CORPORATION OF THE LOYALIST TOWNSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2025

bakertilly

CORPORATION OF THE LOYALIST TOWNSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2025

TABLE OF CONTENTS

	Page Number
MANAGEMENT REPORT	
INDEPENDENT AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Debt	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 21
Schedule of Tangible Capital Assets	22
Schedules of Segment Disclosure	23 - 24
TRUST FUND	
Independent Auditor's Report	25
Statement of Financial Position	27
Statement of Continuity	27
Notes to the Financial Statements	28

bakertilly

CORPORATION OF THE LOYALIST TOWNSHIP

For The Year Ended December 31, 2025

MANAGEMENT REPORT

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

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

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

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

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

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

Jim Hegadorn
Signed with ConsignO Cloud (2026/06/25)
Verify with verifio.com or Adobe Reader.

Mayor

David Clazie
Signed with ConsignO Cloud (2026/06/24)
Verify with verifio.com or Adobe Reader.

Treasurer

June 23, 2026

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

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

www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

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

Opinion
We have audited the financial statements of the Corporation of the Loyalist Township (the Township), which comprise the statement of financial position as at December 31, 2025, the statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 26, 2026

bakertilly

CORPORATION OF THE LOYALIST TOWNSHIP

STATEMENT OF FINANCIAL POSITION
At December 31, 2025

	2025 $	2024 $
FINANCIAL ASSETS		
Cash (note 7)	28,872,043	27,393,720
Accounts receivable	14,291,075	19,142,803
Taxes receivable	4,580,774	3,978,969
Land held for resale	196,828	206,013
Other assets	46,577	45,574
Loans receivable	400,074	-
TOTAL FINANCIAL ASSETS	48,387,371	50,767,079
LIABILITIES		
Accounts payable and accrued liabilities	19,117,166	21,044,357
Deferred revenue - obligatory reserve funds (note 2)	4,077,779	3,244,276
Deferred revenue - other (note 3)	5,113,563	4,218,774
Long term debt (note 4)	26,002,805	22,528,742
Asset retirement obligation (note 5)	4,023,753	4,238,270
Employee future amounts payable (note 6)	2,597,909	2,478,901
TOTAL LIABILITIES	60,932,975	57,753,320
NET DEBT	(12,545,604)	(6,986,241)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 9)	279,841,580	248,454,330
Inventories of materials and supplies	732,658	687,242
Prepaid expenses	857,129	759,138
TOTAL NON-FINANCIAL ASSETS	281,431,367	249,900,710
ACCUMULATED SURPLUS (note 10)	268,885,763	242,914,469

The accompanying notes are an integral part of these financial statements

bakertilly

CORPORATION OF THE LOYALIST TOWNSHIP

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2025

	Budget 2025 $ (note 13)	Actual 2025 $	Actual 2024 $
REVENUES			
Property taxation	24,495,600	24,595,275	22,907,747
User charges	15,046,420	15,957,608	14,506,283
Government of Canada	641,000	8,280,868	9,015,806
Province of Ontario	8,025,001	13,770,532	6,934,209
Other municipalities	619,860	4,573,512	3,421,701
Penalties and interest on taxes	436,930	614,344	578,501
Investment income	357,500	1,520,615	1,741,921
Contributed tangible capital assets	-	1,274,665	5,666,363
Other grants	59,340	220,153	416,277
Wind and solar sales	714,000	734,585	742,079
Recoveries	553,980	673,687	681,895
Development charges earned (note 2)	473,900	836,517	2,455,358
Parkland fees earned (note 2)	167,000	227,480	-
Canada Community-Building Fund earned (note 2)	235,157	545,496	2,336,237
Provincial gas tax earned (note 2)	561,460	183,468	158,407
Other	692,240	990,261	532,508
TOTAL REVENUES	53,079,388	74,999,066	72,095,292
EXPENSES			
General government	4,842,596	5,681,032	5,184,407
Protection services	7,159,874	7,504,745	6,971,892
Transportation services	17,272,018	16,343,461	15,376,903
Environmental services	10,999,634	11,527,950	11,114,273
Health services	153,330	122,524	106,597
Recreation and cultural services	5,380,014	5,104,092	4,351,971
Planning and development	1,507,055	2,743,968	2,069,177
TOTAL EXPENSES	47,314,521	49,027,772	45,175,220
ANNUAL SURPLUS	5,764,867	25,971,294	26,920,072
ACCUMULATED SURPLUS - beginning of year		242,914,469	215,994,397
ACCUMULATED SURPLUS - end of year		268,885,763	242,914,469

