

City of Kingston

Property Listing - Section 357(1) and Section 358(1) Tax Adjustments

Application Number	Roll Number	Property Location	From	To	Reason for Adjustment	Property Tax Class	Assessed Value	Amount of Tax Cancellation
Section 357(1) Applications								
1589	020.060.11900.0000	556 Princess St	7-Sep-18	31-Dec-18	357(1)(d) Fire, Demo	RTEP CXN	299,500 (127,485)	\$ 253.72
1600	080.020.03600.0000	43 Crerar Blvd	1-Sep-18	31-Dec-18	357(1)(d) Fire, Demo	RTEP	84,601	\$ 358.19
1602	010.090.06300.0000	94 Bagot St	1-Jan-18	31-Dec-18	357(1)(d) Fire, Demo	RTEP RTES	60,551 60,551	\$ 1,646.22
1603	080.240.14710.0000	2477 Horning Rd	1-Jan-18	31-Dec-18	357(1)(f) Clerical Error	RTEP	3,887	\$ 49.25
1606	080.230.01605.0000	3272 Creekford Rd	28-Sep-18	31-Dec-18	357(1)(a) Class Change	CTN RTES	37,100 (37,138)	\$ 214.01
1610	080.220.17500.0000	4240 Unity Rd	1-Jan-18	31-Dec-18	357(1)(f) Clerical Error	RTEP	11,182	\$ 141.65
1611	050.060.01310.0000	725-801 Sir John A. Macdonald Blvd	1-Jan-18	31-Dec-18	357(1)(d) Fire, Demo	CTN CUN	118,300 (17,583)	\$ 3,887.40

Application Number	Roll Number	Property Location	From	To	Reason for Adjustment	Property Tax Class	Assessed Value	Amount of Tax Cancellation
1612	080.110.14800.0000	477-485 Gardiners Rd	18-Dec-18	31-Dec-18	357(1)(d) Fire, Demo	CTN	204,728	\$ 273.60
1613	020.140.04800.0000	480 Princess St	15-Jan-19	31-Dec-19	357(1)(d) Fire, Demo	CTN CXN	412,000 (337,976)	\$ 5,446.69
1614	020.140.04700.0000	468 Princess St	31-Jan-19	31-Dec-19	357(1)(d) Fire, Demo	MTEP	(580,093)	\$ 12,046.00
1615	020.140.04500.0000	464 Princess St	15-Jan-19	31-Dec-19	357(1)(d) Fire, Demo	CTN RTEP CXN	1,051,325 65,675 (504,777)	\$ 24,083.19
1616	020.140.04900.0000	327 University Ave	15-Jan-19	31-Dec-19	357(1)(d) Fire, Demo	RTEP	124,956	\$ 1,612.88
1618	080.260.06100.0000	1317 Unity Rd	16-Sep-18	31-Dec-18	357(1)(d) Fire, Demo	RTEP	4,450	\$ 16.53
1619	080.270.31800.0000	1126-1136 Unity Rd	1-Jan-18	31-Dec-18	357(1)(f) Clerical Error	RTEP	63,953	\$ 810.10
1621	040.110.06800.0000	768 1/2 Montreal St	25-Jun-18	31-Dec-18	357(1)(d) Fire, Demo	RTEP	274,890	\$ 1,945.17
1622	010.130.11800.0000	136 Princess St	1-Jan-18	31-Dec-18	357(1)(f) Clerical Error	CTN NTEP	143,406 101,851	\$ 7,163.26

Application Number	Roll Number	Property Location	From	To	Reason for Adjustment	Property Tax Class	Assessed Value	Amount of Tax Cancellation
Section 358(1) Applications								
1604	080.240.14710.0000	2477 Horning Rd	1-Jan-17	31-Dec-17	358(1) Clerical Error	RTEP	3,831	\$ 49.18
1609	080.220.17500.0000	4240 Unity Rd	1-Jan-17	31-Dec-17	358(1) Clerical Error	RTEP	9,774	\$ 125.50
1620	080.270.31800.0000	1126-1136 Unity Rd	1-Jan-17	31-Dec-17	358(1) Clerical Error	RTEP	60,929	\$ 782.27
Total								\$ 60,904.81
<u>Distribution of Amounts</u>								
Municipal Portion								\$ 45,670.61
School Portion								\$ 14,701.04
Downtown Kingston BIA								\$ 533.16
Total								\$ 60,904.81

Audited Financial Statements
and Other Financial Information of

**The Corporation of
the City of Kingston**

Year Ended December 31, 2018

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Audited Financial Statements
and other Financial Information of
The Corporation of the City Of Kingston
Year ended December 31, 2018

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the City of Kingston (the "City") are the responsibility of the City's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The City's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Administrative Policies 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 council approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the City. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the City's consolidated financial statements.

Lanie Hurdle
Acting Chief Administrative Officer

Desirée Kennedy
Chief Financial Officer and
City Treasurer

Independent Auditors' Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the City of Kingston

Opinion

We have audited the consolidated financial statements of The Corporation of the City of Kingston, which comprise:

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated schedule of municipal equity 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 “ consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the City of Kingston as at December 31, 2018, and its consolidated results of operations 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 **Auditors' Responsibilities for the Audit of the financial statements** section of our auditors' report.

We are independent of the Corporation of the City of Kingston in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada and we have fulfilled our other 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.

Emphasis of Matter- Comparative Information

We draw attention to Note 22 to the consolidated financial statements which explains that certain comparative information presented as at and for the year ended December 31, 2017 has been restated.

Note 22 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect to this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing The Corporation of the City of Kingston'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 Corporation of the City of Kingston or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Corporation of the City of Kingston's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 Corporation of the City of Kingston'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 Corporation of the City of Kingston's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause The Corporation of the City of Kingston to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 of The Corporation of the City of Kingston to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

The Corporation of the City Of Kingston
Consolidated Statement of Financial Position
December 31, 2018, with Comparative Figures for 2017
(In Thousands of Dollars)

	2018	2017 (restated notes 21 and 22)
Financial Assets:		
Cash and short-term investments	\$ 131,202	\$ 93,759
Taxes receivable	4,254	5,888
Accounts receivable	52,318	42,622
Inventories for resale	16,568	18,450
Notes receivable from government business enterprises (note 18(c))	18,311	18,311
Long-term investments (note 4)	138,632	146,143
Investment in government business enterprises (note 18)	32,939	30,557
	<u>394,224</u>	<u>355,730</u>
Liabilities:		
Temporary loans (note 7)	(60,751)	(1,650)
Accounts payable and accrued liabilities	(69,970)	(61,594)
Due to government business enterprises:		
Utilities Kingston (note 18)	(4,329)	(12,578)
Kingston Hydro Corporation (note 18)	(3,843)	(2,189)
Employee future benefit obligations (note 10(d))	(4,520)	(4,161)
Deferred revenue - obligatory reserve funds (note 12)	(29,206)	(23,793)
Deferred revenues	(10,688)	(6,577)
Accrued interest on long-term debt	(4,010)	(3,530)
Long-term liabilities (note 11)	(366,715)	(382,532)
Employee future benefit obligations (note 10(d))	(51,619)	(48,341)
Landfill closure and post closure liabilities (note 14)	(5,694)	(5,745)
	<u>(611,345)</u>	<u>(552,690)</u>
Net Financial Debt	(217,121)	(196,960)
Non-Financial Assets:		
Tangible capital assets (note 19)	1,630,573	1,559,158
Inventories of supplies	1,233	1,690
Prepaid expenses	4,611	4,783
	<u>1,636,417</u>	<u>1,565,631</u>
Contingent liabilities (note 15)		
Commitments (note 16)		
Municipal Equity	\$ 1,419,296	\$ 1,368,671

