



City of Kingston
Administrative Policies Committee
Agenda

05-2024

Thursday, July 11, 2024

6:00 p.m.

Council Chamber

Committee Composition

Councillor Ridge, Chair

Councillor Amos

Councillor Chaves

Councillor Glenn

Councillor Hassan

Councillor McLaren

Please provide regrets to Christine O'Connor, Committee Clerk at 613-546-4291, extension 1219 or cloconnor@cityofkingston.ca

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Pages

1. Public Meeting

The Administrative Policies Committee will host a public meeting at 6:00 p.m. on Thursday, July 11, 2024, to consider Tax Write Offs Pursuant to Sections 357 and 358 of the *Municipal Act, 2001*.

2. Call to Order

3. Approval of the Agenda

4. Confirmation of Minutes

That the minutes of Administrative Policies Committee Meeting Number 04-2024, be approved.

5. Disclosure of Pecuniary Interest

6. Delegations

7. Briefings

8. Business

1. Rideaucrest Board of Management

That the Administrative Policies Committee resolve itself into the Board of Management for Rideaucrest Home.

1. Rideaucrest Home Report for March - June 2024

4

The Report of the Commissioner of Community Services (AP-24-019) is attached.

Recommendation:

This report is for information only.

That the Administrative Policies Committee rise from the Board of Management for Rideaucrest Home.

2. Audited Financial Statements and Other Financial Information of the Corporation of the City of Kingston, Year Ended December 31, 2023

25

The Report of the Chief Financial Officer and City Treasurer (AP-24-017) is attached.

Recommendation:

That the Administrative Policies Committee recommends to Council on August 13, 2024:

That Council approve the Audited Financial Statements and Other Financial Information of The Corporation of the City of Kingston, Year Ended December 31, 2023, attached as Exhibit A to Report Number AP-24-017.

3. Short-term Rental By-law Amendments

117

The Report of the Commissioner of Growth and Development Services (AP-24-015) is attached.

Recommendation:

That the Administrative Policies Committee recommends to Council:

That a by-law be presented to amend By-Law Number 2021-10, "A By-Law to License and Regulate Short-term Rentals in the City of Kingston", as amended, as per Exhibit A attached to Report Number AP-24-015; and

That a by-law be presented to amend By-Law Number 2005-10 "A By-Law to Establish Fees and Charges to be Collected By the Corporation of the City of Kingston", as amended, to apply a system of licensing fees for Short-term Rental Brokerages as per Exhibit B attached to Report Number AP-24-015; and

That By-Law Number 2020-69, "A By-Law to Establish a Process for Administrative Penalties", as amended, be further amended, as

per Exhibit C to Report Number AP-24-015; and

That Council authorize City staff to submit any required set fine applications to the Ministry of the Attorney General in relation to the proposed amendments to the Short-term Rental By-Law; and

That the Mayor and Clerk be authorized to execute any agreements that identify data sharing obligations of Short-term Rental Brokerages to the City of Kingston in a form acceptable to the Director of Legal Services.

4. Tax Write Offs Pursuant to the Municipal Act, 2001

175

The Report of the Chief Financial Officer and City Treasurer (AP-24-018) is attached.

Recommendation:

That the Administrative Policies Committee recommend as follows:

That Council approve the cancellation, reduction, or refund of taxes pursuant to applications made under Sections 357 and 358 of the Municipal Act, 2001 totaling \$139,807.25 of which \$109,357.82 is the City's portion and the amount charged back to the school boards is \$30,449.43, for the properties listed in Exhibit A to Report Number AP-24-018.

9. Motions

10. Notices of Motion

11. Other Business

12. Correspondence

13. Date of Next Meeting

The next meeting of the Administrative Policies Committee is scheduled for Thursday, September 12, 2024.

14. Adjournment



City of Kingston
Information Report to Administrative Policies Committee
Report Number AP-24-019

To: Chair and Members of the Administrative Policies Committee
From: Jennifer Campbell, Commissioner, Community Services
Resource Staff: Casie Keyes, Administrator, Rideaucrest Home
Date of Meeting: July 11, 2024
Subject: Rideaucrest Home Report for March – June 2024

Council Strategic Plan Alignment:

Theme: Corporate business

Goal: See above

Executive Summary:

The Administrative Policies Committee serves as the Board of Management for Rideaucrest Home. This is the third report to be provided to the Rideaucrest Board of Management for 2024. This report includes information on operations of the Home between March 16, 2024 – June 15, 2024.

Recommendation:

This report is for information only.

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Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

**Jennifer Campbell,
Commissioner, Community
Services**

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

**Lanie Hurdle, Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

| | |
|--|--------------|
| Paige Agnew, Commissioner, Growth & Development Services | Not required |
| Neil Carbone, Commissioner, Corporate Services | Not required |
| David Fell, President & CEO, Utilities Kingston | Not required |
| Peter Huigenbos, Commissioner, Major Projects & Strategic Initiatives | Not required |
| Brad Joyce, Commissioner, Infrastructure, Transportation & Emergency Services | Not required |
| Desirée Kennedy, Chief Financial Officer & City Treasurer | Not required |

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Options/Discussion:

Rideaucrest Home has maintained an overall occupancy rate of 98.53% to date in 2024. The Home's application to the Ministry of Health and Long-Term Care (MOHLTC) for two beds in abeyance to support the resident bathroom construction project remains active and in place until December 31, 2025, adjusting the total bed occupancy for the Home to 168 beds from 170 beds. The Home continues to work diligently with the Placement Coordinator at Home and Community Care Support Services (HCCSS) to ensure applications are reviewed and beds are filled in a timely manner, maintaining a minimum occupancy level of 97%.

Rideaucrest Home had thirteen incidents reportable to the MOHLTC from March 16, 2024 through June 15, 2024. Four incidents of staff to resident interaction, one disease outbreak of Rhinovirus impacting three residents, two falls resulting in a transfer to hospital and six incidents of resident to resident interactions.

The Ministry of Health and Long-Term Care communicated with the Home in May via telephone to seek additional details related to three incidents of resident to resident interaction and two incidents of staff to resident interaction. They visited the Home June 3, 4, 5, 7 and 10 to complete an inspection on Critical Incidents submitted to the Ministry. Staff have received the Inspection Report related to the visit and the inspectors noted two areas of non-compliance. The inspectors noted that on one occasion staff failed to ensure a resident's wheelchair was placed out of sight when the resident was in bed, as is set out in the plan of care. As a result, the Home received a Written Notification of non-compliance for not following the plan of care. The inspectors also noted that on one occasion staff failed to ensure that the provision and outcome of care related to a resident was documented on the clinical monitoring record following a sustained head injury from a physical altercation. As a result, the Home received a Written Notification of non-compliance for not accurately documenting all aspects of head injury routine as required. The Home will be following up with education and audits to ensure these processes are followed, a formal action plan has been completed and posted in the Home.

As of May 31, 2024, there were 510 people on the waiting list for Rideaucrest Home. Of those waiting, 74 are in crisis awaiting immediate placement to long term care in our community.

On June 4, 2024, the provincial government announced new changes that will allow personal support workers (PSWs) to register with the new Health and Supportive Care Providers Oversight Authority (HSCPOA). This change will commence on December 1, 2024, when the more than 100,000 Personal Support Workers in Ontario will have the option to register with the new HSCPOA. The HSCPOA will ensure consistent education and training for personal support workers, regardless of where they work and if they are part-time or full-time, to support their career growth and give patients confidence they are receiving high-quality care.

KFL&A Public Health visited the Home on June 11th to review the hair salon and meal preparation areas. The hair salon, operated by Forever Young Hair Care Group, was noted to have expired disinfectant product on-site which was immediately removed. There were no

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violations noted on the reports and the inspector commended the Home for precautions taken by staff and the contractor throughout the ongoing construction projects.

Quality Initiatives

The Home worked with a local Swiss Chalet restaurant on March 13th to provide residents with their desired 'meal of the month' where they were able to enjoy rotisserie chicken and chalet sauce. Residents were thrilled with this event.

On March 18th, Dietary staff supported residents in enjoying a taste testing event of food items to consider for the seasonal menu change. This was a great opportunity for residents to come together and have input into menu options in their home.

The Home hosted a Family Information Session on March 26th providing education and information to those in attendance, both in-person and virtually, on Infection Prevention and Control in the Home, dementia overview and tips for navigating, and Quality Indicators tracked and reported within the Home.

Resident and Family Satisfaction Survey results (Exhibit A) were shared with residents, families and staff in March. The Home also hosted an Operational Planning Day with residents, families and staff present to review the top five strengths and the top five opportunities for each survey completed and began the process of developing an action plan to address the opportunities. Staff were able to address the Resident Survey opportunities in the Health Quality Ontario, Quality Improvement Plan that was submitted to the province on March 27, 2024 (Exhibit B).

The Home worked cohesively to ensure that residents, families and staff were able to view the solar eclipse safely on April 8th. Given the location of the Home, everyone had great viewing options both indoors and outdoors to experience this remarkable event.

The Home was thrilled to welcome three consolidating Practical Nursing students in May, each with interest in a career in long term care. Staff continue to collaborate with the team at St. Lawrence College to support placement opportunities across departments in the Home.

With the provincial commitment to increasing Direct Hours of Care Staffing and Allied Health Professional staffing across the sector, the nursing department at Rideaucrest added further frontline staff as of April 2024. This increase included an additional PSW available on each terrace during the day shift. The additional hands during a very busy portion of the day will help to provide increased quality of personalized care to our residents. This increase in frontline staff will surpass the provincially set standard for direct hours of care provided to each resident at Rideaucrest Home. Additionally, Rideaucrest Home welcomed a new Assistant Director of Care (ADOC) in May, allowing the Home to operate with one ADOC on each of its terraces. This is the final round of planned additions to the team under this provincial initiative. Since the inception of the funding initiative in November 2021, Rideaucrest Home has added thirty full-time and twenty-three part-time funded positions. The Home will continue to report quarterly to the province on the staffing of these planned levels of care.

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The Home went live with a shift broadcasting module within the scheduling software on May 22nd. Payroll Staffing Clerks are very excited to offer this option for staff to pick up vacant shifts via text message. The module will also support staffing efficiencies with the recent increases in staffing levels. Once this new process rollout is evaluated with the Registered Practical Nurse team, staff will look to broaden its reach and to find further efficiency in the time spent completing administrative tasks within the Payroll Staffing team.