The accompanying notes are an integral part of these financial statements

bakertilly

CORPORATION OF THE LOYALIST TOWNSHIP

STATEMENT OF CHANGE IN NET DEBT
For the Year Ended December 31, 2025

	Budget 2025 $ (note 13)	Actual 2025 $	Actual 2024 $
ANNUAL SURPLUS	5,764,867	25,971,294	26,920,072
Amortization of tangible capital assets	7,057,551	7,481,040	7,057,552
Purchase of tangible capital assets	(16,231,200)	(38,225,724)	(40,005,326)
Loss/(gain) on disposal of tangible capital assets	-	208,739	(306,665)
Proceeds on sale of tangible capital assets	20,300	423,360	471,829
Change in asset retirement asset on revaluation of liability	-	-	(119,891)
Contributed tangible capital assets	-	(1,274,665)	(5,666,363)
Change in inventories of materials and supplies	-	(45,416)	(447,997)
Change in prepaid expenses	-	(97,991)	(30,221)
CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)	(3,388,482)	(5,559,363)	(12,127,010)
NET FINANCIAL ASSETS/(NET DEBT) - beginning of year	(6,986,241)	(6,986,241)	5,140,769
NET DEBT - end of year	(10,374,723)	(12,545,604)	(6,986,241)

The accompanying notes are an integral part of these financial statements

bakertilly

CORPORATION OF THE LOYALIST TOWNSHIP

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025

	2025 $	2024 $
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	25,971,294	26,920,072
Items not involving cash		
Amortization of tangible capital assets	7,481,040	7,057,552
Loss/(gain) on disposal of tangible capital assets	208,739	(306,665)
Contributed tangible capital assets	(1,274,665)	(5,666,363)
Change in asset retirement obligation	(214,517)	119,891
Change in employee future amounts payable	119,008	118,402
Change in asset retirement asset on revaluation of liability	-	(119,891)
Change in amortized cost of long term debt	648,434	622,656
Change in non-cash assets and liabilities		
Accounts receivable	4,851,728	(13,446,698)
Taxes receivable	(601,805)	142,996
Land held for resale	9,185	401,429
Other assets	(1,003)	(893)
Loans receivable	(400,074)	-
Inventories of materials and supplies	(45,416)	(447,997)
Prepaid expenses	(97,991)	(30,221)
Accounts payable and accrued liabilities	(1,927,191)	11,775,446
Deferred revenue - obligatory reserve funds	833,503	(2,373,642)
Deferred revenue - other	894,789	1,806,636
Net change in cash from operating activities	36,455,058	26,572,710
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(38,225,724)	(40,005,326)
Proceeds on disposal of tangible capital assets	423,360	471,829
Net change in cash from capital activities	(37,802,364)	(39,533,497)
FINANCING ACTIVITIES		
Long term debt issued	3,750,000	-
Debt principal repayments	(924,371)	(942,756)
Net change in cash from financing activities	2,825,629	(942,756)
NET CHANGE IN CASH	1,478,323	(13,903,543)
CASH - beginning of year	27,393,720	41,297,263
CASH - end of year	28,872,043	27,393,720

The accompanying notes are an integral part of these financial statements

bakertilly

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

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

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

(b) Land held for resale

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

(c) Deferred Revenue

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

(d) Asset Retirement Obligation

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

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

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in several of the buildings owned by the Township has also been recognized based on estimated future expenses for remediation or disposal.

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

(e) Employee Future Amounts Payable

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Financial Instruments

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

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Non-financial Assets

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

(h) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

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

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

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

(i) Inventories of Materials and Supplies

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

(j) Use of Estimates

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

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(k) Recognition of Revenues and Expenses

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

Property taxation

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

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

Government funding

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

Other revenue

User charges are recognized as revenue in the year the goods and services are provided.

Investment income is recorded in the year in which it is earned.