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

The Corporation of the City Of Kingston

Consolidated Statement of Operations

Year Ended December 31, 2018, with Comparative Figures for 2017

(In Thousands of Dollars)

	Budget 2018 (note 17)	Actual 2018	Actual 2017 (restated notes 21 and 22)
Revenue:			
Property taxation	\$ 223,896	\$ 227,353	\$ 217,289
Taxation from other governments	16,293	16,399	15,677
User charges	128,863	137,468	129,055
User charges – gas commodity	25,000	19,829	18,266
Government grants	83,153	81,049	77,665
Grants from other municipalities	5,037	4,918	4,870
Investment income	7,309	9,190	9,331
Lot levies	10,000	9,855	10,070
Other	1,925	1,756	5,260
Transfers from deferred obligatory reserve funds (note 12)	2,240	3,641	2,598
Government business enterprises net earnings (note 18)	-	2,382	1,523
Total Revenues	503,716	513,840	491,604
Expenses:			
General government	36,073	38,389	31,835
Protection services	81,657	82,079	78,511
Transportation services	77,372	80,674	76,127
Environmental services	75,639	75,791	66,656
Health services	24,724	24,877	24,393
Social and family services	78,176	72,977	69,064
Social housing	31,008	30,759	33,832
Recreational and cultural services	49,546	50,223	48,627
Planning and development	8,477	6,592	7,252
Gas utility	33,566	28,662	25,367
Total Expenses	496,238	491,023	461,664
Net Revenues	7,478	22,817	29,940
Other Revenues:			
Grants and transfers related to capital:			
Government and municipal capital grants		12,739	9,290
Transfers from deferred obligatory reserve funds (note 12)		9,245	13,887
Donations and other		236	454
Contributed tangible capital assets (note 19(a))		5,588	8,059
		27,808	31,690
Annual Surplus		50,625	61,630
Municipal Equity, Beginning of Year		1,368,671	1,307,041
Municipal Equity, End of Year		\$1,419,296	\$ 1,368,671

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

The Corporation of the City Of Kingston
Consolidated Statement of Changes in Net Assets (Debt)
Year Ended December 31, 2018, with Comparative Figures for 2017
(In Thousands of Dollars)

	Actual 2018	Actual 2017 (restated notes 21 and 22)
Annual Surplus	\$ 50,625	\$ 61,630
Amortization of tangible capital assets	66,193	63,681
Acquisition of tangible capital assets	(140,157)	(141,844)
Loss on tangible capital assets transactions	2,549	518
	(20,790)	(16,015)
Consumption of prepaid expenses	172	876
Consumption (acquisition) of supplies inventories	457	4
Decrease in Net Assets	(20,161)	(15,135)
Net Debt, Beginning of Year	(196,960)	(181,825)
Net Debt, End of Year	\$ (217,121)	\$ (196,960)

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

The Corporation of the City Of Kingston
Consolidated Schedule of Municipal Equity
Year Ended December 31, 2018, with Comparative Figures for 2017
(In Thousands of Dollars)

	2018	2017 (restated notes 21 and 22)
Current Fund Surplus (Deficit):		
General operating surplus	\$ 3,649	\$ 4,084
Accumulated operating surplus - water	2,980	2,183
Accumulated operating surplus - sewer	3,064	835
Accumulated operating surplus - gas	5,249	4,811
Downtown Business Improvement Area	178	125
Kingston & Frontenac Housing Corporation	(1,036)	1,790
Town Homes Kingston	(434)	(613)
Kingston Frontenac Public Library Board	302	310
Total Current Fund Surplus	13,952	13,525
Investment in Tangible Capital Assets:		
Tangible capital assets (note 19)	1,630,573	1,559,158
Long-term liabilities (note 11)	(382,819)	(399,626)
Unfinanced capital expenditures:		
To be financed from long-term liabilities	(97,706)	(59,543)
To be financed from transfers from reserves and reserve funds	-	-
To be financed from taxation or user charges	-	(1,961)
Unapplied capital receipts	5,960	12,255
Total Investment in Tangible Capital Assets	1,156,008	1,110,283
Investment in Government Business Enterprises (note 18)	32,939	30,557
Unfunded Liabilities:		
Employee future benefit obligations (note 10(d))	(52,968)	(49,651)
Landfill closure and post-closure liabilities (note 14)	(5,694)	(5,745)
Accrued interest on long-term debt	(4,010)	(3,530)
Total Unfunded Liabilities	(62,672)	(58,926)
Reserves and Reserve Funds:		
Reserves set aside for specific purpose:		
Working funds	19,559	18,102
Reserve funds set aside for specific purpose:		
Replacement of equipment	34,981	33,453
Replacement & renewal of facilities	15,671	14,403
Municipal capital replacement & renewal	25,110	29,701
Other capital	843	1,077
Sanitary sewer system	43,424	40,629
Storm sewer system	364	357
Parks and recreation	5,471	4,581
Libraries	2,975	1,669
Waterworks system	36,360	35,628
Planning and development	600	637
Transit	12,488	15,049
Gas utility	7,025	6,573
Sick leave	11,583	10,891
Protective services	9,162	10,537
Environmental Services	3,580	4,687
Social and family services	198	194
Social housing	4,490	4,469
Parking	12,471	9,391
Impost fees for water and wastewater capital	32,714	31,204
	279,069	273,232
Municipal Equity	\$ 1,419,296	\$ 1,368,671

The Corporation of the City Of Kingston

Consolidated Statement of Cash Flows

Year Ended December 31, 2018, with Comparative Figures for 2017

(In Thousands of Dollars)

	2018	2017 (restated notes 21 and 22)
Operations transactions:		
Annual surplus	\$ 50,625	\$ 61,630
Net change in non-cash working capital items:		
Decrease in taxes receivable	1,634	348
(Increase) in accounts receivable	(9,696)	(15,821)
Decrease in inventories for resale	1,882	3,184
(Increase) decrease in inventories of supplies	457	4
Decrease in prepaid expenses	172	876
Increase (decrease) in accounts payable and accrued liabilities	8,376	(2,115)
(Decrease) increase in due to government business enterprises	(6,236)	7,069
Increase in deferred obligatory reserve funds	5,413	3,195
Increase (decrease) in deferred revenues	4,111	(1,222)
Increase in accrued interest on long-term debt	480	532
	6,593	(3,950)
Items not involving cash:		
Amortization of tangible capital assets	66,193	63,681
Contributed tangible capital assets	(5,588)	(8,059)
Loss on tangible capital assets transactions	2,549	517
Change in landfill closure and post-closure liabilities	(51)	(507)
Change in employee future benefit obligations	3,278	2,832
Equity in government business enterprise from net earnings	(2,382)	(1,523)
	63,999	56,941
Net change in cash from operating transactions	121,217	114,621
Capital transactions:		
Purchase of tangible capital assets	(134,569)	(134,560)
Investment transactions:		
Net sale (purchase) of long-term investments	7,511	(7,154)
Financing transactions:		
Proceeds from new debt issue	-	87,583
Debt principal repayments	(15,817)	(12,354)
Repayment (issuance) of temporary loans	59,101	(66,159)
Net change in cash from financing transactions	43,284	9,070
Increase (decrease) in cash and short-term investments	37,443	(18,023)
Cash and short-term investments, beginning of year	93,759	111,782
Cash and short-term investments, end of year	\$131,202	\$ 93,759

The City considers cash and short-term investments to be highly liquid investments with original maturities of three months or less.

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

The Corporation of the City Of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

1. Summary of Accounting Policies:

The consolidated financial statements of The Corporation of the City of Kingston (the "City") are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the City are as follows:

(a) Reporting Entity:

- i. The consolidated financial statements reflect the assets, liabilities, revenue and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards which are accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City. Interdepartmental and inter-organizational transactions and balances between these organizations have been eliminated.