Staff completed an annual Work Life Pulse survey to share their input on the working environment at Rideaucrest Home. Each year the results are reviewed to generate an action plan for improvements. The 2024 action plan (Exhibit C) was shared with all staff on June 3rd.

Rideaucrest staff are continuously reviewing data related to many aspects of resident care. There are Registered Nurses on staff that have the primary work assignment of completing dedicated assessments on residents to ensure care plans are up to date, reflective of the residents' current care needs, and documenting within a provincial system on specific quality initiatives (Canadian Institute for Health Information). The Home monitors these quality indicators closely and benchmarks outcomes within the Home, quarter versus quarter, and compares these to provincial outcomes. Staff are pleased to share that instances of residents with delirium are steadily decreasing, instances of residents with pressure ulcers are steadily decreasing, and residents with safety restraints in place are also decreasing. Residents experiencing pain, worsened mood and falls continue to be areas of monitoring for the Home, with plans in place to see improvements across the care continuum. Statistics and indicators such as these health outcomes change greatly with people moving in and out of the Home, and with resident's natural aging progression.

COVID-19/Outbreak

The Home and the Ministry of Health and Long-Term Care continue to encourage everyone to stay up to date on their COVID-19 vaccinations and booster doses. The Home will continue to host vaccine campaigns for staff and residents to ensure all available and recommended vaccines are readily accessible.

Financial Considerations:

On March 26th the Minister of Finance released the 2024 Ontario Budget entitled "Building a Better Ontario". Elements of the budget that have a direct impact on resident care and operations at Rideaucrest Home are summarized below:

- Level of Care funding - the province is providing a 6.6% (\$353M) increase to the Level of Care (LoC) funding envelopes for 2024-25.
- Pharmacy Funding - the LTC pharmacy funding will be kept at a \$1,500 annual fee per bed this year, as opposed to the planned decrease to service providers.
- Health Human Resources: Four Hours of Care - the allocation for 2024-2025 will be \$1.82B provincially, and as part of that program a corresponding increase to funding will be built into the base funding the Home receives moving forward.

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- Minor Capital – the province will provide \$202M in 2024 to eligible LTC operators as a one-time transfer through the Other Accommodation (OA) envelope to help them with minor repairs/redevelopment projects. This equates to a one-time \$2,543 per bed payment.

The Case Mix Index (CMI) is a means for collecting information through various assessments to categorize long term care residents into specific groups based on their clinical and resource needs. This information is then used to support planning, quality improvements and resource allocations for home wide operations. Rideaucrest's funded CMI for the assessment period April 1, 2022 to March 31, 2023 was 0.9794, which will dictate per diem funding levels for the fiscal period of April 1, 2024 through March 31, 2025. This is down slightly from the 2023-2024 CMI of 0.9801, which results in a revenue loss of \$3,400 for the current provincial fiscal year.

The approved 2024 operating budget for Rideaucrest Home contains \$6,707,307 in municipal contribution. As of May 31, 2024, Rideaucrest Home has spent 32.65% (excluding commitments) of its municipal contribution, which is \$605,099 under budget. The wages portion of each of the Home's respective department's budget lines are showing an underspend primarily due to the pending resolution of the current Collective Agreement negotiations. Once ratified there will be a retroactive allocation of expenses.

Variance summary by department is as follows:

Administrative Services – \$25K underspent

- This underspend is partially due to a vacant clerical position, which has since been filled.

Dietary & Nutrition – \$32K underspent

- This underspend is attributed to a wages variance and incremental provincial funding.

Director of Care (Medical & Nursing) – \$643K underspent

- The underspend in nursing is attributed to wages for the team as the Home continues to actively recruit to fill the residual positions as a result of the increase in Hours of Care Funding. The Home recruits Nursing students who have completed year one of their studies as PSWs for the summer months, greatly offsetting the staffing challenges experienced in the Home.

Housekeeping and Laundry (Environmental Services) – \$19K underspent

- This underspend is attributed to a wages variance.

Resident Programs and Services (Life Enrichment) – \$1.5K underspent

Other expenditures – \$51K underspent (less revenue compared to budgeted)

- This section of the budget houses all resident accommodation revenue, revenue that is aligned to more than one department and allocated as required (i.e. Allied Health Professional funding) and increased level of care funding; at this time in 2024 the variance is due to timing of funding flowing from the province.

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Rideaucrest Home capital projects update as of April 22, 2024:

Common room, dining room and servery renovation:

- The contract is over 58.5% complete based on value of the work performed to date.
- Construction commenced November 7, 2022. Projected completion of project is December 2024.
- Third and fourth floor common area, dining room and serveries are complete with the exception of minor deficiencies. Leadership has provided options to residents on fireplace finishes and wall mural options which will be installed in the coming weeks.
- Second floor common area and dining room are under construction, completing Phase 2 (nursing office) in two weeks.
- Servery and staff washroom (Phase 3 on the second floor) to commence shortly.

Resident washroom renovation – Phase 2, third floor:

- Contract and building permit released. Material purchase orders issued.
- First set of washrooms are currently under construction.

Fire alarm replacement:

- The contract is over 51% complete based on value of the work performed to date.
- Construction commenced October 2, 2023. The new fire alarm system is expected to be operational at the end of November 2024.
- Once the new fire alarm system is operational, the contractor will remove the old system and patch and paint throughout the building.
- New conduit, wire and devices have been installed in the basement and fourth floor. The contractor is currently working on the third floor.
- Central Alarm and Control Facilities (CACF) Room installation on the main level (which will house the main fire panel) is ongoing.

Contacts:

Casie Keyes, Administrator, Rideaucrest Home, 613-530-2818 extension 4283

Other City of Kingston Staff Consulted:

Laura Rabbie, Administration Manager, Rideaucrest Home

Exhibits Attached:

Exhibit A - 2023 Resident and Family Survey

Exhibit B - 2024-2025 Workplan

Exhibit C - 2024 Worklife Pulse Action Plan



2023 Resident and Family Experience Survey Results for Rideaucrest

Summary Report

RESET

Rideaucrest

of Residents and of Family would recommend this home to others.

The 2023 feedback survey for residents and families occurred between September 11th and October 31, 2023. Regarding participation, the numerator (top number) signifies the number of residents and family members who completed the survey. The (bottom number) denominator is the number of individuals eligible to participate.

| Resident Participation | | Recommendation | Family Participation | | Recommendation |
|------------------------|-------------------|---------------------|----------------------|------------------|---------------------|
| 2023 N/D: 56/86 | 2022 N/D: 103/104 | | 2023 N/D: 44/147 | 2022 N/D: 37/200 | |
| 2023 | 65.1% | (Blank) | 2023 | 29.9% | (Blank) |
| 2022 | 99.0% | Would You Recommend | 2022 | 18.5% | Would You Recommend |

Resident Experience Survey

Percentage(%) represents respondents agreed or strongly agreed with the following statements.

Top 5 Strengths

| Question | Score |
|--|-------|
| I would recommend this home to others. | 92.6% |
| I feel that the staff are friendly. | 86.8% |
| I trust the staff in my home. | 85.2% |
| Overall, I am satisfied with my relationships with others in the home. | 84.6% |
| I am treated with courtesy in the dining room. | 84.0% |

Top 5 Opportunities

| Question | Score |
|--|-------|
| I have input into the recreation programs available. | 54.8% |
| I have good choice of continence care products. | 56.3% |
| If I need help right away, I can get it (e.g. when I ring the call bell or ask for help, I don't have to wait long). | 56.9% |
| I am updated regularly about any changes in my home. | 58.3% |
| The following services are improving: recreation programs | 58.3% |

Family Experience Survey

Percentage(%) represents respondents agreed or strongly agreed with the following statements.

Top 5 Strengths

| Question | Score |
|--|-------|
| The resident receives courteous service in the dining room. | 89.7% |
| I am satisfied with the quality of cleaning within the resident's room | 88.4% |
| I am satisfied with the quality of cleaning services throughout the home | 88.1% |
| I am satisfied with the quality of maintenance of the physical building and outdoor spaces | 88.1% |
| I am updated regularly about any changes in the home. | 86.0% |

Top 5 Opportunities

| Question | Score |
|--|-------|
| The quality of continence care products is improving. | 25.0% |
| There is good choice of continence care products. | 31.0% |
| The resident has input into the recreation programs available. | 34.4% |
| Overall, I am satisfied with the continence care products. | 40.6% |
| I have an opportunity to provide input on food and beverage options. | 41.2% |



2023 Resident Experience Survey Results for Rideaucrest

BI & Analytics

% represents those who responded with "Agree" and "Strongly Agree" on a 5-point likert scale, N/A was removed.

- - Above LTC division overall (Oak, Spruce, and fully managed Assist homes)
- - Below LTC division overall (Oak, Spruce, and fully managed Assist homes)

Care Services

| Questions | 2023 | 2022 | LTC Division Overall 2023 |
|---|---------|-------|---------------------------|
| Overall, I am satisfied with the care I receive. | 75.5% ● | 74.8% | 80.1% |
| I am satisfied with the quality of care from dietitian(s) | 77.4% ● | 66.3% | 69.4% |
| I am satisfied with the quality of care from doctors | 67.6% ● | 50.0% | 65.5% |
| I am satisfied with the quality of care from nursing staff | 73.1% ● | 87.4% | 84.1% |
| I am satisfied with the quality of care from personal support staff | 75.0% ● | 86.3% | 80.9% |
| I am satisfied with the quality of care from physiotherapist/occupational therapist(s) | 82.4% ● | 57.3% | 75.9% |
| I am satisfied with the quality of care from social worker(s) | 66.7% ● | 43.3% | 68.6% |
| I feel my goals and wishes are considered and incorporated into the care plan whenever possible. | 61.1% ● | 67.0% | 68.7% |
| If I need help right away, I can get it (e.g. when I ring the call bell or ask for help, I don't have to wait long). | 56.9% ● | 67.0% | 65.3% |
| My care conference is a meaningful discussion that focuses on what's working well, what can be improved, and potential solutions. | 60.6% ● | 62.5% | 66.5% |
| The care I receive is improving. | 59.4% ● | 52.2% | 62.9% |
| There is someone I can talk to about my medications. | 65.3% ● | 71.0% | 76.4% |

Recreation & Spiritual Care Services

| Questions | 2023 | 2022 | LTC Division Overall 2023 |
|--|---------|-------|---------------------------|
| Overall, I am satisfied with the recreation and spiritual care services. | 72.5% ● | 60.2% | 79.1% |
| I am aware of the recreation services offered in the home. | 70.0% ● | 78.6% | 86.9% |
| I am satisfied with the relevance of recreation programs | 66.7% ● | 62.7% | 74.7% |
| I am satisfied with the timing and schedule of recreation programs | 72.7% ● | 65.3% | 77.2% |
| I am satisfied with the timing and schedule of spiritual care services | 64.3% ● | 60.2% | 73.1% |
| I am satisfied with the variety of recreation programs | 71.1% ● | 73.3% | 78.3% |
| I am satisfied with the variety of spiritual care services | 67.9% ● | 61.9% | 73.7% |
| I have input into the recreation programs available. | 54.8% ● | 60.6% | 63.9% |
| The following services are improving: recreation programs | 58.3% ● | 58.4% | 67.9% |
| The following services are improving: spiritual care services | 61.9% ● | 54.4% | 64.9% |



2023 Resident Experience Survey Results for Rideaucrest

BI & Analytics

% represents those who responded with "Agree" and "Strongly Agree" on a 5-point likert scale, N/A was removed.