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

(l) Trust Funds

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

(m) Reserves and Reserve Funds

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

2. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

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

	2025 $	2024 $
Canada Community-Building Fund	787,980	651,844
Provincial gas tax	794,086	522,449
Parkland	427,940	585,192
Development charges	2,067,773	1,484,791
	4,077,779	3,244,276

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

	2025 $	2024 $
Balance - beginning of year	3,244,276	5,617,918
Add amounts received:		
Canada Community-Building Fund	587,636	572,515
Provincial gas tax	434,807	148,837
Parkland fees	50,520	191,413
Development charges	1,294,068	1,191,268
Interest	259,433	472,327
	2,626,464	2,576,360
Less transfer to operations:		
Canada Community-Building Fund earned	545,496	2,336,237
Provincial gas tax earned	183,468	158,407
Parkland fees earned	227,480	-
Development charges earned	836,517	2,455,358
	1,792,961	4,950,002
Balance - end of year	4,077,779	3,244,276

3. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2025 $	2024 $
Building rate stabilization	1,592,941	1,311,231
Ontario Community Infrastructure Fund	1,190,177	1,399,839
CMHC Housing Accelerator Fund	573,517	895,976
Species at risk	1,236,901	-
Other	520,027	611,728
	5,113,563	4,218,774

The continuity of deferred revenue - other is as follows:

	2025 $	2024 $
Balance - beginning of year	4,218,774	2,595,507
Add amounts received:		
Building rate stabilization	281,710	90,051
Ontario Community Infrastructure Fund	1,299,608	1,449,044
Species at risk	1,400,000	-
CMHC Housing Accelerator Fund	-	895,976
Interest	43,899	72,797
Other	51,647	147,721
	3,076,864	2,655,589
Less transfer to operations:		
Ontario Community Infrastructure Fund	1,553,169	833,000
Species at risk	163,099	-
CMHC Housing Accelerator Fund	322,459	-
Other	143,348	199,322
	2,182,075	1,032,322
Balance - end of year	5,113,563	4,218,774

4. LONG TERM DEBT

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

	2025 $	2024 $
Debenture issued to Canada Mortgage and Housing Corporation maturing May 1, 2025, repayable in blended annual payments of $84,034 with interest at the rate of 4.15% per annum	-	80,686
Debenture issued to Ontario Infrastructure and Lands Corporation maturing August 5, 2025, repayable in semi-annual payments of $38,810 plus interest at the rate of 4.06% per annum	-	77,620
Debenture issued to Ontario Infrastructure and Lands Corporation maturing August 6, 2030, repayable in semi-annual payments of $43,435 plus interest at the rate of 4.35% per annum	434,350	521,220
Debenture issued to Ontario Infrastructure and Lands Corporation maturing December 20, 2031, repayable in blended semi-annual payments of $17,336 with interest at the rate of 2.95% per annum	189,388	217,842
Debenture issued to Ontario Infrastructure and Lands Corporation maturing December 20, 2036, repayable in blended semi-annual payments of $41,870 with interest at the rate of 3.24% per annum	769,692	827,094
Debenture issued to Ontario Infrastructure and Lands Corporation maturing December 20, 2041, repayable in blended semi-annual payments of $47,094 with interest at the rate of 3.42% per annum	1,153,255	1,206,629
Debenture issued to Ontario Infrastructure and Lands Corporation maturing September 15, 2037, repayable in blended semi-annual payments of $49,420 with interest at the rate of 3.28% per annum	973,988	1,039,270
Debenture issued to Ontario Infrastructure and Lands Corporation maturing September 15, 2042, repayable in blended semi-annual payments of $44,717 with interest at the rate of 3.42% per annum	1,145,720	1,194,710
Bank debt issued to Toronto Dominion maturing March 28, 2028, repayable in blended monthly payments of $10,686 with interest at the rate of 3.61% per annum	277,258	393,759
Bank debt issued to Toronto Dominion maturing March 28, 2028, repayable in blended monthly payments of $17,098 with interest at the rate of 3.61% per annum	443,550	629,851
Bank debt issued to Toronto Dominion maturing January 15, 2030, repayable in blended monthly payments of $12,245 with interest at the rate of 3.93% per annum	554,520	677,410