These consolidated financial statements include:

Downtown Business Improvement Area
Kingston-Frontenac Public Library Board
Kingston & Frontenac Housing Corporation
Town Homes Kingston
Kingston, Frontenac and Lennox & Addington Public Health
(proportionately consolidated)
1425447 Ontario Limited (consolidated on a modified equity basis)
Kingston Hydro Corporation (consolidated on a modified equity basis)

- ii. Consolidated by proportionate consolidation:
Kingston, Frontenac and Lennox & Addington Public Health is accounted for using the proportionate consolidation method of accounting and reporting, whereby the municipality's pro-rata share of each of the assets, liabilities, revenue and expenses is combined on a line-by-line basis in the consolidated financial statements.
- iii. Consolidated on a modified equity basis:
The City's investment in 1425447 Ontario Limited and Kingston Hydro Corporation is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprises' accounting principles are not adjusted to conform to those of the City, and inter-organizational transactions and balances are not eliminated.

The Corporation of the City Of Kingston

Notes to Consolidated Financial Statements

Year Ended December 31, 2018

1. Summary of Accounting Policies (Continued):**(a) Reporting Entity (continued):**

The City recognizes its equity interest in the annual income or loss of 1425447 Ontario Limited and Kingston Hydro Corporation in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the City may receive from 1425447 Ontario Limited and Kingston Hydro Corporation will be reflected as reductions in the investment asset account.

iv. The charges for long-term liabilities assumed by consolidated entities or by individuals in the case of the drainage loans are reflected in the consolidated financial statements.

v. Accounting for school board transactions:

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these consolidated financial statements.

vi. Trust funds:

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

(b) Basis of Accounting:

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which transactions or events occurred that gave rise to the revenue; expenses are recognized in the period the goods and services are acquired and/or there is a legal obligation to pay.

(c) Investments:

Short-term and long-term investments are recorded at cost plus accrued interest and amortization of purchase premiums and discounts. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

The Corporation of the City Of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

1. Summary of Accounting Policies (Continued):

(c) Investments (continued):

Investment income earned on available current funds and reserve funds (other than obligatory funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balance.

(d) Deferred Revenue – Obligatory Reserve Funds:

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

(e) Deferred Revenues:

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the City has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

(f) Employee Future Benefit Obligations:

The City accrues for certain employee benefits which will require funding in future periods. These benefits include sick leave, life insurance, extended health and dental benefits for early retirees and benefits under the *Workplace Safety and Insurance Board Act*.

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

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as compensated absences and health, dental and life insurance benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.

The Corporation of the City Of Kingston

Notes to Consolidated Financial Statements

Year Ended December 31, 2018

1. Summary of Accounting Policies (Continued):**(f) Employee Future Benefit Obligations (continued):**

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

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are amortized over a period linked to the specific benefit plan.

(g) Landfill Closure and Post-closure Liabilities:

The City accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards including final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability has been recognized based on management's best estimate of future expenses, long term inflation rates and discount rates.

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

(h) Tangible Capital Assets:

- i. 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 City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.
- ii. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt or transfer with an offsetting amount recorded as revenue.

The Corporation of the City Of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

1. Summary of Accounting Policies (Continued):

(h) Tangible Capital Assets (continued):

- iii. The cost, less residual value, of the tangible capital assets is amortized on a straight line basis over estimated useful lives as follows:

Asset	Useful Life – Years
Land improvements	18 to 75
Buildings and structures	40
Vehicles, machinery and equipment	4 to 20
Furniture and fixtures	20 to 40
Transportation:	
Roads and related	18 to 50
Bridges and structures	60
Streetlights and traffic signals	35 to 40
Storm sewer networks	50
Water and sewer facilities:	
Building structures	50
Building fixtures	15
Electrical and mechanical equipment	10 to 25
Tankage	75
Water and sewer pipes	50 to 80
Water and sewer equipment, meters, hydrants, manholes	15 to 75
Gas facilities	40
Gas mains and services	50
Gas regulator stations & other equipment	5 to 20

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction or development are classified as capital works in progress and are not amortized until the asset is available for productive use.

- iv. When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the Consolidated Statement of Operations in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

The Corporation of the City Of Kingston

Notes to Consolidated Financial Statements

Year Ended December 31, 2018

1. Summary of Accounting Policies (Continued):

(h) Tangible Capital Assets (continued):

- v. When conditions indicate that a tangible capital asset no longer contributes to the City's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the Consolidated Statement of Operations.
- vi. The City has a capitalization threshold of \$10,000. Individual tangible capital assets of lesser value are expensed, unless they are pooled when, collectively, they have a significant value.

(i) Inventories:

Inventories for resale represent natural gas inventories and land held for resale, which are stated at the lower of weighted average cost and net realizable value. Costs with respect to land held for resale include amounts for improvements to prepare the land for sale or servicing.

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

(j) Government Transfers:

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

(k) Use of Estimates:

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Significant estimates include the carrying value of tangible capital assets and employee future benefit obligations. Actual results could differ from those estimates.

The Corporation of the City Of Kingston

Notes to Consolidated Financial Statements

Year Ended December 31, 2018

2. Operations of School Boards:

The Province of Ontario sets the tax rates to be applied to property assessment to generate tax levies to be collected and remitted to the school boards. The amounts collected and remitted are summarized below:

	2018	2017
	(In thousands of dollars)	
Taxation and user charges	\$ 55,833	\$ 55,786
Payments in lieu	290	305
Amount transferred to school boards	\$ 56,123	\$ 56,091

3. Bank Indebtedness:

The City's financial agreement with its bank provides for an operating credit facility of up to \$10,000,000 to finance expenses, pending receipt of property taxes and other income. Interest on funds drawn is charged at the bank's prime rate less 0.5%. As at December 31, 2018, there was \$Nil (2017 - \$Nil) drawn on the operating credit facility.

4. Long-term Investments:

Long-term investments, which consist primarily of government and financial institution bonds, have a market value of \$141,465,710 at December 31, 2018 (2017 - \$147,744,310).

5. Contributions to Kingston Economic Development Corporation:

Kingston Economic Development Corporation (the "Corporation") is incorporated without share capital under the *Ontario Corporations Act* and the *Ontario Municipal Act* to enhance economic development in the greater Kingston Area.

The Consolidated Statement of Operations includes the following contributions made by the City to the Corporation:

	2018	2017
	(restated notes 21 and 22)	
	(In thousands of dollars)	
Kingston Economic Development Corporation Grant	\$ 1,440	\$ 1,419

The Corporation of the City Of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

6. Trust Funds:

Trust funds administered by the municipality amount to \$154,477 (2017 - \$150,546) as at December 31, 2018.

7. Temporary Loans:

The City has financial agreements with the Ontario Infrastructure and Lands Corporation (OILC) for temporary capital loans up to a maximum of \$132,527,654 for the interim financing of various roads and other capital projects. As at December 31, 2018, the temporary capital loan balance is \$60,750,500 (2017 - \$1,650,000) with interest based on the monthly construction rate.

8. Provincial Grants:

Certain provincial grants are subject to annual final reviews and approvals by the respective Provincial Ministry. Any adjustments resulting from the review will be reflected in the year of Ministry approval as an adjustment to government grant revenues on the Consolidated Statement of Operations.

9. Pension Agreements:

The City makes contributions to the Ontario Municipal Employees Retirement System Pension Fund (OMERS), which is a multi-employer plan, on behalf of its' employees. The plan is a contributory defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the City does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

The amount contributed to OMERS for 2018 was \$12,138,032 (2017 - \$11,977,107) for current service and is included as an expense on the "Consolidated Statement of Operations".