- - Above LTC division overall (Oak, Spruce, and fully managed Assist homes)
- - Below LTC division overall (Oak, Spruce, and fully managed Assist homes)

Dining Services

| Questions | 2023 | 2022 | LTC Division Overall 2023 |
|--|---------|-------|---------------------------|
| I am treated with courtesy in the dining room. | 84.0% ● | 89.7% | 86.7% |
| Overall, I am satisfied with the meal, beverage and dining services. | 80.8% ● | 73.0% | 74.7% |
| I am satisfied with the variety of food and beverage options. | 75.0% ● | 69.6% | 68.6% |
| I am satisfied with the food and beverages served to me. | 71.7% ● | 73.5% | 69.0% |
| I enjoy eating meals in the dining room. | 68.6% ● | 78.4% | 80.3% |
| I am satisfied with the temperature of my food and beverages. | 67.3% ● | 67.7% | 67.9% |
| The meal, beverage and dining services are improving. | 66.7% ● | 55.4% | 59.7% |

Laundry, Cleaning, and Maintenance Services

| Questions | 2023 | 2022 | LTC Division Overall 2023 |
|--|---------|-------|---------------------------|
| I am satisfied with the quality of cleaning services within my room | 73.1% ● | 85.4% | 87.1% |
| I am satisfied with the quality of cleaning services throughout the home | 77.6% ● | 84.3% | 87.0% |
| I am satisfied with the quality of laundry services for linens | 68.6% ● | 84.0% | 85.5% |
| Overall, I am satisfied with laundry, cleaning and maintenance services. | 82.4% ● | 76.2% | 83.5% |
| I am satisfied with the quality of maintenance of the physical building and outdoor spaces | 72.7% ● | 70.0% | 81.2% |
| I am satisfied with the quality of laundry services for my personal clothing | 78.8% ● | 78.2% | 79.4% |
| Cleanliness of the home is improving. | 63.3% ● | 58.2% | 70.0% |
| Maintenance of the physical building and grounds is improving. | 71.9% ● | 57.8% | 68.1% |
| Laundry services are improving. | 65.5% ● | 56.2% | 64.3% |



2023 Resident Experience Survey Results for Rideaucrest

BI & Analytics

% represents those who responded with "Agree" and "Strongly Agree" on a 5-point likert scale, N/A was removed.

- - Above LTC division overall (Oak, Spruce, and fully managed Assist homes)
- - Below LTC division overall (Oak, Spruce, and fully managed Assist homes)

Relationships with Others

| Questions | 2023 | 2022 | LTC Division Overall 2023 |
|--|---------|-------|---------------------------|
| I feel that the staff are friendly. | 86.8% ● | 93.5% | 88.2% |
| I trust the staff in my home. | 85.2% ● | 84.8% | 84.0% |
| Overall, I am satisfied with my relationships with others in the home. | 84.6% ● | 78.0% | 81.0% |
| Staff take the time to chat with me | 76.9% ● | 82.6% | 74.8% |
| Residents are friendly with each other. | 75.0% ● | 75.0% | 73.4% |
| I have friends in the home. | 75.0% ● | 71.4% | 71.3% |
| My relationship with others is improving. | 68.6% ● | 58.0% | 64.4% |

Communication & Concerns

| Questions | 2023 | 2022 | LTC Division Overall 2023 |
|---|---------|-------|---------------------------|
| Overall, I am satisfied with communication from home leadership. | 63.3% ● | 60.4% | 71.3% |
| Communication by home leadership is improving. | 65.6% ● | 51.7% | 59.6% |
| Communication from home leadership is clear and timely. | 63.3% ● | 60.0% | 68.2% |
| I am updated regularly about any changes in my home. | 58.3% ● | 58.8% | 62.0% |
| If I have a concern I feel comfortable raising it with the staff and leadership | 75.5% ● | 78.6% | 78.5% |
| If I have a concern my concerns are addressed in a timely manner. | 63.8% ● | 67.0% | 70.4% |

Continence Care Products

| Questions | 2023 | 2022 | LTC Division Overall 2023 |
|---|---------|-------|---------------------------|
| Overall, I am satisfied with continence care products. | 76.5% ● | 71.7% | 83.1% |
| Continence care products are available when I need them | 82.4% ● | 75.4% | 85.6% |
| Continence care products are comfortable | 76.5% ● | 72.9% | 84.1% |
| Continence care products fit me properly | 68.8% ● | 78.0% | 83.5% |
| Continence care products keep me dry | 70.6% ● | 69.0% | 83.7% |
| I have good choice of continence care products. | 56.3% ● | 56.4% | 71.6% |
| The overall quality of continence care products is improving. | 61.5% ● | 54.9% | 68.2% |



2023 Family Experience Survey Results for Rideaucrest

% represents those who responded with "Agree" and "Strongly Agree" on a 5-point likert scale, N/A was removed.

- - Above LTC division overall (Oak, Spruce, and fully managed Assist homes)
- - Below LTC division overall (Oak, Spruce, and fully managed Assist homes)

Care Services

| Questions | 2023 | 2022 | LTC Division Overall 2023 |
|---|---------|-------|---------------------------|
| Overall, I am satisfied with the care provided to the resident. | 76.2% ● | 71.4% | 76.1% |
| I am satisfied with the quality of care from dietitian(s) | 75.0% ● | 85.3% | 73.2% |
| I am satisfied with the quality of care from doctors | 51.3% ● | 56.7% | 71.6% |
| I am satisfied with the quality of care from nursing staff | 79.1% ● | 91.7% | 85.2% |
| I am satisfied with the quality of care from personal support staff | 79.1% ● | 91.4% | 80.1% |
| I am satisfied with the quality of care from physiotherapist/occupational therapist(s) | 54.3% ● | 61.5% | 66.7% |
| I am satisfied with the quality of care from social worker(s) | 66.7% ● | 44.4% | 64.2% |
| I feel my feedback on the resident's goals and care plan is considered and incorporated whenever possible. | 61.5% ● | 66.7% | 73.6% |
| The care team communicates clearly and in a timely manner about the resident. | 76.2% ● | 66.7% | 78.2% |
| The care the resident receives is improving. | 63.2% ● | 52.9% | 58.1% |
| The resident's care conference is a meaningful discussion that focuses on what's working well, what can be improved, and potential solutions. | 74.4% ● | 71.0% | 74.7% |
| There is someone I can talk to about the resident's medications. | 76.2% ● | 80.0% | 86.6% |

Recreation & Spiritual Care Services

| Questions | 2023 | 2022 | LTC Division Overall 2023 |
|--|---------|-------|---------------------------|
| Overall, I am satisfied with the recreation and spiritual care services. | 50.0% ● | 50.0% | 66.1% |
| I am aware of the recreation services offered in the home. | 80.5% ● | 75.8% | 86.3% |
| I am satisfied with the relevance of recreation programs. | 56.4% ● | 59.4% | 69.4% |
| I am satisfied with the timing and schedule of recreation programs | 51.3% ● | 53.1% | 70.0% |
| I am satisfied with the timing and schedule of spiritual care services | 51.9% ● | 39.1% | 57.8% |
| I am satisfied with the variety of recreation programs | 50.0% ● | 51.5% | 70.4% |
| I am satisfied with the variety of spiritual care services | 48.1% ● | 46.2% | 59.5% |
| The following services are improving: recreation programs | 56.8% ● | 44.4% | 53.0% |
| The following services are improving: spiritual care services | 42.9% ● | 45.5% | 47.7% |
| The resident has input into the recreation programs available. | 34.4% ● | 37.5% | 47.2% |



2023 Family Experience Survey Results for Rideaucrest

% represents those who responded with "Agree" and "Strongly Agree" on a 5-point likert scale, N/A was removed.

- - Above LTC division overall (Oak, Spruce, and fully managed Assist homes)
- - Below LTC division overall (Oak, Spruce, and fully managed Assist homes)

Dining Services

| Questions | 2023 | +/- | 2022 | LTC Division Overall 2023 |
|---|-------|-----|-------|---------------------------|
| Overall, I am satisfied with the meal, beverage and dining services. | 73.2% | ● | 79.4% | 68.7% |
| I am satisfied with the food and beverages served to residents. | 81.0% | ● | 83.3% | 72.4% |
| I am satisfied with the variety of food and beverage options for residents. | 75.6% | ● | 83.3% | 72.1% |
| I have an opportunity to provide input on food and beverage options. | 41.2% | ● | 51.7% | 51.0% |
| The meal, beverage and dining services are improving. | 44.4% | ● | 59.3% | 44.1% |
| The resident enjoys eating meals in the dining room. | 69.2% | ● | 79.4% | 70.1% |
| The resident receives courteous service in the dining room. | 89.7% | ● | 88.2% | 82.0% |

Laundry, Cleaning, and Maintenance Services

| Questions | 2023 | +/- | 2022 | LTC Division Overall 2023 |
|--|-------|-----|-------|---------------------------|
| Overall, I am satisfied with laundry, cleaning and maintenance services. | 85.0% | ● | 68.6% | 65.5% |
| Cleanliness of the home is improving. | 61.8% | ● | 53.6% | 50.1% |
| I am satisfied with the quality of cleaning services throughout the home | 88.1% | ● | 77.8% | 75.9% |
| I am satisfied with the quality of cleaning within the resident's room | 88.4% | ● | 75.0% | 67.7% |
| I am satisfied with the quality of laundry services for linens | 78.0% | ● | 68.8% | 74.1% |
| I am satisfied with the quality of laundry services for personal clothing | 80.5% | ● | 76.5% | 70.7% |
| I am satisfied with the quality of maintenance of the physical building and outdoor spaces | 88.1% | ● | 83.3% | 71.2% |
| Laundry services are improving. | 50.0% | ● | 48.0% | 44.4% |
| Maintenance of the physical building and outdoor spaces is improving. | 61.8% | ● | 65.5% | 51.7% |



2023 Family Experience Survey Results for Rideaucrest

% represents those who responded with "Agree" and "Strongly Agree" on a 5-point likert scale, N/A was removed.