4. LONG TERM DEBT, continued

	2025 $	2024 $
Debenture issued to the Federation of Canadian Municipalities maturing April 11, 2055, interest only until April 11, 2028 and subsequently repayable in blended semi-annual payments of $115,812 with interest at the rate of 4.3% per annum	3,750,000	-
Interest free debenture of $19,000,000 issued to Ministry of Economic Development, Job Creation and Trade maturing July, 2035. Repayments start December 31, 2027 with interest starting July, 2028 at half of the lender's cost of borrowing moving to the lender's full cost of borrowing in July 2033. Recorded at amortized cost using the effective interest rate method	16,311,084	15,662,651
	26,002,805	22,528,742

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

(c) The Township acts as a collection agency for the Province of Ontario for tile drainage loans for individual ratepayers. The value of these loans outstanding at December 31, 2025 is $19,407 (2024 - $21,000). These loans and the related repayments are not reported on the Consolidated Statements of Financial Position, Operations and Accumulated Surplus Change in Net Debt and Cash Flows.

(d) Interest paid during the year on long term debt amounted to $872,782 (2024 - $860,820).

(e) The long term debt reported in (a) of this note is repayable as follows:

	Principal $	Interest $	Total $
2026	113,450	1,033,841	1,147,291
2027	551,380	989,448	1,540,828
2028	1,022,668	994,522	2,017,190
2029	1,590,274	944,454	2,534,728
2030	3,209,676	849,219	4,058,895
2031 to 2035	15,097,536	2,324,797	17,422,333
2036 and subsequent years	4,417,821	3,233,099	7,650,920
	26,002,805	10,369,380	36,372,185

5. ASSET RETIREMENT OBLIGATION

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

(a) Landfill obligation

The Township owns and operates three landfill sites. The liability for the remaining closure costs of operational sites has been recognized under PS 3280 – Asset Retirement Obligations. The costs have been estimated based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years after the closure date using a discount rate of 4.85% and an inflation rate of 3%. For the three operational sites, the sites are projected to close between 2035 and 2045.

(b) Asbestos obligation

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

(c) Other

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

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

Asset Retirement Obligation	Landfill closure and post-closure $	Asbestos removal $	Other $	Total 2025 $	Total 2024 $
Opening balance	3,881,361	346,909	10,000	4,238,270	4,118,379
Revaluation of liability	(214,517)	-	-	(214,517)	119,891
Closing balance	3,666,844	346,909	10,000	4,023,753	4,238,270

6. EMPLOYEE FUTURE AMOUNTS PAYABLE

The liability is comprised of the following amounts:

	2025 $	2024 $
WSIB	2,144,525	2,029,266
Health benefits	453,384	449,635
	2,597,909	2,478,901

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

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

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

The continuity of the WSIB liability is as follows:

	2025 $	2024 $
Accrued benefit obligation at January 1	2,340,480	2,259,546
Unamortized actuarial losses	(311,214)	(343,258)
Liability at January 1	2,029,266	1,916,288
Current year benefit cost	179,228	173,929
Interest	104,835	101,223
Amortization of actuarial loss/(gain)	32,044	32,044
Less: benefit payments	(200,848)	(194,218)
Liability at December 31	2,144,525	2,029,266

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

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

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

6. EMPLOYEE FUTURE AMOUNTS PAYABLE, continued

The continuity of the health benefits is as follows:

	2025 $	2024 $
Accrued benefit obligation at January 1	558,579	574,895
Unamortized actuarial losses	(108,944)	(130,684)
Liability at January 1	449,635	444,211
Current year benefit cost	19,860	18,632
Interest	24,187	24,942
Amortization of actuarial loss/(gain)	21,744	21,740
Less: benefit payments	(62,042)	(59,890)
Liability at December 31	453,384	449,635

7. CASH

Cash consists of the following:

	2025 $	2024 $
Unrestricted	8,234,847	7,395,582
Building permit rate stabilization	1,592,941	1,311,231
Asset replacement	6,213,682	7,950,000
Special area reserve funds	176,362	(255,002)
Contingency reserve funds	318,514	308,760
Discretionary reserve funds	8,257,918	7,438,873
Obligatory reserve funds	4,077,779	3,244,276
	28,872,043	27,393,720

8. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to $5,000,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate of 4.95% per annum. Council authorized the temporary borrowing limit by By-law 2025-01. At December 31, 2025 there was no balance outstanding (2024 - $Nil).