The Corporation of the City Of Kingston

Notes to Consolidated Financial Statements

Year Ended December 31, 2018

10. Employee Future Benefit Obligations:

(a) Extended Health Care, Dental, Life Insurance and Sick Leave Benefits:

The City pays certain life insurance benefits on behalf of the retired employees as well as extended health and dental benefits for early retirees to age 65. In addition, the City provides for an accumulated sick leave benefit plan for certain employees whereby unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the City's employment. The City recognizes these post-employment and post-retirement costs in the period in which the employees rendered the services. An independent actuarial study of these benefits was undertaken at December 31, 2016, in order to determine the estimated accrued benefit liability to be reported in these consolidated financial statements for the City of Kingston.

Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups, which is estimated to be 11 years.

At December 31, 2018, the City's accrued benefit liability relating to post-retirement and post-employment benefit plans is \$44,725,117 (2017 - \$40,542,800).

The significant actuarial assumptions adopted in estimating the City's accrued benefit liability for extended health, dental, life insurance and sick leave benefits are as follows:

Discount rate	4.0% per annum
Inflation rate	2.0% per annum
Salary escalation	2.5% per annum for first 3 years, increasing to 3% thereafter
Dental benefits escalation	4.25% per annum
Health benefits escalation	6.2% per annum in 2018, decreasing to 4.25% over 9 years

An independent actuarial valuation was also completed by 1425445 Ontario Limited (operating as Utilities Kingston) for the water, sewer and gas utilities employees' post-employment and post-retirement costs as at December 31, 2018. This liability is reported on these consolidated financial statements as an amount due to 1425445 Ontario Limited (operating as Utilities Kingston) in respect of costs incurred by them to manage the City's utility services.

The Corporation of the City Of Kingston

Notes to Consolidated Financial Statements

Year Ended December 31, 2018

10. Employee Future Benefit Obligations (Continued):

- (a) Extended Health Care, Dental, Life Insurance and Sick Leave Benefits (continued):

The significant actuarial assumptions adopted in estimating the accrued benefit liability for extended health, dental, life insurance and sick leave benefits for 1425445 Ontario Limited (operating as Utilities Kingston) water, sewer and gas employees are as follows:

Discount rate	4.0% per annum
Inflation rate	2.0% per annum
Salary escalation	3.3% per annum
Dental benefits escalation	4.5% per annum
Health benefits escalation	6.00% per annum in 2018, decreasing to 5.1% over 5 years

Consolidated information with respect to the City's post-retirement and post-employment obligations is as follows:

	2018	2017
	(In thousands of dollars)	
Accrued benefit liability, January 1	\$ 40,543	\$ 36,991
Expense recognized for the period	5,549	5,252
Benefits paid for the period	(2,888)	(3,607)
Amortization of actuarial losses	1,521	1,907
Accrued benefit liability, December 31	\$ 44,725	\$ 40,543

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

	2018	2017
	(In thousands of dollars)	
Accrued benefit obligation	\$ 55,109	\$ 52,448
Unamortized actuarial losses	(10,384)	(11,905)
Accrued benefit liability, December 31	\$ 44,725	\$ 40,543

- (b) *Workplace Safety and Insurance Board Act* ("WSIB"):

With respect to responsibilities under provisions of the *Workplace Safety and Insurance Board Act*, the City has elected to be treated as a Schedule 2 employer and remits payments to the WSIB as required to fund disability

The Corporation of the City Of Kingston

Notes to Consolidated Financial Statements

Year Ended December 31, 2018

10. Employee Future Benefit Obligations (Continued):

(b) *Workplace Safety and Insurance Board Act* (“WSIB”) (continued):

payments. An independent actuarial study of the Workplace Safety and Insurance Board liabilities was undertaken at December 31, 2016 in order to determine the estimated liability reported in these consolidated financial statements.

Actuarial gains and losses are amortized on a straight-line basis over the mean term of the liabilities which is estimated to be 10 years.

At December 31, 2018, the City’s accrued benefit liability relating to future WSIB claims is \$9,433,132 (2017 - \$9,908,274).

The significant actuarial assumptions adopted in estimating the City’s accrued benefit obligation for WSIB claims are as follows:

Discount rate	4.0% per annum
Inflation rate	2.0% per annum
Compensation costs, including loss of earnings benefits, health care costs and non-economic loss awards	0% to 6% per annum, depending on benefit type
Administration costs	35.5% of compensation expense

Information with respect to the City’s Workplace Safety and Insurance Board future payments is as follows:

	2018	2017
	(In thousands of dollars)	
Accrued benefit liability, beginning of year	\$ 9,908	\$ 10,463
Expense recognized for the period	639	579
Benefits paid for the period	(1,001)	(1,019)
Amortization of net actuarial gains	(113)	(115)
Accrued benefit liability, end of year	\$ 9,433	\$ 9,908

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

	2018	2017
	(In thousands of dollars)	
Accrued benefit obligation	\$ 9,278	\$ 9,640
Unamortized actuarial gains	155	268
Accrued benefit liability, end of year	\$ 9,433	\$ 9,908

The Corporation of the City Of Kingston

Notes to Consolidated Financial Statements

Year Ended December 31, 2018

10. Employee Future Benefit Obligations (Continued):

(c) Liability for vacation credits:

Compensated vacation expense is accrued for employees as entitlement to these payments is earned in accordance with the City's benefit plans for vacation time. Vacation credits earned as at December 31, 2018 amount to \$1,711,868 (2017 - \$1,755,907).

(d) Total employee benefit obligations:

	2018	2017
	(In thousands of dollars)	
Employee benefit obligations are comprised of:		
Health benefits and sick leave - City of Kingston	\$ 40,494	\$ 36,699
Workplace safety and insurance	9,433	9,908
Vacation credits	1,423	1,431
Pension payable	269	303
	51,619	48,341
Health benefits and sick leave – water, sewer and gas utilities (note 18(a))	4,231	3,836
Vacation credits – water, sewer and gas utilities	289	325
	4,520	4,161
Total employee benefit obligations	56,139	52,502
Amounts previously funded from operating revenues	(3,171)	(2,851)
Unfunded employee future benefit obligations	\$ 52,968	\$ 49,651
To be recovered from reserve funds	\$ 11,583	\$ 10,891
To be recovered from future municipal and utility revenues	41,385	38,760
	\$ 52,968	\$ 49,651

The City has established reserve funds to mitigate the future impact of certain sick leave obligations.

Employee future benefit obligations for water, sewer and gas utilities are payable to 1425445 Ontario Limited (operating as Utilities Kingston) and relate to accrued employee costs incurred by Utilities Kingston in managing these utility operations for the City.

The Corporation of the City Of Kingston

Notes to Consolidated Financial Statements

Year Ended December 31, 2018

11. Long-term Liabilities:

- (a) The long-term liabilities reported on the Consolidated Statement of Financial Position are made up of the following:

	2018	2017 (restated note 21 and 22)
	(In thousands of dollars)	
Long-term liabilities incurred by the City, including those incurred on behalf of other municipalities and municipal enterprises, with varying maturities up to 2047 and a weighted average interest rate of 4.0% (2017 - 4.1%)	\$ 360,376	\$ 375,759
Long-term liabilities incurred by Kingston & Frontenac Housing Corporation, with an interest rate of 5.4%, 3.6% and 3.0%, maturing 2028, 2032 and 2036	6,008	6,237
Long-term liabilities incurred by Town Homes Kingston, with interest rates ranging from 2.1% to 6.5% and varying maturities up to 2028	13,374	14,361
Proportionate share of KFLA Public Health long-term debt, with a current interest rate of 6.1%, maturing in 2029	3,061	3,270
Total long-term liabilities	\$ 382,819	\$ 399,627
Less long-term borrowings from own funds	\$ (16,104)	\$ (17,095)
Long-term liabilities to be recovered from future revenues	\$ 366,715	\$ 382,532
Of the municipal debt shown above, the responsibility for payment of principal and interest charges for the tile drainage loans has been assumed by individuals	\$ (51)	\$ (67)