- - Above LTC division overall (Oak, Spruce, and fully managed Assist homes)
- - Below LTC division overall (Oak, Spruce, and fully managed Assist homes)

Communication & Concerns

| Questions | 2023 | 2022 | LTC Division Overall 2023 |
|---|---------|-------|---------------------------|
| Overall, I am satisfied with communication from home leadership. | 73.2% ● | 82.4% | 75.5% |
| Communication by home leadership is improving. | 62.2% ● | 76.7% | 60.3% |
| Communication from home leadership is clear and timely. | 80.5% ● | 71.4% | 77.7% |
| I am updated regularly about any changes in the home. | 86.0% ● | 85.3% | 80.7% |
| If I have a concern I feel comfortable raising it with the staff and leadership | 76.2% ● | 80.0% | 84.8% |
| If I have a concern my concerns are addressed in a timely manner. | 61.0% ● | 72.7% | 74.2% |

Continence Care Products

| Questions | 2023 | 2022 | LTC Division Overall 2023 |
|--|---------|-------|---------------------------|
| Overall, I am satisfied with the continence care products. | 40.6% ● | 53.6% | 66.5% |
| Continence care products are available when the resident needs them. | 71.9% ● | 63.3% | 75.5% |
| Continence care products are comfortable | 54.5% ● | 73.1% | 68.6% |
| Continence care products fit properly | 51.5% ● | 70.4% | 68.8% |
| Continence care products keep the resident dry | 43.8% ● | 70.4% | 67.8% |
| The quality of continence care products is improving. | 25.0% ● | 42.9% | 42.9% |
| There is good choice of continence care products. | 31.0% ● | 52.0% | 52.1% |

Access and Flow

Measure - Dimension: Efficient

| Indicator #1 | Type | Unit / Population | Source / Period | Current Performance | Target | Target Justification | External Collaborators |
|--|------|------------------------|--|---------------------|--------|----------------------|------------------------|
| Rate of Quality Indicator triggering for the Homes residents for Symptoms of Delirium. | C | % / LTC home residents | CIHI CCRS / Previous 12 month calendar yera. | 26.70 | 24.00 | Home specific plan | |

Change Ideas

Change Idea #1 The Home will work to decrease the number of residents triggering on RAI-MDS assessments for Symptoms of Delirium.

| Methods | Process measures | Target for process measure | Comments |
|--|---|---|----------|
| Change cognitive pattern questions on POC to PRN documentation. Our RAI-MDS coding team will verify with registered staff during residents observation period if there are any triggers for delirium for each resident then code them correctly. | We will monitor documentation during RAI-MDS assessment to ensure coding team are verifying triggers with registered staff. Quality Indicators per CIHI are reviewed at continuous quality improvement meetings and we will note there current trends with QI for symptoms of delirium. | The Home hopes to decrease the number of residents triggering with Symptoms of Delirium by 10% by Dec 2024. | |

Experience

Measure - Dimension: Patient-centred

| Indicator #2 | Type | Unit / Population | Source / Period | Current Performance | Target | Target Justification | External Collaborators |
|--|------|------------------------|---|---------------------|--------|----------------------|------------------------|
| Percentage of resident responding positively to the following survey question: If I need help right away, I can get it (eg. when I ring the call bell or ask for help, I don't have to wait long). | C | % / LTC home residents | In-house survey / Most recent consecutive 12 month period | 56.90 | 65.30 | Home specific target | |

Change Ideas

Change Idea #1 Identified during Operational Planning Day our support staff do not feel confident answering call bells. Therefore we will provide education for support staff on answering call bells including review of falling leaf program and our Homes 4 P's approach to answering call bells.

| Methods | Process measures | Target for process measure | Comments |
|--|--|---|----------|
| Staff Development coordinator will develop education package for support staff outlining expectations when answering call bells, review of our falling leaf program and what the 4 P's are to ask of our residents prior to leaving their rooms. The staff development coordinator will track who from each department completes this education package. | We will monitor effectiveness of this change method by comparing our next Resident Satisfaction Survey results with our current results. | Our target for this initiative is 65.3% of resident will respond positively to the question: "If i need help right away, I can get it." on our next resident satisfaction survey. | |

Measure - Dimension: Patient-centred

| Indicator #3 | Type | Unit / Population | Source / Period | Current Performance | Target | Target Justification | External Collaborators |
|--|------|------------------------|---|---------------------|--------|-----------------------|------------------------|
| Percentage of Residents responding positively to the following survey question: I am updated regularly about any changes in my Home. | C | % / LTC home residents | In-house survey / Most recent consecutive 12 month period | 58.30 | 62.00 | Home specific target. | |

Change Ideas

Change Idea #1 Our Life Enrichment department will incorporate a new program into their monthly schedule called "Rideaucrest News and Views". This program will occur the second week of the month after our monthly newsletter is released so that the department is able to share information from the newsletter in the program.

| Methods | Process measures | Target for process measure | Comments |
|--|--|---|----------|
| Life enrichment staff will develop an outline for the program identifying what will be covered during the program, invite residents to join the program, share the information with the residents, gather any feedback from the residents regarding the program and information shared and they will track attendance at the information sessions. | We will measure the success of this program by the attendance trends of participants for the program and their feedback, and by comparing our current Resident Satisfaction survey responses for this survey question with the responses from our next Resident Satisfaction survey responses. | Our Home specific target for Residents responding positively to the question: "I am updated regularly about any changes in my Home" is 62%. | |

Safety

Measure - Dimension: Safe

| Indicator #4 | Type | Unit / Population | Source / Period | Current Performance | Target | Target Justification | External Collaborators |
|--|------|-------------------|--|---------------------|--------|---|------------------------|
| Percentage of Registered Staff who completed medication safety education provided by pharmacy provider upon onboarding to the Home | C | % / Staff | In house data collection / last 12 month period. | CB | 100.00 | New process of providing Medication Safety education to all new hires to the Home during orientation via pharmacy provider client portal. | |

Change Ideas

Change Idea #1 Provide online (client portal) medication safety education to all newly onboarded registered staff during orientation process.

| Methods | Process measures | Target for process measure | Comments |
|---|---|---|----------|
| Staff development nurse will explain process and provide access to on-line client portal to all newly hired registered staff. Staff development nurse will monitor, record and follow-up with staff to ensure completion of assigned education. | The Home expects a 100% compliance rate with all new hires for completion of education by Dec 2024. | 100% of newly hired registered staff will have completed medication safety education provided by pharmacy provider by Dec 2024. | |

2024 Worklife Pulse Survey Action Plan

| Variance from Standard/Requirement | Correction Action Required | Deadline | Accountable Person(s) | Status |
|--|--|------------------|--|--|
| <p>I am able to make improvements in how my work is done</p> | <ul style="list-style-type: none"> • Develop virtual staff suggestions box- anonymous, connect with IS&T to see if this is do able, link to feedback email in newsletter review these leadership monthly. • HR or Comms to run a meeting for front line staff similar to OPS day reviewing our WLP survey and gathering suggestions on improving | <p>June 2024</p> | <p>QAA</p> | <p>QAA continues to work on this</p> |
| | | <p>Fall 2024</p> | <p>QAA will reach out to comms for this to be conducted after next Survey</p> | <p>QAA working with Comms to set up after our next Worklife Pulse Survey is completed</p> |

Rideaucrest Home

| | | | | |
|---|--|---|--|--|
| <p>I receive the training I need to do my job well</p> | <ul style="list-style-type: none"> • Annual education survey- low completion rate- look to re-vamp survey make it shorter with 2024 goal to improve completion rate • Goal for 75% of each department to complete. • E-learning education to be completed by July 2024 providing more time to follow up with those not completed or requiring more education. | <p>July 2024</p> <p>Dec 2024</p> <p>July 2024</p> | <p>Staff Development</p> <p>Staff Development</p> <p>Staff Development</p> | |
|---|--|---|--|--|

Rideaucrest Home

| | | | | |
|--|---|--|---|---|
| <p>The people I work with help each other out</p> | <ul style="list-style-type: none"> • Training of support staff to answer call bells/provide customer support/address 4 P's and review the falling leaf program (supervisors of Dietary, ESS and LES to review with their teams if they do this/why the don't etc prior to starting education) • Suggest to wellness team to enforce positive feedback on the floors ("High-five" messages from co-workers, residents and families appreciating jobs well done.) | <p>July 2024 supervisors to start process</p> <p>Education will then be developed by SD lead after input from supervisors plan by Sept 2024</p> <p>May 2024</p> | <p>Supervisors ESS, Dietary, LES</p> <p>Staff Educator</p> <p>Wellness Committee</p> | <p>Leadership team has made this suggestion to the Wellness committee and it sits with them.</p> |
|--|---|--|---|---|



**City of Kingston
Report to Administrative Policies Committee
Report Number AP-24-017**

To: Chair and Members of the Administrative Policies Committee
From: Desirée Kennedy, Chief Financial Officer & City Treasurer
Resource Staff: Lana Foulds, Director, Financial Services
Christa Walsh, Manager, Financial Planning
Date of Meeting: July 11, 2024
Subject: Audited Financial Statements and Other Financial Information
of The Corporation of the City of Kingston, Year Ended
December 31, 2023

Council Strategic Plan Alignment:

Theme: Regulatory & compliance

Goal: See above

Executive Summary:

This report presents the Audited Financial Statements and Other Financial Information of The Corporation of the City of Kingston for the year ended December 31, 2023 (“Audited Financial Statements”). The Audited Financial Statements have been prepared by staff and audited by KPMG Chartered Accountants.

The revenues and expenditures as reported in the Audited Financial Statements are consistent with the details of the 2023 financial results that were provided as part of Report Number 24-104, the Operating Budget Status Update – Fourth Quarter 2023 Report, which was presented to Council on July 9, 2024.

Representatives from KPMG will be present at the Administrative Policies Committee meeting to present their 2023 Audit Findings Report for The Corporation of the City of Kingston for the year ended December 31, 2023, as well as their Auditors’ Report as attached to the Audited Financial Statements.