9. TANGIBLE CAPITAL ASSETS

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

	2025 $	2024 $
General		
Land and land improvements	12,110,624	12,115,950
Buildings and building improvements	16,211,993	14,507,794
Vehicles	6,980,353	7,099,568
Information technology machinery and equipment	4,147,565	4,224,785
Infrastructure		
Water	50,159,060	46,052,504
Wastewater	41,131,100	36,904,024
Stormwater	34,864,253	32,170,879
Roads and bridges	55,773,504	51,059,921
	221,378,452	204,135,425
Assets under construction	58,463,128	44,318,905
	279,841,580	248,454,330

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

During the year there were no write-downs of assets (2024 - $Nil), interest capitalized of $709,264 (2024 - $Nil).

Contributed tangible capital assets of $1,274,664 (2024 -$5,666,363) consisted of roadways and water and wastewater subdivision assets contributed by developers.

Tangible capital assets allocated by segment are as follows:

	2025 $	2024 $
General government	50,387,383	27,774,397
Protection services	9,679,482	9,960,172
Transportation services	71,490,017	69,460,960
Environmental services	134,994,802	129,213,168
Recreation and cultural services	13,239,702	11,989,361
Planning and development	50,194	56,272
	279,841,580	248,454,330

10. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2025 $	2024 $
Surplus/(Deficit)		
Building services	3,844	3,844
Sewer areas	(523,651)	(523,651)
Water areas	(206,781)	(206,781)
Land held for sale	570,491	579,676
Industry financed by long-term debt	(16,311,084)	(15,662,651)
Unfunded employee future benefits	(2,597,909)	(2,478,901)
	(19,065,090)	(18,288,464)
Invested In Capital Assets		
Tangible capital assets - net book value	279,841,580	248,454,330
Long term debt	(9,691,720)	(6,866,092)
Long term debt - internal	-	(132,500)
Unfinanced - Township (b)	(21,857,500)	(21,251,399)
Unfinanced - Business park (c)	(1,799,462)	(1,799,462)
Unexpended capital financing	-	5,694,476
Unfunded asset retirement obligation	(4,023,753)	(4,238,270)
	242,469,145	219,861,083
Surplus	223,404,055	201,572,619
Reserves		
Working capital	2,520,150	2,317,120
Tax rate stabilization	1,681,535	1,960,206
Utilities user rate stabilization	971,400	670,555
Winter control	364,712	364,712
Ferry operations	1,193	(78,663)
Transit operations	-	11,354
General fire department	190,170	26,990
Fire training	28,341	67,241
Bath Canada Day	28,782	34,510
Municipal election	52,814	32,814
Physician recruitment	40,000	60,000
Bath Museum	8,056	8,056
Capital improvements	707,225	13,753
Land sale	441,738	441,738
Workers Safety Insurance Board	8,905	8,905
Total Reserves	7,045,021	5,939,291

10. ACCUMULATED SURPLUS, continued

	2025 $	2024 $
Reserve Funds		
Landfill obligations	1,242,449	1,143,404
Industrial and business parks	1,805,619	2,267,385
Ameriks scholarship	23,491	22,678
Prepaid local charges	740,219	649,257
Community vibrancy fund	-	1,205,101
Road use agreement fund	220,518	479,731
Community benefit agreement fund	3,827,518	1,937,105
Quarry rehabilitation	692,929	643,138
Ice resurfacer	26,560	26,495
Workers Safety Insurance Board	318,514	308,760
General capital	5,064,547	5,684,917
Fleet and equipment replacement	1,120,177	1,712,565
Amherst island assets	93,159	92,929
Ferry berthage special rate	632,086	608,936
Sewer impost fees	8,352,255	8,078,977
Water impost fees	8,655,629	7,519,219
Water and sewer capital	5,621,017	3,021,962
Total Reserve Funds	38,436,687	35,402,559
	268,885,763	242,914,469

(b) The Township unfinanced amounts will be funded from long term debt when the projects are completed.

(c) The business park unfinanced amount is to be funded from land sales.