The Corporation of the City Of Kingston

Notes to Consolidated Financial Statements

Year Ended December 31, 2018

11. Long-term Liabilities (Continued):

(b) Principal due on total long-term liabilities is summarized as follows:

(In thousands of \$)	2019	2020	2021	2022	2023	2024+	Total
Tax sources	\$ 7,364	\$ 7,612	\$ 7,870	\$ 8,082	\$ 8,303	\$ 92,826	\$132,057
Utility user fees	4,620	4,773	4,935	5,103	5,278	112,685	137,394
Other user fees	2,643	2,769	2,902	3,040	3,188	76,383	90,925
Public Health	224	239	255	272	291	1,780	3,061
Town Homes	1,089	1,132	1,178	1,225	1,006	7,744	13,374
Housing Corp	239	250	262	275	288	4,694	6,008
	\$16,179	\$16,775	\$17,402	\$ 17,997	\$18,354	\$296,112	\$382,819

(c) The long-term liabilities in (a), issued in the name of the City, have been approved by either the Ontario Municipal Board or 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 & Housing.

(d) Approval by by-law has also been obtained for pending issues of long-term liabilities and commitments to be financed by revenues beyond the term of Council. The principal and interest payments required to service pending issues and commitments are also within the debt repayment limit prescribed by the Ministry of Municipal Affairs & Housing.

(e) Total debt charges incurred during the year with respect to the long-term liabilities in (a) are as follows:

	2018	2017 (restated note 21 and 22)
	(In thousands of dollars)	
Principal payments	\$ 15,817	\$ 13,332
Interest	16,637	14,185
	\$ 32,454	\$ 27,517

Interest charges are included on the Consolidated Statement of Operations, classified under the appropriate functional expense headings.

The Corporation of the City Of Kingston

Notes to Consolidated Financial Statements

Year Ended December 31, 2018

12. Deferred Revenue – Obligatory Reserve Funds:

A requirement of the public sector accounting standards of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the City are summarized below:

	2018	2017
	(In thousands of dollars)	
Balance, beginning of year	\$ 23,793	\$ 20,598
Revenues		
Development contributions	6,814	6,458
Federal gasoline tax	7,858	7,634
Provincial gasoline tax	2,904	2,572
<i>Building Code Act</i>	-	2,244
Recreational Land (<i>Planning Act</i>)	96	154
Investment income	627	618
Utilization:		
Transfers for operating	(3,641)	(2,598)
Transfers for capital	(9,245)	(13,887)
Balance, end of year	\$ 29,206	\$ 23,793
	2018	2017
	(In thousands of dollars)	
Analyzed as follows:		
Development charges	\$ 18,853	\$ 16,932
Cash in lieu of parkland	3	89
Federal gasoline tax	4,680	633
<i>Building Code Act</i>	5,670	6,139
	\$ 29,206	\$ 23,793

The Corporation of the City Of Kingston

Notes to Consolidated Financial Statements

Year Ended December 31, 2018

13. Provincial Offences Administration (POA):

Effective March 13, 2000, the City assumed the administration of the Provincial Offences Office in Kingston. The transfer of administration from the Ministry of Attorney General to the City was a result of *Provincial Offences Act* (POA) 1977, which provides the framework for the transfer of responsibility and administration of POA courts.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the *Highway Traffic Act*, *Compulsory Automobile Insurance Act*, *Trespass to Property Act*, *Liquor Licence Act*, Municipal By-Laws and minor federal offences. The POA governs all aspects of legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

Balances arising from operation of the POA office have been consolidated with these financial statements effective from the March 13, 2000 assumption of this operation by the City. The revenue of the court office consists of fines levied under Parts I and III (including delay penalties) for POA charges filed in the Kingston court.

Offenders may pay their fines at any court office in Ontario, at which time their receipt is recorded in the Integrated Courts Operation Network System ("ICON") operated by the Province of Ontario. Revenue is recognized when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made. Total revenue and expenditures of the POA office are as follows:

	2018	2017
	(In thousands of dollars)	
Gross revenues received	\$ 1,328	\$ 1,630
Gross expenditures	(930)	(1,037)
Net revenues	\$ 398	\$ 593

The Corporation of the City Of Kingston

Notes to Consolidated Financial Statements

Year Ended December 31, 2018

14. Landfill Closure and Post-Closure Liability:

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

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

The City currently has three inactive landfill sites. The Kingston East site was closed in 2013. The Kingston West site was closed in 1989. The Belle Park Landfill site was closed in 1976. Post-closure care requirements include additional closure costs anticipated for these sites as well as annual post-closure maintenance and monitoring requirements, calculated for a twenty-five year period.

Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the City's average long-term borrowing rate of 4.0% and using an assumed rate of 2.0% for inflation. The estimated total landfill closure and post-closure care expenditures are calculated to be approximately \$5.7 million. For sites that are inactive, the estimated liability for these expenditures is recognized immediately. Included in liabilities on the Consolidated Statement of Financial Position at December 31, 2018 is an amount of \$5,694,118 (2017 - \$5,744,660) with respect to landfill closure and post-closure liabilities recognized to date.

The Corporation of the City Of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

15. Contingent Liabilities:

- (a) The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims at December 31, 2018, management believes that the City has valid defenses and appropriate and adequate insurance coverages in place. In the event any claims are successful, the amount of any potential liability is not determinable, therefore no amount has been accrued in the consolidated financial statements.
- (b) The City operated a coal gasification plant within the downtown area of the City from the mid-1800's through to the 1950's. Coal tar, a by-product of the coal gasification process, may have led to the contamination of soils and groundwater in the area of the former plant.

In some cases, private properties may have coal tar or coal compounds in the deep groundwater beneath them in which case some years ago the City provided written notice to the owner and at the same time confirmed that there were no risks to human health related to coal tar. The City has a community improvement brownfields program in place that may provide funding for incremental costs, if any, that are directly related to coal tar. In addition, the City may enter into agreements that provide for indemnities to landowners against any third party claims or Ministry of Environment orders should any such claim or order arise.

Existing agreements related to coal tar do not establish any current financial obligation for the City. The amount of any potential liability or the likelihood thereof with respect to any potentially contaminated properties is not determinable, therefore no amount has been accrued in the consolidated financial statements.

16. Commitments:

- (a) The City of Kingston has negotiated a non-exclusive long-term contract with Progressive Waste Solutions for handling and disposal of garbage which expires on January 31, 2020, with an optional one (1) year extension. Annual charges under the contract are determined by reference to certain waste volumes handled. Payments made for handling and disposal of garbage for the year 2018 were approximately \$1,703,500 (2017 - \$1,609,769).

The Corporation of the City Of Kingston

Notes to Consolidated Financial Statements

Year Ended December 31, 2018

16. Commitments (Continued):

- (b) 1425445 Ontario Limited (operating as Utilities Kingston) has entered into operating contracts to provide gas transportation, gas storage and purchases of natural gas as part of the management agreement with the City of Kingston. Costs incurred have been reimbursed and are reported as expenses on the Consolidated Statement of Operations.
- (c) The City previously entered into an agreement with the County of Frontenac to share in the capital cost of the reconstruction project for Fairmount Home for the Aged. The majority of total project cost of \$18.2 million has been financed by long-term debt in the amount of \$17.2 million. The City is responsible for 68% of the related debt repayment costs and incurred related debt charges in 2018 in the amount of \$712,503 (2017 - \$712,503). The remaining debt principal outstanding at December 31, 2018 is \$2.6M (2017 - \$3.4M) which expires September 2021.
- (d) In 2016, Council committed a sum of \$6,500,000 to be paid equally over five years beginning in 2017 to a fundraising appeal undertaken by the University Hospitals Kingston Foundation on behalf of local hospitals.
- (e) The Corporation of the City of Kingston and 1425445 Ontario Limited (operating as Utilities Kingston) on behalf of the City have previously entered into capital contracts:

Description of project	Capital Commitment	Costs Incurred to Date
	(In Thousands of Dollars)	
Cataraqui Bay Wastewater Treatment Plant	89,100	61,416
Princess Street – Phase 4	13,793	4,749
Airport Expansion	14,173	11,850
Third Crossing	170,000	337

17. Budget Process:

The City completes a review of its operating and capital budgets each year. The capital budget is set on a project-oriented basis, the costs of which may be carried over one or more fiscal years.