July 11, 2024

Page 2 of 6

Recommendation:

That the Administrative Policies Committee receive:

- the Audited Financial Statements and Other Financial Information of The Corporation of the City of Kingston, Year Ended December 31, 2023, attached as Exhibit A to Report Number AP-24-017;
- KPMG's 2023 Audit Findings Report for The Corporation of the City of Kingston for the year ended December 31, 2023, attached as Exhibit B to Report Number AP-24-017; and

That the Administrative Policies Committee recommends to Council on August 13, 2024:

That Council approve the Audited Financial Statements and Other Financial Information of The Corporation of the City of Kingston, Year Ended December 31, 2023, attached as Exhibit A to Report Number AP-24-017.

July 11, 2024

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Authorizing Signatures:

ORIGINAL SIGNED BY CHIEF FINANCIAL OFFICER & CITY TREASURER

**Desiree Kennedy, Chief
Financial Officer & City
Treasurer**

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

**Lanie Hurdle, Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

| | |
|--|--------------|
| Paige Agnew, Commissioner, Growth & Development Services | Not required |
| Jennifer Campbell, Commissioner, Community Services | Not required |
| Neil Carbone, Commissioner, Corporate Services | Not required |
| David Fell, President & CEO, Utilities Kingston | Not required |
| Peter Huigenbos, Commissioner, Major Projects & Strategic Initiatives | Not required |
| Brad Joyce, Commissioner, Infrastructure, Transportation & Emergency Services | Not required |

July 11, 2024

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Options/Discussion:**Background**

The [Municipal Act, 2001](#), section 294.1, states that “a municipality shall, for each fiscal year, prepare annual financial statements for the municipality in accordance with generally accepted accounting principles for local governments as recommended, from time to time, by the Public Sector Account Board (PSAB) of the Canadian Institute of Chartered Accounts.” Accordingly, staff has prepared the Audited Financial Statements and Other Financial Information of The Corporation of the City of Kingston, Year Ended December 31, 2023 (“Audited Financial Statements”), in accordance with the Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board (PSAB).

The Audited Financial Statements, attached as Exhibit A, provide information on the financial position and financial operations of the City of Kingston as at and for the year ended December 31, 2023. The Audited Financial Statements provide an accounting of the full nature and extent of the financial affairs and resources for which the municipality is responsible, including those related to the activities of the following government agencies and enterprises: Downtown Business Improvement Area, Kingston-Frontenac Public Library Board, Kingston & Frontenac Housing Corporation, and Kingston, Frontenac and Lennox and Addington Public Health. The Audited Financial Statements reflect the 2023 information as well as comparative data for the 2022 year-end.

The Audited Financial Statements reflect the adoption of a number of new accounting standards, including the adoption of PS 3280 Asset Retirement Obligations (ARO), which requires the accounting and reporting of legal or regulatory requirements associated with the retirement and decommissioning of capital assets at the end of their useful lives. Note 19 to the Audited Financial Statements provides additional information on the new accounting standards and the impact to the current year reporting as well as prior year comparatives.

Details of the 2023 financial operations were included in Report Number 24-104 Operating Budget Status Update – Fourth Quarter 2023 Report, which went to Council on July 9, 2024. This report included information on revenue and expenditure variances consistent with the reporting of revenues and expenses as included in the Audited Financial Statements. Also, part of the year-end reporting process, the 2023 Financial Information Return was filed with the Ministry of Municipal Affairs and Housing.

As part of the audit process, KPMG considers internal controls over financial reporting in designing their audit procedures. While KPMG did not identify any significant deficiencies in internal controls that required reporting to the Administrative Policies Committee, they did identify items for management from a process and/or control improvement perspective that would serve to enhance the city’s control environment and/or ensure accurate and reliable financial reporting. It is expected that a letter to management will be finalized in the next couple of weeks and will include the following recommendations:

July 11, 2024

Page 5 of 6

- Recommendation to continue to refine processes for documenting, tracking and updating asset retirement obligation (“ARO”) data throughout the year including the development of a detailed subledger.

The measurement and tracking of ARO data was a new reporting requirement for 2023. Documentation will be developed to provide more comprehensive support of the estimates reported on the audited financial statements in future years.

- Recommendation to ensure proper reconciliation and review of all balance sheet accounts during the year.

Some year-end balance sheet account reconciliations included unreconciled items which, in aggregate, were not material. It was noted that management was in the process of resolving and adjusting for these items.

- Recommendation for management to establish a process for annually assessing and documenting indicators of impairment in long term investments.

At December 31, 2023, the reported cost of the City’s long-term investments exceeded their market value. This was identified by staff, in conjunction with the City’s investment brokers, as a temporary decline in market value, particularly as it relates to those investments that were purchased at a premium, which often occurs when a bond's coupon rate is more than current market interest rates. It was determined that there is no permanent impairment due to the low-risk nature of the investments, the high credit ratings of the issuers, and the City’s intention to hold these investments to their maturities.

The City’s appointed auditors, KPMG Chartered Accountants, will be present at the Administrative Policies Committee meeting to present their 2023 Audit Findings Report for The Corporation of the City of Kingston for the year ended December 31, 2023, attached as Exhibit B, and their Auditors’ Report as attached to the Audited Financial Statements.

On August 11, 2020, Council passed By-Law Number 2020-127, A By-Law to Appoint KPMG LLP as Auditor for the City of Kingston and Its Local Boards for a Period of Three Years (2020-2022), with the Option of Extending the Appointment for Two Additional Years (2023-2024). This By-Law delegated authority to the Chief Financial Officer and City Treasurer, or delegate, at his/her discretion, to extend the appointment of KPMG LLP as auditor of The Corporation of the City of Kingston and its local boards by exercising the option of appointment for two additional years for the period January 1, 2023 to December 31, 2024. The Chief Financial Officer and City Treasurer acted on this delegation of authority and exercised the option to extend the appointment of KPMG LLP for two additional years (2023 and 2024).

Existing Policy/By-Law

None

July 11, 2024

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Notice Provisions

Subsequent to Council approve, and in accordance with the [Municipal Act, 2001](#), sub-section 295 (1), notice will be provided to the public that the Audited Financial Statements and Other Financial Information of The Corporation of the City of Kingston, Year Ended December 31, 2023, will be available on the City's website.

Financial Considerations

External audit fees are included in the annual operating budget.

Contacts:

Lana Foulds, Director, Financial Services, 613-546-4291 extension 2209

Other City of Kingston Staff Consulted:

Christa Walsh, Manager, Financial Planning

Exhibits Attached:

- Exhibit A: Audited Financial Statements and Other Financial Information of The Corporation of the City of Kingston, Year Ended December 31, 2023
- Exhibit B: KPMG's 2023 Audit Findings Report for The Corporation of the City of Kingston for the year ended December 31, 2023

Audited Financial Statements
and Other Financial Information of

**The Corporation of
the City of Kingston**

Year Ended December 31, 2023

DRAFT

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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 is 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
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 (“the Entity”), which comprise:

- * the consolidated statement of financial position as at December 31, 2023;
- * 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 “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of Matter – Comparative Information

We draw attention to Note 19 to the financial statements (“Note 19”) which explains that certain comparative information presented for the year ended December 31, 2022 has been restated.

Note 19 explains the reasons for the restatement and also explains the adjustments that were applied to restate comparative information.

Our opinion is not modified in respect of this matter.

Draft for discussion purposes

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Draft for discussion purposes

- * Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- * Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- * Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- * Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- * Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group of the Entity to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

August 13, 2024

The Corporation of the City of Kingston
Consolidated Statement of Financial Position
December 31, 2023, with Comparative Figures for 2022

| In Thousands of Dollars | 2023 | 2022 (Restated)* |
|--|--------------------|---------------------|
| Financial Assets: | | |
| Cash and short-term investments | \$ 286,475 | \$ 254,786 |
| Taxes receivable | 9,195 | 6,985 |
| Accounts receivable | 76,611 | 85,864 |
| Inventories for resale | 17,744 | 18,534 |
| Notes receivable from government business enterprises (note 14(c)) | 18,311 | 18,311 |
| Long-term investments (note 4) | 174,090 | 172,525 |
| Investment in government business enterprises (note 14(a)) | 41,466 | 39,917 |
| Total Financial Assets | 623,892 | 596,922 |
| Liabilities: | | |
| Accounts payable and accrued liabilities | (97,473) | (97,475) |
| Due to government business enterprises: | | |
| Utilities Kingston (note 14(b)) | (7,982) | (9,920) |
| Kingston Hydro Corporation (note 14(b)) | (6,289) | (7,586) |
| Employee future benefit obligations (note 8(d)) | (4,134) | (4,086) |
| Deferred revenue - obligatory reserve funds (note 10) | (81,465) | (78,237) |
| Deferred revenues | (29,612) | (18,981) |
| Accrued interest on long-term debt | (5,418) | (5,656) |
| Long-term liabilities (note 9) | (480,527) | (499,980) |
| Employee future benefit obligations (note 8(d)) | (73,822) | (69,073) |
| Asset retirement obligations (note 21) | (24,669) | (24,197) |
| Total Liabilities | (811,391) | (815,191) |
| Net Financial Debt | (187,499) | (218,269) |
| Non-Financial Assets: | | |
| Tangible capital assets (note 15) | 2,025,281 | 1,980,274 |
| Inventories of supplies | 1,752 | 1,517 |
| Prepaid expenses | 5,286 | 4,394 |
| Total Non-Financial Assets | 2,032,319 | 1,986,185 |
| Municipal Equity | \$1,844,820 | \$1,767,916 |
| Contingent liabilities (note 11) | | |
| Commitments (note 12) | | |

* Change in accounting policy (note 19)