11. PENSION AGREEMENTS

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

The Actuarial Opinion contained in the 2025 Annual Report disclosed total actuarial liabilities of $151,365 million in respect of benefits accrued for service with actuarial assets of $150,043 million indicating an actuarial deficit of $1,322 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The Township's total contributions to OMERS in 2025 were $2,907,816 (2024 - $2,531,694) of which $1,452,907 (2024 - $1,265,847) was contributed by employees.

Some of the employees of the Township are eligible to be members of a contributory pension plan. Employer contributions to the plan by the Township during the year amounted to $9,074 (2024 - $8,667). These contributions which match the employees' contributions for current service, are expensed during the year in which services are rendered and represent the total pension obligation of the Township.

12. EXPENSES BY OBJECT

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

	Budget 2025 $ (note 13)	Actual 2025 $	Actual 2024 $
Salaries and benefits	21,051,760	20,456,097	18,777,096
Interest charges	214,350	872,782	860,820
Materials	8,134,750	7,720,825	8,181,606
Contracted services	7,649,860	8,780,864	6,858,995
Rents and financial	298,830	328,643	259,150
External transfers	2,927,720	3,178,782	3,486,666
Amortization	7,057,551	7,481,040	7,057,552
Loss (gain) on disposal of tangible capital assets	(20,300)	208,739	(306,665)
	47,314,521	49,027,772	45,175,220

13. BUDGET FIGURES

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

The following is a reconciliation of Council's approved budget to the PSA presented budget:

	2025 $
Council approved budgeted surplus	-
Tangible capital asset additions	16,231,200
Amortization of tangible capital assets	(7,057,551)
Long term debt proceeds	(416,257)
Principal repayment of long term debt	929,880
Transfers to/(from) reserves and reserve funds	(10,181,795)
Change in unfunded capital	6,259,390
Annual surplus reported on the Statement of Operations	5,764,867

14. CONTINGENT LIABILITIES

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

15. SEGMENTED INFORMATION

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

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

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

General Government

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

Protection Services

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

Transportation Services

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

Environmental Services

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

Health Services

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

Recreation and Cultural Services

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

Planning and Development

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

16. COMPARATIVE FIGURES

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

17. FINANCIAL INSTRUMENTS

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

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

(a) Interest rate risk

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

(b) Credit risk

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

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

18. TRUST FUNDS

Trust funds administered by the Township amounting to $221,186 (2024 - $214,926) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or operations.

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

During 2025, requisitions were made by the County of Lennox and Addington and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards $	County $
Property taxes	4,558,405	14,943,798
Taxation from other governments	61,502	606,174
Amounts requisitioned and remitted	4,619,907	15,549,972

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

CORPORATION OF THE LOYALIST TOWNSHIP

SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2025

	General				Infrastructure					
	Land and Land Improvements	Buildings and Building Improvements	Vehicles	Information Technology Machinery and Equipment	Water	Wastewater	Stormwater	Roads and Bridges	Assets Under Construction	Totals
	$	$	$	$	$	$	$	$	$	$
COST										
Balance, beginning of year	14,851,950	21,443,781	13,752,582	10,060,167	67,439,697	54,629,806	40,508,566	85,139,366	44,318,905	352,144,820
Add: additions during the year	601,827	2,303,063	575,263	909,454	5,455,329	5,315,115	3,357,464	6,838,651	14,144,223	39,500,389
Less: disposals during the year	293,570	49,955	921,913	939,937	206,253	283,609	92,199	429,120	-	3,216,556
Balance, end of year	15,160,207	23,696,889	13,405,932	10,029,684	72,688,773	59,661,312	43,773,831	91,548,897	58,463,128	388,428,653
ACCUMULATED AMORTIZATION										
Balance, beginning of year	2,736,000	6,935,987	6,653,014	5,835,382	21,387,193	17,725,782	8,337,687	34,079,445	-	103,690,490
Add: additions during the year	381,049	565,982	678,732	579,690	1,471,711	1,041,296	638,475	2,124,105	-	7,481,040
Less: disposals during the year	67,466	17,073	906,167	532,953	329,191	236,866	66,584	428,157	-	2,584,457
Balance, end of year	3,049,583	7,484,896	6,425,579	5,882,119	22,529,713	18,530,212	8,909,578	35,775,393	-	108,587,073
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	12,110,624	16,211,993	6,980,353	4,147,565	50,159,060	41,131,100	34,864,253	55,773,504	58,463,128	279,841,580