The Corporation of the City Of Kingston

Notes to Consolidated Financial Statements

Year Ended December 31, 2018

17. Budget Process (Continued):

The budget amounts presented in the consolidated financial statements are based on the 2018 operating and capital budgets approved by Council on December 19, 2017. The following table reconciles the approved budget to the budget amounts presented in the consolidated financial statements using the accrual basis of accounting, in accordance with Canadian public sector accounting standards.

	Budget Amount
	(In thousands of dollars)
Approved operating budget revenues	\$ 460,723
Consolidated external agency budgets	21,886
Approved PSAB reporting adjustments:	
Reserve fund revenues	16,000
Budget amendments and reallocations	4,340
Less transfers from reserves / reserve funds	(2,935)
Net operating budget revenues	500,014
Approved operating budget expenses	460,723
Consolidated external agency budgets	21,204
Approved PSAB reporting adjustments:	
Amortization of tangible capital assets	58,000
Reserve fund expenditures for debt interest	18,000
Unfunded accruals for employee future benefit obligations, landfill closure and post-closure liabilities and accrued interest on long term debt	2,200
Budget amendments and reallocations	4,340
Non-tangible capital asset expenditures	20,665
Loss on tangible capital asset transactions	2,375
Less transfers to reserves and reserve funds	(94,507)
Less debt principal repayments	(464)
Net operating budget expenses	492,536
Net revenues before capital investment	\$ 7,478

The Corporation of the City Of Kingston

Notes to Consolidated Financial Statements

Year Ended December 31, 2018

18. Investment in Government Business Enterprises:

- (a) 1425447 Ontario Limited and Kingston Hydro Corporation (formerly Kingston Electricity Distribution Limited) are government business enterprises of the City and accounted for on a modified equity basis in these consolidated financial statements.

The principal business of Kingston Hydro Corporation is to distribute electric power to City residents and to manage the City's electric distribution system. 1425447 Ontario Limited holds the shares of 1425445 Ontario Limited (operating as Utilities Kingston), which manages the electric operations for Kingston Hydro Corporation and the water, sewer and gas operations for the City of Kingston. 1425445 Ontario Limited (operating as Utilities Kingston) also owns and operates the fiber optics business.

Kingston Hydro Corporation adopted International Financial Reporting Standards (IFRS) beginning in 2015. There was no impact to the City's Investment in Government Business Enterprises (GBE) as a result of this accounting change.

The following table provides condensed supplementary financial information for 1425447 Ontario Limited, which includes the operations of 1425445 Ontario Limited (operating as Utilities Kingston), and for Kingston Hydro Corporation:

The Corporation of the City Of Kingston

Notes to Consolidated Financial Statements

Year Ended December 31, 2018

18. Investment in Government Business Enterprises (Continued):

(a) (continued):

	2018	2017 (restated note 21)
	(In thousands of dollars)	
Financial position		
Current assets	\$ 21,485	\$ 28,116
Due from City of Kingston:		
Utilities Kingston	4,329	12,578
Kingston Hydro Corporation	3,843	2,189
Post-employment benefit obligation (note 10(d))	4,231	3,836
Accrued vacation liabilities	379	425
Capital assets	66,924	63,574
Regulatory balances	3,096	(68)
Derivative asset	96	103
Deferred charges	(867)	(369)
Total assets	103,516	110,384
Current liabilities	20,352	29,562
Post-employment benefit obligation	6,258	5,677
Accrued vacation and pension liabilities	189	194
Accrued liabilities non-current	7,480	6,191
Long-term loan payable	17,987	19,892
Long-term notes payable to City of Kingston (note 18 (c))	18,311	18,311
Total liabilities	70,577	79,827
Net assets	\$ 32,939	\$ 30,557
Common shares	\$ 12,381	\$ 12,381
Accumulated other comprehensive income	(308)	(303)
Accumulated earnings	20,866	18,479
Investment in government business enterprises	\$ 32,939	\$ 30,557
Results of operations:		
Net utility revenues	\$ 127,525	\$ 135,186
Operating expenses	(121,911)	(126,031)
Interest on debt	(1,636)	(1, 592)
Depreciation	(3,292)	(3, 143)
Net earnings before income taxes	686	4,420
Net movement in regulatory deferral accounts	(194)	(1,868)
Payments in lieu of corporate income taxes	2,595	(794)
Net earnings	3,087	1,758
Dividends on common shares	(700)	(600)
Accumulated earnings, beginning of year	18,479	17,321
Accumulated earnings, end of year	\$ 20,866	\$ 18,479

The Corporation of the City Of Kingston

Notes to Consolidated Financial Statements

Year Ended December 31, 2018

18. Investment in Government Business Enterprises (Continued):

- (b) In accordance with related party reporting requirements, 1425445 Ontario Limited (operating as Utilities Kingston) reported contract expense recoveries during the year from Kingston Hydro Corporation and the City in the amounts of \$13,867,964 (2017 - \$12,541,915) and \$95,137,149 (2017 - \$99,471,091) respectively.

In addition, the City contracted to provide financial, human resources, legal and information technology services to both 1425445 Ontario Limited (operating as Utilities Kingston) and Kingston Hydro Corporation in the amount of \$3,363,748 (2017 - \$3,287,679).

As at December 31, 2018, the City had a balance owing to the Companies 1425445 Ontario Limited (operating as Utilities Kingston) in the amount of \$4,329,193 (2017 - \$12,577,957) and a balance owing to Kingston Hydro Corporation in the amount of \$3,843,011 (2017 - \$2,188,858), representing the net balance of cash receipts and disbursements processed on behalf of the Companies.

Charges for the above services are recorded at exchange amounts established and agreed to by the related parties.

- (c) On January 1, 2000, the City took a note payable for an amount equivalent to 50% of the value of net assets transferred for both Kingston Hydro Corporation and 1425445 Ontario Limited (operating as Utilities Kingston). As at December 31, 2018, the City had a note payable from Kingston Hydro in the amount of \$10,880,619 (2017 - \$10,880,619), bearing interest at 5.87% (2017 - 5.87%) per annum and a note payable from 1425445 Ontario Limited (operating as Utilities Kingston) in the amount of \$965,010 (2017 - \$965,010), bearing interest at 7.25% per annum. Both notes payable have no fixed terms of repayment subsequent to year-end.

On January 1, 2010, the City exchanged the investment of \$3,000,000 in Class D shares held in 1425445 Ontario Limited (operating as Utilities Kingston) for a \$3,000,000 note payable bearing interest at 5% with no fixed terms of repayment.

On September 22, 2014, the investment of \$965,008 in Class B shares and \$2,500,000 in Class C shares, held by the City, were exchanged for a note payable in the amount of \$3,465,008 bearing interest at 5% with no fixed terms of repayment.

