset | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Net Book Value | 2022 | 2021 | 2020 | 2019 | 2018 |
| Land and Land Improvements | \$ 46,482,621 | \$ 38,890,072 | \$ 38,734,070 | \$ 38,686,363 | \$ 31,656,022 |
| Buildings and Building Improvements | 57,075,611 | 53,340,150 | 43,938,329 | 23,649,824 | 24,021,297 |
| Machinery, Equipment, Information Technology | 1,380,023 | 1,541,287 | 1,132,507 | 959,796 | 1,189,075 |
| Vehicles | 7,871,495 | 8,295,208 | 6,370,975 | 6,986,927 | 7,494,458 |
| Bridges, Culverts, and Storm Ponds | 195,871,582 | 190,639,879 | 148,902,270 | 146,486,294 | 131,578,898 |
| Construction in Progress | 63,529,254 | 55,415,641 | 39,043,265 | 48,774,448 | 45,333,936 |
| Total | \$ 372,210,586 | \$ 348,122,237 | \$ 278,121,416 | \$ 265,543,652 | \$ 241,273,686 |

2022 vs 2021 (In millions)





| Tangible Capital Asset Cost | 2022 | 2021 | 2020 | 2019 | 2018 |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Assets - Beginning of Year | \$ 488,437,567 | \$ 410,098,515 | \$ 390,076,905 | \$ 359,096,200 | \$ 319,082,037 |
| Additions | 34,013,091 | 78,531,571 | 20,216,303 | 31,793,332 | 42,290,999 |
| Disposals and Transfers | (127,680) | (192,519) | (194,693) | (812,627) | (2,276,836) |
| Assets - End of Year | \$ 522,322,978 | \$ 488,437,567 | \$ 410,098,515 | \$ 390,076,905 | \$ 359,096,200 |

| Tangible Capital Asset Amortization | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Accumulated Amortization - Beginning of Year | \$ 140,315,330 | \$ 131,977,099 | \$ 124,533,253 | \$ 117,822,514 | \$ 112,892,703 |
| Amortization during the year | 9,922,399 | 8,526,680 | 7,626,041 | 7,417,777 | 7,033,061 |
| Accumulated Amortization on disposal | (125,337) | (188,449) | (182,195) | (707,038) | (2,103,250) |
| Accumulated Amortization - End of Year | \$ 150,112,392 | \$ 140,315,330 | \$ 131,977,099 | \$ 124,533,253 | \$ 117,822,514 |

| | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Net Book Value of Tangible Capital Assets | \$ 372,210,586 | \$ 348,122,237 | \$ 278,121,416 | \$ 265,543,652 | \$ 241,273,686 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|

| Net Financial Assets | | | | | |
|---|----------------------|----------------------|----------------------|---------------------|----------------------|
| Net Financial Assets - Beginning of Year | \$ 13,905,652 | \$ 12,710,139 | \$ 5,783,535 | \$(1,668,204) | \$ 2,666,714 |
| Net Financial Assets | 13,481,580 | 1,195,513 | 6,926,604 | 7,451,739 | (4,334,918) |
| Net Financial Assets - End of Year | \$ 27,387,232 | \$ 13,905,652 | \$ 12,710,139 | \$ 5,783,535 | \$(1,668,204) |

Accumulated Surplus & Tangible Capital Assets

| | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Accumulated Surplus - Beginning of Year | \$ 362,475,078 | \$ 291,048,835 | \$ 271,643,669 | \$ 240,351,424 | \$ 209,142,921 |
| Annual Surplus | 38,197,005 | 71,426,243 | 19,405,166 | 31,292,245 | 31,208,503 |
| Accumulated Surplus - End of Year | \$ 400,672,083 | \$ 362,475,078 | \$ 291,048,835 | \$ 271,643,669 | \$ 240,351,424 |



GLOSSARY

Accumulated surplus-the sum of the profits retained by a corporation.

AGCO- Alcohol and Gaming Commission on Ontario

Amortization-the process of allocating the cost of a tangible asset over its useful life.

Annual surplus-the amount by which the revenue of an organization exceeds its expenditures in a given year.

Annual deficit- the amount by which the expenditures of an organization exceed its revenues in a given year.

ARL – Annual Repayment Limit set by the Province that represents the maximum amount which the municipality had available as of a specific year to commit to payments relating to debt and financial obligation.

CEMC– Certified Community Emergency Management Coordinator

DC– Development Charges

Fiscal year- a 12-month period (January 1 through December 31) in which the annual operating budget applies and at the end of which an assessment is made of the Town's financial condition and performance of operations.

FTE- Full-Time Equivalent. A unit to measure employed persons or students and it is the number of hours a full-time employee works for an organization.

KCE- King City East

Net financial assets- the non-physical assets of a business less its liabilities.

PSAB- Public Sector Accounting Board

Tangible capital assets-assets that have physical substance and are expected to be in use or possession of a business beyond the current accounting period.