bakertilly

CORPORATION OF THE LOYALIST TOWNSHIP

SCHEDULE OF SEGMENT DISCLOSURE
For the Year Ended December 31, 2025

	General Government $	Protection Services $	Transportation Services $	Water and Sewer $	Other Environmental Services $	Health Services $	Recreation and Cultural Services $	Planning and Development $	Consolidated $
Revenues									
Property taxation	6,394,911	5,841,730	5,598,137	-	1,121,000	108,190	4,644,387	886,920	24,595,275
User charges	152,409	901,317	1,061,116	12,120,115	844,665	19,590	680,012	178,384	15,957,608
Government transfers - operating	652,251	9,195	6,138,282	2,261	-	-	30,205	42,306	6,874,500
Government transfers - capital	-	-	7,249,083	303,499	-	-	7,624,318	-	15,176,900
Other municipalities	96,519	34,200	961,024	32,430	-	-	3,449,339	-	4,573,512
Penalties and interest on taxes	614,344	-	-	-	-	-	-	-	614,344
Investment income	317,382	-	35,682	1,030,367	35,542	3,609	66	97,967	1,520,615
Contributed tangible capital assets	-	-	754,664	329,800	171,321	-	18,880	-	1,274,665
Other grants	30,000	31,192	-	-	145,961	-	13,000	-	220,153
Wind and solar sales	734,585	-	-	-	-	-	-	-	734,585
Recoveries	10,000	32,051	397,855	(2,933)	-	-	3,144	233,570	673,687
Development charges earned	-	90,200	599,616	-	-	-	146,701	-	836,517
Parkland fees earned	-	-	-	-	-	-	227,480	-	227,480
Canada Community-Building Fund earned	-	-	545,496	-	-	-	-	-	545,496
Provincial gas tax earned	-	-	183,468	-	-	-	-	-	183,468
Other	41,718	-	174,188	564,722	-	6,455	118,056	85,122	990,261
Total revenues	9,044,119	6,939,885	23,698,611	14,380,261	2,318,489	137,844	16,955,588	1,524,269	74,999,066
Expenses									
Salaries and benefits	3,437,142	3,126,279	7,171,202	2,122,099	553,686	7,512	2,906,602	1,131,575	20,456,097
Interest charges	112,322	-	-	112,026	-	-	-	648,434	872,782
Materials	820,098	679,774	3,508,338	1,434,377	559,394	10,227	632,500	76,117	7,720,825
Contracted services	1,397,051	310,769	2,799,238	1,443,090	994,286	104,785	849,881	881,764	8,780,864
Rents and financial	230,251	617	6,328	4,043	807	-	86,597	-	328,643
External transfers	562,514	2,762,732	-	-	(147,464)	-	1,000	-	3,178,782
Amortization	232,229	534,672	2,799,495	2,561,197	861,127	-	486,242	6,078	7,481,040
Loss (gain) on disposal of tangible capital assets	84,679	(31,606)	(127,743)	283,409	-	-	-	-	208,739
Internal transfers	(1,195,254)	121,508	186,603	776,279	(30,406)	-	141,270	-	-
Total expenses	5,681,032	7,504,745	16,343,461	8,736,520	2,791,430	122,524	5,104,092	2,743,968	49,027,772
Net surplus/(deficit)	3,363,087	(564,860)	7,355,150	5,643,741	(472,941)	15,320	11,851,496	(1,219,699)	25,971,294

bakertilly

CORPORATION OF THE LOYALIST TOWNSHIP

SCHEDULE OF SEGMENT DISCLOSURE
For the Year Ended December 31, 2024
Restated (note 3)