The Corporation of the City Of Kingston

Notes to Consolidated Financial Statements

Year Ended December 31, 2018

19. Tangible Capital Assets:

			2018	2017
			(restated notes 21 and 22)	
	Cost	Accumulated amortization	Net book value	Net book value
(In thousands of dollars)				
General Assets				
Land	\$ 85,369	\$ -	\$ 85,369	\$ 85,419
Land improvements	85,314	22,136	63,178	57,664
Buildings and structures	405,864	148,066	257,798	252,347
Vehicles and machinery	96,910	50,038	46,872	38,860
Furniture, fixtures and equipment	140,186	63,357	76,829	76,506
Infrastructure Assets				
Land	11,400	-	11,400	10,822
Land improvements	36,799	24,802	11,997	11,538
Plants and facilities	361,088	163,361	197,727	200,183
Roads	419,059	229,015	190,044	174,295
Bridges and culverts	37,159	12,072	25,087	23,018
Utility networks	464,925	127,063	337,862	335,926
Other	292,854	105,327	187,527	172,539
	2,436,927	945,237	1,491,690	1,439,117
Assets under construction	138,883	-	138,883	120,041
	\$ 2,575,810	\$ 945,237	\$ 1,630,573	\$ 1,559,158

The Consolidated Schedule of Tangible Capital Assets provides additional information on the tangible capital assets and accumulated amortization of the City by major asset class and by business segment. The following information relates to other valuation and reporting aspects of the City's tangible capital assets.

(a) Contributed tangible capital assets:

The City records all tangible capital assets contributed by an external party at fair value on the earlier of the date received or the date of transfer of risk and responsibility. In 2018, a total of \$5,587,473 (2017 - \$8,058,859) was recorded as tangible capital asset additions with respect to contributed capital assets which was comprised of roads infrastructure in the amount of \$2,804,891 (2017 - \$5,250,370) and water and wastewater infrastructure in the amount of \$2,782,582 (2017 - \$2,808,489).

The Corporation of the City Of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

19. Tangible Capital Assets (Continued):

(b) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$Nil (2017 \$Nil).

(c) Works of art and historical treasures:

The definition of tangible capital assets specifically excludes museum and gallery collections and other works of art. The City owns a number of paintings, other pieces of artwork and museum artifacts that are displayed in various City buildings. These assets are not recorded as tangible capital assets and are not amortized.

(d) Capitalization of interest:

As per City policy, interest costs incurred with respect to financing the acquisition or construction of a tangible capital asset up to the date that the asset goes into use are not capitalized. In 2018, these interest costs are included as expenses on the Consolidated Statement of Operations in the amount of \$2,607,827 (2017 - \$2,130,052).

20. Segmented information:

The City is a municipal government institution, responsible for providing a range of services to its citizens. For management reporting purposes the City's operations and activities are organized and reported by department. These departments are reported by functional area in the body of the financial statements similar to reporting reflected in the Ontario Financial Information Return. These functional areas represent segments for the City and expanded disclosure by object has been reflected in the Consolidated Schedule of Segment Information.

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

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.

The Corporation of the City Of Kingston

Notes to Consolidated Financial Statements

Year Ended December 31, 2018

20. Segmented information (Continued):

A brief description of each segment follows:

- (a) General government: Includes corporate services and governance of the City. Administration as a segment includes operating and maintaining city owned buildings, human resource management, legal, communications, information systems and technology, support to Council for policy, and by-law development, tax billing and collection responsibilities, financial and budget management and reporting, and frontline reception and customer service.
- (b) Protection services: Includes policing, fire protection, conservation authority, protective inspection and control and emergency measures. The mandate of the police services is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. Fire protection includes inspection, extinguishing and suppression services; emergency medical first response; and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and dog control services.
- (c) Transportation services: Includes administration and operation of traffic, parking and transit services. Also includes, road maintenance and winter control services, repair and the construction of the municipal roads system including bridges and culverts, as well as operation and maintenance of the corporate fleet of vehicles and equipment.
- (d) Environmental services: Includes waste collection, disposal and recycling services.
- (e) Wastewater: Own and operate waste water facilities and infrastructure within specific areas of the municipality.
- (f) Water: Own and operate a water treatment and distribution network within specific areas of the municipality.
- (g) Health services: Provides funding for local Public health organizations and land ambulance operations.
- (h) Social and family services and housing: Manages social assistance as well as funding for childcare and housing. In addition, the municipality owns and operates a long term care residence for seniors.

The Corporation of the City Of Kingston

Notes to Consolidated Financial Statements

Year Ended December 31, 2018

20. Segmented information (Continued):

- (i) Recreation and cultural services: Provides services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure programs and facilities including community halls, libraries, parks, recreation fields, museums, arenas, the Grand Theatre and the Leon's Centre.
- (j) Planning and development services: Manages development for business interests, environmental concerns, heritage matters, local neighbourhoods and community development. Also facilitates economic development by providing services for the approval of all land development plans and the application and enforcement of the zoning by-law and official plan.
- (k) Gas works: Own and operate a natural gas distribution network within specific areas of the municipality.

21. Comparative Information:

Certain comparative information has been reclassified to conform to the current year financial statement presentation.

22. Consolidation of New Entity

During 2018, the City, as Service Manager, exercised its authority to act as the housing provider for Town Homes Kingston with respect to all or part of the assets, liabilities and undertakings of the housing provider. As a result of subsequent changes to the governance and administration model, Town Homes Kingston financial information has been consolidated as a reporting entity in the City of Kingston's 2018 audited financial statements. For comparability purposes, the consolidation has been reported retroactively, with 2017 comparative information updated to reflect the current year financial statement presentation. The impact of the retroactive restatement related to Town Homes Kingston amounted to an increase in the opening municipal equity of \$175K.

23. Adoption of New Accounting Policies

The City adopted Canadian Public Sector Accounting Standards PS 2200 Related Party Disclosures, PS 3420 Inter-Entity Transactions, PS 3320 Contingent Assets, and PS 2208 Contractual Rights effective January 1, 2018. The adoption of these standards did not result in any adjustments to the consolidated financial statements as at January 1, 2018.

The Corporation of the City Of Kingston
Consolidated Schedule of Tangible Capital Assets – by Major Asset Class

Year ended December 31, 2018, with Comparative Figures for 2017

(In Thousands of Dollars)

	GENERAL ASSETS					INFRASTRUCTURE ASSETS								Capital Works in Progress	TOTALS	
	Land	Land Improvements	Buildings	Vehicles and Machinery	Furniture, Fixtures and Equipment	Land	Land Improvements	Plants and Facilities	Roads	Bridges and Culverts	Utility Networks	Other	2018		2017	
Cost																
Balance, beginning of year	\$ 85,420	\$ 77,344	\$ 390,573	\$ 86,209	\$ 133,057	\$ 10,824	\$ 36,148	\$ 351,827	\$ 395,600	\$ 34,506	\$ 456,449	\$ 272,245	\$ 120,041	\$ 2,450,243	\$ 2,316,202	
Add: Additions	-	7,970	15,291	15,440	11,018	576	651	9,725	26,474	2,653	9,212	22,305	\$ 18,842	140,157	141,844	
Less: Disposals	(51)	-	-	(4,739)	(3,889)	-	-	(464)	(3,015)	-	(736)	(1,696)	-	(14,590)	(7,803)	
Balance, end of year	85,369	85,314	405,864	96,910	140,186	11,400	36,799	361,088	419,059	37,159	464,925	292,854	138,883	2,575,810	2,450,243	
Accumulated Amortization																
Balance, beginning of year	-	19,680	138,225	47,350	56,550	-	24,610	151,645	221,305	11,488	120,522	99,710	-	891,085	834,689	
Add: Amortization	-	2,456	9,841	6,555	10,400	-	192	12,179	9,982	584	7,146	6,858	-	66,193	63,681	
Less: Accumulated amortization on disposals	-	-	-	(3,867)	(3,593)	-	-	(463)	(2,272)	-	(605)	(1,241)	-	(12,041)	(7,285)	
Balance, end of year	-	22,136	148,066	50,038	63,357	-	24,802	163,361	229,015	12,072	127,063	105,327	-	945,237	891,085	
Net Book Value of Tangible Capital Assets	\$ 85,369	\$ 63,178	\$ 257,798	\$ 46,872	\$ 76,829	\$ 11,400	\$ 11,997	\$ 197,727	\$ 190,044	\$ 25,087	\$ 337,862	\$ 187,527	\$ 138,883	\$ 1,630,573	\$ 1,559,158	

Independent Auditors' Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Kingston

Opinion

We have audited the Statement of Trust Funds of the Corporation of the City of Kingston for the year ended December 31, 2018 and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Statement").