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, 2023, with Comparative Figures for 2022

| In Thousands of Dollars | Budget 2023* | Actual 2023 | Actual 2022 (Restated)* |
|--|----------------|---------------------|----------------------------|
| Revenue: | | | |
| Property taxation | \$ 279,847 | \$ 279,917 | \$ 268,019 |
| Taxation from other governments | 16,971 | 17,493 | 16,888 |
| User charges | 161,618 | 167,913 | 157,748 |
| User charges – gas commodity | 25,000 | 16,424 | 15,155 |
| Government grants | 88,603 | 106,574 | 102,246 |
| Grants from other municipalities | 5,531 | 5,261 | 4,783 |
| Investment income | 9,348 | 17,194 | 10,182 |
| Other | 3,214 | 3,503 | 2,355 |
| Transfers from deferred obligatory reserve funds (note 10) | 5,215 | 2,414 | 2,138 |
| Government business enterprises net earnings (note 14) | - | 1,549 | 2,387 |
| Total Revenues | 595,347 | 618,242 | 581,901 |
| Expenses: | | | |
| General government | 47,570 | 47,787 | 49,078 |
| Protection services | 94,403 | 95,583 | 96,976 |
| Transportation services | 101,450 | 100,133 | 91,832 |
| Environmental services | 92,124 | 96,037 | 88,606 |
| Health services | 33,122 | 32,036 | 30,770 |
| Social and family services | 82,001 | 89,294 | 76,064 |
| Social housing | 46,857 | 45,761 | 40,224 |
| Recreational and cultural services | 56,922 | 57,804 | 54,484 |
| Planning and development | 9,511 | 12,758 | 11,756 |
| Gas utility | 34,918 | 28,146 | 26,125 |
| Total Expenses | 598,878 | 605,339 | 565,915 |
| Net Revenues before the under noted items | (3,531) | 12,902 | 15,986 |
| Other Revenue: | | | |
| Grants and transfers related to capital: | | | |
| Government and municipal capital grants | | 28,76 | 31,421 |
| Transfers from deferred obligatory reserve funds (note 10) | | 28,83 | 24,676 |
| Donations and other | | 54 | 379 |
| Contributed tangible capital assets (note 15(a)) | | 6,352 | 3,359 |
| Total Other Revenue | | 64,00 | 59,835 |
| Annual Surplus | | 76,90 | 75,822 |
| Municipal Equity, Beginning of Year | | 1,767,91 | 1,692,094 |
| Municipal Equity, End of Year | | \$ 1,844,820 | \$ 1,767,916 |

* Budget 2023 (note 13) and Change in accounting policy (note 19)

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 Debt
Year Ended December 31, 2023, with Comparative Figures for 2022

| In Thousands of Dollars | Budget 2023 | Actual 2023 | Actual 2022 (Restated)* |
|--|---------------------|---------------------|----------------------------|
| Annual Surplus | \$ (3,531) | \$ 76,904 | \$ 75,822 |
| Amortization of tangible capital assets | 76,000 77,657 | | 82,730 |
| Acquisition of tangible capital assets | | (134,151) | (138,198) |
| Asset retirement obligation addition | - | (523) | - |
| Loss on tangible capital assets transactions | - | 6,936 | 8,186 |
| Sub-total | 72,469 | 31,897 | 23,467 |
| Acquisition of prepaid expenses | - | (892) | (147) |
| Acquisition of supplies inventories | - | (235) | (352) |
| Decrease in Net Debt | 72,469 | 30,770 | 22,968 |
| Net Debt, Beginning of Year | (218,269) | (218,269) | (222,458) |
| Adjustment on adoption of the asset retirement obligation standard | - | - | (18,779) |
| Net Debt, End of Year | \$ (145,800) | \$ (187,499) | \$ (218,269) |

* Change in accounting policy (note 19)

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

Draft for discussion purposes

The Corporation of the City of Kingston
Consolidated Schedule of Municipal Equity
Year Ended December 31, 2023, with Comparative Figures for 2022

| In Thousands of Dollars | 2023 | 2022 (Restated)* |
|---|---------------------|---------------------|
| Current Fund Surplus (Deficit): | | |
| General operating surplus | \$ 3,629 | \$ 1,423 |
| Accumulated operating surplus - water | 1,597 | 4,962 |
| Accumulated operating surplus - sewer | 1,686 | 4,068 |
| Accumulated operating surplus - gas | 4,499 | 5,473 |
| Downtown Business Improvement Area | 27 | (43) |
| Kingston & Frontenac Housing Corporation | 4,228 | 8,215 |
| Kingston Frontenac Public Library Board | 599 | 361 |
| Total Current Fund Surplus | 16,265 | 24,459 |
| Investment in Tangible Capital Assets: | | |
| Tangible capital assets (note 15) | 2,025,281 | 1,980,274 |
| Long-term liabilities (note 9) | (480,527) | (499,980) |
| Unfinanced capital expenditures: | | |
| To be financed from taxation or user charges | (4,953) | (24,821) |
| Unapplied capital receipts | - | 136 |
| Asset retirement obligation (note 21) | (24,669) | (24,197) |
| Total Investment in Tangible Capital Assets | 1,515,132 | 1,431,412 |
| Investment in Government Business Enterprises (note 14(a)) | 41,466 | 39,917 |
| Unfunded Liabilities: | | |
| Employee future benefit obligations (note 8(d)) | (75,265) | (70,491) |
| Accrued interest on long-term debt | (5,418) | (5,656) |
| Total Unfunded Liabilities | (80,683) | (76,147) |
| Reserves and Reserve Funds: | | |
| Reserves set aside for specific purpose: | | |
| Operating reserves | 27,266 | 28,241 |
| Reserve funds set aside for specific purpose: | | |
| Replacement of equipment | 41,486 | 43,468 |
| Replacement & renewal of facilities | 13,898 | 14,933 |
| Municipal capital replacement & renewal | 38,343 | 41,318 |
| Sanitary sewer system | 54,204 | 46,934 |
| Storm sewer system | 405 | 390 |
| Parks and recreation | 5,863 | 8,510 |
| Libraries | 5,452 | 5,158 |
| Waterworks system | 80,231 | 71,178 |
| Planning and development | 430 | 511 |
| Transit | 27,081 | 23,428 |
| Gas utility | 6,804 | 7,378 |
| Sick leave | 13,200 | 13,042 |
| Protective services | 12,198 | 14,890 |
| Environmental services | 460 | 2,154 |
| Social and family services | 222 | 214 |
| Social housing | 4,089 | 5,027 |
| Parking | 21,008 | 21,501 |
| Total Reserves and Reserve Funds | 352,640 | 348,275 |
| Municipal Equity | \$ 1,844,820 | \$ 1,767,916 |

* Change in accounting policy (note 19)

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

The Corporation of the City of Kingston
Consolidated Statement of Cash Flows
Year Ended December 31, 2023, with Comparative Figures for 2022

| In Thousands of Dollars | 2023 | 2022 (Restated)* |
|---|-------------------|---------------------|
| Operations transactions: | | |
| Annual surplus | \$ 76,904 | \$ 75,822 |
| Net change in non-cash working capital items: | | |
| Increase in taxes receivable | (2,210) | (3,226) |
| Decrease (increase) in accounts receivable | 9,253 | (6,383) |
| Decrease (increase) in inventories for resale | 790 | (1,113) |
| (Increase) in inventories of supplies | (235) | (352) |
| Increase in prepaid expenses | (892) | (147) |
| (Decrease) increase in accounts payable and accrued liabilities | (2) | 15,968 |
| (Decrease) increase in due to government business enterprises | (3,188) | 4,181 |
| Increase in deferred obligatory reserve funds | 3,228 | 1,361 |
| Increase in deferred revenues | 10,631 | 901 |
| (Decrease) increase in accrued interest on long-term debt | (238) | 2,162 |
| Sub-total | 17,137 | 13,352 |
| Items not involving cash: | | |
| Amortization of tangible capital assets | 82,730 | 77,767 |
| Contributed tangible capital assets | (6,352) | (3,359) |
| Loss on tangible capital assets transactions | 6,936 | 8,186 |
| Accretion expense | 7 | 7 |
| (Settled) incurred asset retirement liability obligations | (58) | 248 |
| Change in employee future benefit obligations | 4,749 | 6,194 |
| Equity in government business enterprise from net earnings | (1,549) | (2,387) |
| Sub-total | 86,463 | 86,656 |
| Net change in cash from operating transactions | 180,504 | 175,830 |
| Capital transactions: | | |
| Purchase of tangible capital assets | (127,798) | (134,839) |
| Investment transactions: | | |
| Purchase of long-term investments | (1,565) | (7,982) |
| Financing transactions: | | |
| Proceeds from new debt issue | 3,978 | 139,069 |
| Debt principal repayments | (23,430) | (17,287) |
| Repayment of temporary loans | - | (101,500) |
| Net change in cash from financing transactions | (19,452) | 20,282 |
| Increase in cash and short-term investments | 31,689 | 53,291 |
| Cash and short-term investments, beginning of year | 254,786 | 201,495 |
| Cash and short-term investments, end of year | \$ 286,475 | \$ 254,786 |

* Change in accounting policy (note 19)

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

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

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
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 City’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, 2023

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 on the consolidated statement of financial position. 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) 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.

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

1. Summary of Accounting Policies (continued):

(d) 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.

(e) 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.

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 the average term of the liabilities.

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

1. Summary of Accounting Policies (continued):

(f) 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 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 |

Assets under construction or development are classified as capital works in progress and are not amortized until the asset is available for productive use.

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

1. Summary of Accounting Policies (continued):

- iii. 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.
- iv. 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.
- v. 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.

(g) Inventories:

Natural gas inventories for resale are stated at the lower of weighted average cost and net realizable value. Land held for resale is recorded at cost which includes amounts to prepare the land for sale or servicing.

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

(h) Government Transfers:

Government transfers are recognized in the consolidated 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.

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

1. Summary of Accounting Policies (continued):

(i) 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, employee future benefit and asset retirement obligations. Actual results could differ from those estimates.

(j) Asset Retirement Obligations:

An asset retirement obligation (ARO) 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. The liability is discounted using a present value calculation and adjusted annually for accretion expense. Under the modified retroactive method, the discount rate and assumptions used on initial recognition are those as of the date of adoption in the standard. Assumptions used in the subsequent calculations are revised yearly.

The liability for the removal of asbestos in several of the buildings owned by the City and for the decommissioning of fuel storage tanks has been recognized based on estimated undiscounted future expenses. Under the modified retroactive method, the assumptions used on initial recognition are those as of the date of adoption in the standard. Assumptions used in the subsequent calculations are revised yearly.

The recognition of the ARO liability results in an accompanying increase to the respective tangible capital assets. Building assets impacted by an asbestos liability are being amortized based on the estimated useful life as per the amortization accounting policy. The landfill ARO liability is amortized using the units of production method. For sites that are inactive, the ARO liability is amortized over 25 years post closure.

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

1. Summary of Accounting Policies (continued):

(k) Financial Instruments:

On January 1, 2023, the City adopted PS 3450 Financial Instruments which establishes accounting and reporting for all types of financial instruments, including derivatives, as disclosed in Note 19. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has not made this election.

Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Consolidated Statement of Operations. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. Where a decline is determined to be other than temporary, the amount of the loss is reported in the Consolidated Statement of Operations and any unrealized gain (loss) is adjusted through the Consolidated Statement of Remeasurement Gains and Losses. On sale, the accumulated remeasurement gains and losses associated with that instrument are reversed and recognized in the Consolidated Statement of Operations.

A Consolidated Statement of Remeasurement Gains and Losses has not been provided as there are no significant unrealized gains or losses at December 31, 2023 or 2022.

Establishing fair value:

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

1. Summary of Accounting Policies (continued):

Fair value hierarchy:

The following 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 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

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:

| In Thousands of Dollars | 2023 | 2022 |
|-------------------------------------|-----------|-----------|
| Taxation and user charges | \$ 48,470 | \$ 47,126 |
| Payments in lieu | 256 | 256 |
| Amount transferred to school boards | \$ 48,726 | \$ 47,382 |

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, 2023, there was \$Nil (2022 - \$Nil) drawn on the operating credit facility.

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

4. Long-term Investments:

Long-term investments, which consist primarily of government and financial institution bonds, have a market value of \$169,521,310 at December 31, 2023 (2022 - \$161,010,859).

As at December 31, 2023, the City's investments measured at amortized cost exceed market value, representing a temporary decline in market value. There is no permanent impairment due to the low-risk nature of the investments, the high credit ratings of the issuers, and the City's ability to hold these investments to their maturities.

5. Trust Funds:

Trust funds administered by the municipality amount to \$168,300 (2022 - \$167,307) as at December 31, 2023.

6. 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.

7. 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 latest available report for the OMERS plan was as at December 31, 2023. At that time, the plan reported a \$4.2 billion actuarial deficit (2022- \$6.7 billion actuarial deficit).

The amount contributed to OMERS for 2023 was \$14,623,069 (2022 - \$13,404,556) 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, 2023

8. 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, 2022, in order to determine the estimated accrued benefit liability to be reported in these consolidated financial statements. As a result of the study an actuarial gain of \$10,339,500 was realized due primarily to the increase in the discount rate assumption.

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 10 years (2022 – 10 years).

At December 31, 2023, the City's accrued benefit liability relating to post-retirement and post-employment benefit plans is \$58,645,247 (2022 - \$57,066,274).

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 | 4.6% per annum |
| Salary escalation | 3.0% per annum |
| Dental benefits escalation | 6.50% in 2023, decreasing to 4.50% over 10 years |
| Health benefits escalation | 6.99% per annum in 2023, decreasing to 4.50% over 20 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, 2021. 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, 2023

8. 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 | 5.05% per annum |
| Salary escalation | 3.3% per annum |
| Dental benefits escalation | 5.1% per annum |
| Health benefits escalation | 4.9% per annum |

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

| In Thousands of Dollars | 2023 | 2022 |
|---|-----------|-----------|
| Accrued benefit liability, January 1 | \$ 57,066 | \$ 54,351 |
| Expense recognized for the period | 5,108 | 5,241 |
| Benefits paid for the period | (3,442) | (3,283) |
| Amortization of actuarial (gain)/losses | (87) | 757 |
| Accrued benefit liability, December 31 | \$ 58,645 | \$ 57,066 |

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

| In Thousands of Dollars | 2023 | 2022 |
|--|-----------|-----------|
| Accrued benefit obligation | \$ 51,417 | \$ 49,751 |
| Unamortized actuarial gains/(losses) | 7,228 | 7,315 |
| Accrued benefit liability, December 31 | \$ 58,645 | \$ 57,066 |

(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 payments. An independent actuarial study of the Workplace Safety and Insurance Board liabilities was undertaken at December 31, 2022 in order to determine the estimated liability reported in these consolidated financial statements. As a result of the study an actuarial loss of \$6,741,900 was realized due to higher than expected claims and longer claim durations.

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
 Year Ended December 31, 2023

8. Employee Future Benefit Obligations (continued):

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

Actuarial gains and losses are amortized on a straight-line basis over the average term of the liabilities which is estimated to be 9 years (2022 – 9 years).

At December 31, 2023, the City’s accrued benefit liability relating to future WSIB claims is \$16,535,100 (2022 - \$13,296,600).

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

| | |
|----------------------------|---|
| Discount rate | 4.6% |
| Inflation rate | 3% for 2023 and 2.0% per annum thereafter |
| Health benefits escalation | 4.0% per annum |
| Administration costs | 19.0% of compensation expense |

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

| In Thousands of Dollars | 2023 | 2022 |
|--|-----------|-----------|
| Accrued benefit liability, beginning of year | \$ 13,297 | \$ 10,497 |
| Expense recognized for the period | 5,688 | 5,902 |
| Benefits paid for the period | (3,568) | (3,471) |
| Amortization of net actuarial losses | 1,118 | 369 |
| Accrued benefit liability, end of year | \$ 16,535 | \$ 13,297 |

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

| In Thousands of Dollars | 2023 | 2022 |
|--|-----------|-----------|
| Accrued benefit obligation | \$ 24,184 | \$ 22,064 |
| Unamortized actuarial losses | (7,649) | (8,767) |
| Accrued benefit liability, end of year | \$ 16,535 | \$ 13,297 |

(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, 2023 amount to \$2,533,918 (2022 - \$2,539,336).

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

8. Employee Future Benefit Obligations (continued):

(d) Total employee benefit obligations:

| In Thousands of Dollars | 2023 | 2022 |
|--|-----------|-----------|
| Employee benefit obligations are comprised of: | | |
| Health benefits and sick leave - City of Kingston | \$ 54,900 | \$ 53,376 |
| Workplace safety and insurance | 16,535 | 13,297 |
| Vacation credits | 2,141 | 2,143 |
| Pension payable | 246 | 257 |
| Sub-total | 73,822 | 69,073 |
| Health benefits and sick leave – water, sewer, and gas utilities (1) | 3,741 | 3,690 |
| Vacation credits – water, sewer, and gas utilities | 393 | 396 |
| Sub-total | 4,134 | 4,086 |
| Total employee benefit obligations | 77,956 | 73,159 |
| Amounts previously funded from operating revenues | (2,691) | (2,668) |
| Unfunded employee future benefit obligations | \$ 75,265 | \$ 70,491 |
| To be recovered from reserve funds | \$13,200 | \$ 13,042 |
| To be recovered from future municipal and utility revenues | 62,065 | 57,449 |
| Unfunded employee future benefit obligations | \$ 75,265 | \$ 70,491 |

(1) Health benefits and sick leave – water, sewer, and gas utilities (note 14(a))

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, 2023

9. Long-term Liabilities:

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

| In Thousands of Dollars | 2023 | 2022 |
|---|--------------------|--------------------|
| Long-term liabilities incurred by the City, including those incurred on behalf of other municipalities and municipal enterprises, with varying maturities up to 2050 and a weighted average interest rate of 4.1% (2022 - 4.2%) | \$462,194 | \$ 483,782 |
| Long-term liabilities incurred by Kingston & Frontenac Housing Corporation, with interest rates ranging from 1.0% to 6.0% (2022- 1% to 6.5%) and varying maturities up to 2071 | 27,062 | 25,848 |
| Proportionate share of KFLA Public Health long-term debt, with a current interest rate of 6.1% (2022 – 6.1%), maturing in 2029 | 1,779 | 2,070 |
| Total long-term liabilities | \$ 491,035 | \$ 511,700 |
| Less long-term borrowings from own funds | \$ (10,508) | \$ (11,720) |
| Long-term liabilities to be recovered from future revenues | \$ 480,527 | \$ 499,980 |
| 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 | \$ (16) | \$ (22) |

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

| In Thousands of Dollars | 2024 | 2025 | 2026 | 2027 | 2028 | 2029+ | Total |
|-------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
| Tax sources | \$9,397 | \$9,322 | \$9,546 | \$9,185 | \$9,013 | \$119,771 | \$166,234 |
| Utility user fees | 7,659 | 7,636 | 7,914 | 7,837 | 7,658 | 85,643 | 124,347 |
| Other user fees | 4,220 | 4,411 | 4,611 | 4,815 | 5,030 | 148,526 | 171,613 |
| Public Health | 310 | 329 | 349 | 371 | 393 | 27 | 1,779 |
| Housing Corporation | 7,853 | 1,667 | 2,080 | 1,214 | 667 | 13,581 | 27,062 |
| Total | \$29,439 | \$23,365 | \$24,500 | \$23,422 | \$22,763 | \$367,546 | \$491,035 |

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

9. Long-term Liabilities (continued):

- (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:

| In Thousands of Dollars | 2023 | 2022 |
|-------------------------|------------------|------------------|
| Principal payments | \$ 23,430 | \$ 17,287 |
| Interest | 19,727 | 14,403 |
| Total | \$ 43,157 | \$ 31,690 |

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, 2023

10. 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:

| In Thousands of Dollars | 2023 | 2022 |
|---|-----------|-----------|
| Balance, beginning of year | \$ 78,237 | \$ 76,876 |
| Revenues: | | |
| Development contributions | 20,074 | 14,728 |
| Federal gasoline tax | 8,194 | 7,853 |
| Provincial gasoline tax | 3,150 | 3,262 |
| Recreational Land (<i>Planning Act</i>) | 987 | 272 |
| Investment income | 2,069 | 2,060 |
| Utilization: | | |
| Transfers to operating | (2,414) | (2,138) |
| Transfers to capital | (28,832) | (24,676) |
| Balance, end of year | \$ 81,465 | \$ 78,237 |

| In Thousands of Dollars | 2023 | 2022 |
|--------------------------|-----------|-----------|
| Analyzed as follows: | | |
| Development charges | \$ 45,269 | 42,808 |
| Cash in lieu of parkland | 2,383 | 1,302 |
| Federal gasoline tax | 17,577 | 19,223 |
| Provincial gasoline tax | 8,701 | 8,222 |
| Building Code Act | 7,535 | 6,682 |
| Balance, end of year | \$ 81,465 | \$ 78,237 |

In accordance with the *Development Charges Act*, the City entered into arrangements with developers to defer the payment of the underlying development charges to a future date. The amounts are repayable between 2024 and 2042 with interest rates ranging between 3.5% and 7.7%. The total value of these arrangements is \$7.8M (2022 - \$7.0M) which is included in the balance of Development charges above with a corresponding amount in accounts receivable on the Consolidated Statement of Financial Position.

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

11. 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, 2023, 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.