	General Government $	Protection Services $	Transportation Services $	Water and Sewer $	Other Environmental Services $	Health Services $	Recreation and Cultural Services $	Planning and Development $	Consolidated $
Revenues									
Property taxation	6,863,714	5,049,900	5,239,333	-	1,324,800	15,300	3,536,000	878,700	22,907,747
User charges	117,680	932,845	832,822	11,057,198	784,582	16,690	642,206	122,260	14,506,283
Government transfers - operating	364,636	25,033	5,473,708	-	-	-	13,456	2,318	5,879,151
Government transfers - capital	-	-	1,077,622	567,859	-	-	8,425,383	-	10,070,864
Other municipalities	128,692	-	2,331,170	26,974	17,537	-	917,328	-	3,421,701
Penalties and interest on taxes	578,501	-	-	-	-	-	-	-	578,501
Investment income	526,932	-	349,908	612,762	59,298	10,346	3,585	179,090	1,741,921
Contributed tangible capital assets	-	-	2,939,900	1,571,700	1,131,395	-	23,368	-	5,666,363
Other grants	-	-	-	-	251,397	-	151,082	13,798	416,277
Wind and solar sales	742,079	-	-	-	-	-	-	-	742,079
Recoveries	10,500	10,382	329,884	-	-	-	-	331,129	681,895
Development charges earned	-	140,351	704,169	-	-	-	1,610,838	-	2,455,358
Canada Community-Building Fund earned	-	-	2,336,237	-	-	-	-	-	2,336,237
Provincial gas tax earned	-	-	158,407	-	-	-	-	-	158,407
Other	78,379	-	-	51,227	-	-	125,902	277,000	532,508
Total revenues	9,411,113	6,158,511	21,773,160	13,887,720	3,569,009	42,336	15,449,148	1,804,295	72,095,292
Expenses									
Salaries and benefits	3,341,142	2,908,013	6,560,082	1,915,023	472,598	1,524	2,553,352	1,025,362	18,777,096
Interest charges	118,880	-	-	119,284	-	-	-	622,656	860,820
Materials	787,447	595,861	4,253,692	1,209,480	509,667	10,180	599,108	216,171	8,181,606
Contracted services	1,183,187	199,387	1,968,930	1,449,971	1,172,651	94,893	592,353	197,623	6,858,995
Rents and financial	189,993	515	5,484	4,536	608	-	58,014	-	259,150
External transfers	825,309	2,655,692	-	-	2,865	-	1,500	1,300	3,486,666
Amortization	236,306	498,764	2,420,189	2,666,554	825,290	-	404,384	6,065	7,057,552
Loss (gain) on disposal of tangible capital assets	(322,204)	(4,500)	(18,761)	32,296	-	-	6,504	-	(306,665)
Internal transfers	(1,175,653)	118,160	187,287	749,554	(16,104)	-	136,756	-	-
Total expenses	5,184,407	6,971,892	15,376,903	8,146,698	2,967,575	106,597	4,351,971	2,069,177	45,175,220
Net surplus/(deficit)	4,226,706	(813,381)	6,396,257	5,741,022	601,434	(64,261)	11,097,177	(264,882)	26,920,072

bakertilly

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

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

www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

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

Opinion
We have audited the financial statements of the Trust Fund of the Corporation of the Loyalist Township (the Trust Fund), which comprise the statement of financial position as at December 31, 2025, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Fund as at December 31, 2025, and the continuity of the Trust Fund for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 26, 2026

bakertilly

CORPORATION OF THE LOYALIST TOWNSHIP

TRUST FUND
STATEMENT OF FINANCIAL POSITION
At December 31, 2025

	2025 Cemetery $	2024 Cemetery $
FINANCIAL ASSETS		
Cash	26,186	214,926
Investments (note 2)	195,000	-
	221,186	214,926
FUND BALANCE		
Perpetual Care and Maintenance Fund	207,450	202,491
Monument and Marker Fund	13,736	12,435
	221,186	214,926

TRUST FUND
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2025

	2025 Cemetery $	2024 Cemetery $
BALANCE - beginning of year	214,926	207,866
RECEIPTS		
Interest earned	3,607	10,346
Perpetual care and maintenance	4,960	6,460
Monument and marker	1,300	600
	9,867	17,406
EXPENSES		
Transfer to operations	3,607	10,346
BALANCE - end of year	221,186	214,926

The accompanying notes are an integral part of these financial statements

bakertilly

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

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

(b) Financial Instruments

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

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Township's best information and judgment. Actual results could differ from these estimates.

2. INVESTMENTS

Investments totaling $195,000 have a fair market value of the same amount. Included in investments are GIC's with interest rates ranging from 2.55% to 3.03% and maturities ranging from December 7, 2026 to December 5, 2028.

3. CARE AND MAINTENANCE FUNDS

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

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