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying Statement for the year ended December 31, 2018 is prepared in all material respects in accordance with the 2018 Long-Term Care Home Annual Report Technical Instructions and Guidelines, dated December 29, 2018 issued by the Ministry of Health and Long-Term Care of Ontario.

Basis for Qualified Opinion

As common with many trust funds, the Corporation of the City of Kingston Trust Funds derive revenue from residents' deposits, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Corporation of the City of Kingston and we were not able to determine whether, as at or for the years ended December 31, 2018 and December 31, 2017, any adjustments might be necessary to contributions, excess of revenues over expenses, assets and fund balances.

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 "***Auditors' Responsibilities for the Audit of the Statement***" section of our auditors' report.

We are independent of the Corporation of the City of Kingston in accordance with the ethical requirements that are relevant to our audit of the Statement 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.

Emphasis of Matter - Financial Reporting Framework

We draw attention to Note 1 to the Statement, which describes the basis of accounting. The Statement is prepared to provide information to the Ministry of Health and Long-Term Care of Ontario. As a result, the Statement may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Other Matter - Restriction on Use

Our report is intended solely for the Corporation of the City of Kingston and the Ministry of Health and Long-Term Care of Ontario and should not be used by parties other than Corporation of the City of Kingston and the Ministry of Health and Long-Term Care of Ontario.

Responsibilities of Management and Those Charged with Governance for the Statement

Management is responsible for the preparation of the Statement in accordance with the 2018 Long-Term Care Home Annual Report Technical Instructions and Guidelines, dated December 29, 2018 issued by the Ministry of Health and Long-Term Care of Ontario, including determining that the basis of accounting is an acceptable basis for the preparation of the Statement in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

In preparing the Statement, management is responsible for assessing the Corporation of the City of Kingston'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 Corporation of the City of Kingston or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation of the City of Kingston's financial reporting process.

Auditors' Responsibilities for the Audit of the Statement

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

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

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

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 statement, 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 Corporation of the City of Kingston'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 Corporation of the City of Kingston's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Statement 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 auditors' report. However, future events or conditions may cause the Corporation of the City of Kingston to cease to continue as a going concern.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

July 9, 2019

Kingston, Canada

The Corporation of the City Of Kingston

Trust Funds

Year Ended December 31, 2018, with comparative figures for 2017

Name of Fund	Rideaucrest Residents Fund	Donations & Endowments	Other	Total 2018	Total 2017
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Statement of Financial Position

Assets

Cash and short-term investments	\$ 27,520	\$ 40,400	\$ 86,557	\$154,477	\$ 150,546
	<u>\$ 27,520</u>	<u>\$ 40,400</u>	<u>\$ 86,557</u>	<u>\$154,477</u>	<u>\$ 150,546</u>

Fund Balances

Unexpendable trust Capital/ earned surplus	\$ -	\$ 40,400	\$ 25,000	\$ 65,400	\$ 65,400
	27,520	-	61,557	89,077	85,146
	<u>\$ 27,520</u>	<u>\$ 40,400</u>	<u>\$ 86,557</u>	<u>\$154,477</u>	<u>\$ 150,546</u>

Statement of Continuity

Balances, beginning of year	\$ 25,238	\$ 40,400	\$ 84,908	\$150,546	\$ 157,271
Donations and other revenue	47,273	-	-	47,273	45,196
Interest earned	-	779	1,649	2,428	1,486
	<u>\$ 72,511</u>	<u>\$ 41,179</u>	<u>\$ 86,557</u>	<u>\$200,247</u>	<u>\$ 203,953</u>
Expenditures	44,991	779	-	45,770	53,407
Balances, end of year	<u>\$ 27,520</u>	<u>\$ 40,400</u>	<u>\$ 86,557</u>	<u>\$154,477</u>	<u>\$150,546</u>

The Corporation of the City Of Kingston**Trust Funds****Notes to Financial Statements**Year Ended December 31, 2018

1. Significant Accounting Policies:

The financial statements of The Corporation of the City of Kingston Trust Funds are prepared by management in accordance with Canadian public sector accounting standards.

(a) Basis of Accounting:

These statements reflect the assets, liabilities, revenue and expenditures of the Trust Funds.

(b) Revenue Recognition:

Revenue and expenditures are recorded on an accrual basis.

The accrual basis recognizes revenue as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(c) Use of Estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from those estimates.

2. Statement of Cash Flows:

A statement of cash flows has not been included in these financial statements as it would not provide additional meaningful information.

By-law Number 2019-XXX

A By-law to Amend By-law Number 2009-140, as amended, being “A By-Law To Regulate Signs In The City Of Kingston” – Amended Provisions for Election Signs

Passed _____, 2019

Whereas the Corporation of the City of Kingston has passed a new By-law to regulate the placement of election signs for federal, provincial and municipal elections and by-elections in the City of Kingston;

And Whereas By-law Number 2009-140, as amended, being “A By-Law To Regulate Signs In The City Of Kingston” contains existing provisions with respect to election signs;

And Whereas Council deems it appropriate to amend By-law Number 2009-140 in order to achieve consistency with the new Election Sign By-law Number 2019-XXX;

Now Therefore the Council of The Corporation of the City of Kingston hereby enacts as follows:

1. By-law Number 2009-140, as amended, is hereby further amended as follows:

- (a) By amending Clause 1. so as to delete the existing definition of “Election Sign” and replace it with the following new definition:

“Election Sign” means any image, words, sign, picture, device, notice or visual medium, or any combination thereof, including, without limitation, any poster, placard, bulletin and banner which:

- (i) advertises, promotes, opposes or takes a position with respect to any candidate or political party in a federal, provincial or municipal election or by-election, including an election of a local board or commission; or
- (ii) is intended to influence electors to vote for or against an issue associated with a candidate or political party in a federal, provincial or municipal election or by-election; or
- (iii) is intended to influence electors to vote for or against any candidate or any question, law or by-law submitted to the electors under the *Canada Elections Act*, the *Election Act* (Ontario), or section 8 of the *Municipal Elections Act, 1996*.
- (b) By amending Clause 1. so as to delete the words “Election Signs” from the existing definition of “Temporary Sign” so that as amended the definition of “Temporary Sign” shall now read as follows:

“Temporary Sign means a Sign that is not permanently attached to or affixed into the ground, to a Building, or a structure, in which a timeframe or condition has been established for its removal or renewal and shall include Construction Site Signs, Portable Signs, Sandwich Board Signs, Boulevard Signs, Projected Display Signs, Balloon Signs, Snap Frame Signs, Real Estate Signs and Searchlight Signs.”

- (c) By deleting Clause 2.4 in its entirety and replacing it with the following new Clause 2.4:

“2.4 Election Signs are regulated under By-Law Number 2019-XXX, being “A By-Law to Regulate Election Signs in the City of Kingston”, as may be amended from time to time, or any successor to that By-Law.”

2. This By-law shall come into force and take effect on the date of its passing.

Given First and Second Readings _____, 2019

Given Third Reading and Passed _____, 2019

John Bolognone
City Clerk

Bryan Paterson
Mayor