12. Commitments:

- (a) A contract was entered into with Waste Management effective February 1, 2021, for a five-year term to handle waste transfer and disposal. A contract for recycling collection and disposal was entered into effective July 1, 2021, with Environmental 360 Solutions Ltd. Annual charges for garbage collection and disposal are determined by reference to certain waste volumes. Annual charges for recycling are based on the number of stops made. Payments made for collection and disposal of garbage and recycling for the 2023 fiscal year were \$4,130,449 (2022 - \$4,087,509).

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

12. 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) In 2021, the City committed \$25.0 million over ten years, beginning in 2022, to the University Hospitals Kingston Foundation in support of the capital campaign for local hospital expansion/renewal. The outstanding commitment at December 31, 2023 was \$20,000,000 (2022 - \$22,500,000).
- (d) The Corporation of the City of Kingston and 1425445 Ontario Limited (operating as Utilities Kingston) on behalf of the City have previously entered into the following capital contracts and funding commitments:

| Description of project | Capital Commitment (\$000) | Costs Incurred to Date (\$000) |
|---|----------------------------------|--------------------------------------|
| Active Transportation– Bayridge Drive | \$ 4,184 | \$ 1,391 |
| Stormwater System– King St. E. | 4,804 | - |
| Enhanced Flood Protection – Abbey Dawn Road | 3,767 | - |

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

13. 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 budget amounts presented in the consolidated financial statements are based on the 2023 operating and capital budgets approved by Council on March 21, 2023. 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.

| In Thousands of Dollars | Budget Amount |
|--|---------------|
| Approved operating budget revenues | \$ 543,565 |
| County of Frontenac requisition | 14,727 |
| Consolidated external agency budgets | 26,396 |
| Approved PSAB reporting adjustments: | |
| Reserve fund revenues | 7,500 |
| Budget amendments and reallocations | 3,994 |
| Less transfers from reserves / reserve funds | (3,253) |
| Net operating budget revenues | 592,929 |
| Approved operating budget expenses | 543,565 |
| County of Frontenac requisition | 14,727 |
| Consolidated external agency budgets | 25,162 |
| Approved PSAB reporting adjustments: | |
| Amortization of tangible capital assets | 76,000 |
| Reserve fund expenditures for debt interest | 18,000 |
| Unfunded accruals (1) | 4,200 |
| Budget amendments and reallocations | 3,994 |
| Non-tangible capital asset expenditures | 36,310 |
| Less transfers to reserves and reserve funds | (124,938) |
| Less debt principal repayments | (560) |
| Net operating budget expenses | 596,460 |
| Net revenues before capital investment | \$ (3,531) |

- (1) Unfunded accruals for employee future benefit obligations, asset retirement obligation liabilities and accrued interest on long term debt.

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

14. 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 reports using International Financial Reporting Standards (IFRS).

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, 2023

14. Investment in Government Business Enterprises (continued):

(a) (continued)

| In Thousands of Dollars | 2023 | 2022 |
|--|------------------|------------------|
| Financial position: | | |
| Current assets | \$ 23,979 | \$ 21,120 |
| Due from City of Kingston: | | |
| Utilities Kingston | 7,982 | 9,920 |
| Kingston Hydro Corporation | 6,289 | 7,586 |
| Post-employment benefit obligation (note 8(d)) | 3,741 | 3,690 |
| Accrued vacation liabilities | 525 | 522 |
| Capital assets | 74,986 | 73,657 |
| Other assets | 890 | 1,280 |
| Total assets | 118,392 | 117,775 |
| Current liabilities | 24,291 | 24,919 |
| Post-employment benefit obligation | 5,429 | 5,384 |
| Accrued vacation and pension liabilities | 148 | 156 |
| Accrued liabilities non-current | 6,434 | 6,021 |
| Long-term loan payable | 22,313 | 23,067 |
| Long-term notes payable to City of Kingston (note 14(c)) | 18,311 | 18,311 |
| Total liabilities | 76,926 | 77,858 |
| Net assets | \$ 41,466 | \$ 39,917 |
| Common shares | \$ 12,381 | \$ 12,381 |
| Accumulated other comprehensive income | (86) | (29) |
| Accumulated earnings | 29,171 | 27,565 |
| Investment in government business enterprises | \$ 41,466 | \$ 39,917 |
| Results of operations: | | |
| Net utility revenues | \$113,848 | \$109,550 |
| Operating expenses | (104,976) | (102,259) |
| Interest on debt | (1,326) | (1,598) |
| Depreciation | (3,732) | (3,648) |
| Net earnings before under noted items | 3,814 | 2,045 |
| Net movement in regulatory deferral accounts | (829) | (1,257) |
| Payments in lieu of corporate income taxes | 321 | 1,744 |
| Net earnings | 3,306 | 2,532 |
| Dividends on common shares | (1,700) | (525) |
| Accumulated earnings, beginning of year | 27,565 | 25,558 |
| Accumulated earnings, end of year | \$ 29,171 | \$ 27,565 |

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

14. 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 \$12,186,406 (2022 - \$11,874,868) and \$79,663,904 (2022 - \$77,922,275) 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 \$3,133,603 (2022 - \$3,276,951).

As at December 31, 2023, the City had a balance owing to the Companies 1425445 Ontario Limited (operating as Utilities Kingston) in the amount of \$7,981,526 (2022 - \$9,920,085) and a balance owing to Kingston Hydro Corporation in the amount of \$6,288,905 (2022 - \$7,586,215), 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, 2023, the City had a note payable from Kingston Hydro in the amount of \$10,880,619 (2022 - \$10,880,619), bearing interest at 5.87% (2022 - 5.87%) per annum and a note payable from 1425445 Ontario Limited (operating as Utilities Kingston) in the amount of \$965,010 (2022 - \$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, 2023

15. Tangible Capital Assets:

| In Thousands of Dollars | Cost | Accumulated amortization | 2023 Net book value | 2022 Net book value (Restated) |
|------------------------------------|---------------------|-----------------------------|------------------------|--------------------------------------|
| General Assets | | | | |
| Land | \$ 96,524 | \$ - | \$ 96,524 | \$ 90,725 |
| Land improvements | 108,664 | 35,985 | 72,679 | 65,851 |
| Buildings and structures | 526,258 | 218,623 | 307,636 | 299,467 |
| Vehicles and machinery | 122,739 | 74,570 | 48,169 | 51,421 |
| Furniture, fixtures, and equipment | 196,805 | 101,375 | 95,429 | 89,587 |
| Infrastructure Assets | | | | |
| Land | 11,440 | - | 11,440 | 11,440 |
| Land improvements | 41,588 | 25,763 | 15,825 | 16,017 |
| Plants and facilities | 516,912 | 210,144 | 306,768 | 300,534 |
| Roads | 483,060 | 267,314 | 215,746 | 216,684 |
| Bridges and culverts | 243,993 | 19,458 | 224,535 | 217,728 |
| Utility networks | 504,406 | 136,734 | 367,672 | 361,796 |
| Other | 336,817 | 138,387 | 198,430 | 196,451 |
| Sub-total | 3,189,206 | 1,228,353 | 1,960,853 | 1,917,701 |
| Assets under construction | 64,428 | - | 64,428 | 62,573 |
| Total | \$ 3,253,634 | \$ 1,228,353 | \$ 2,025,281 | \$ 1,980,274 |

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 2023, a total of \$6,352,371 (2022 - \$3,359,044) was recorded as tangible capital asset additions with respect to contributed capital assets which was comprised of roads infrastructure in the amount of \$3,836,429 (2022 - \$2,452,119) and water and wastewater infrastructure in the amount of \$2,515,942 (2022 - \$906,925).

(b) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$Nil (2022 \$Nil).

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

15. Tangible Capital Assets (continued):

(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 2023, these interest costs are included as expenses on the Consolidated Statement of Operations in the amount of \$1,087,403 (2022 - \$569,305).

16. 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 consolidated 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, 2023

16. 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: Includes operation of wastewater facilities and infrastructure within specific areas of the municipality.
- (f) Water: Includes operation of 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.
- (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.

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

16. Segmented information (continued):

- (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.

17. Comparative Information:

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

18. Kingston Frontenac Housing Corporation Acquisition of Net Assets from Kingston Municipal Non-Profit Housing Corporation

As approved by the Kingston Frontenac Housing Corporation Board and subsequently by City Council as shareholders of Kingston Frontenac Housing Corporation, Kingston Frontenac Housing Corporation acquired the assets and assumed liabilities with respect to the operations of Kingston Municipal Non-Profit Housing Corporation (previously known as Town Homes Kingston) on December 23, 2021 for a market value consideration of \$47,412,358 in the form of a promissory note payable. The promissory note is unsecured, interest-free, with principal payments repayable in 15 equal consecutive annual installments, beginning on the first anniversary of the note.

On December 23, 2021, a Promissory Note Side Agreement was also signed between Kingston Frontenac Housing Corporation and the City of Kingston that acknowledged Kingston Municipal Non-Profit Housing Corporation's right to assign the promissory note issued to the City of Kingston upon the wind up and dissolution of Kingston Municipal Non-Profit Housing Corporation. The promissory note was transferred to the City of Kingston on October 25, 2022.

The Promissory Note Side Agreement specifies that, upon transfer, the annual note payment due from Kingston Frontenac Housing Corporation to the City of Kingston shall be offset as a contribution to the stated capital of the shares held by the City, as sole shareholder of all of the issued and outstanding shares of Kingston Frontenac Housing Corporation.

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

18. Kingston Frontenac Housing Corporation Acquisition of Net Assets from Kingston Municipal Non-Profit Housing Corporation (continued)

The assignment of the promissory note, recorded by the City of Kingston on October 25, 2022 as a gift from Kingston Municipal Non-Profit Housing Corporation upon wind up, has been offset by an allowance against the outstanding balance of the note to reflect that future repayments from Kingston Frontenac Housing Corporation to the City of Kingston will be transacted by way of a contribution to the stated capital of the Kingston Frontenac Housing Corporation shares held by the City, as outlined in the Promissory Note Side Agreement.

Because Kingston Frontenac Housing Corporation is owned by the City of Kingston and is included as a consolidated entity within these financial statements, the promissory note receivable has been eliminated in these financial statements upon consolidation and the transactions noted above have no net impact on these consolidated financial statements.

19. Change in Accounting Policy – Adoption of New Accounting Standards

- (a) The City adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201 Financial Statement Presentation, PS2601 Foreign Currency Translation, PS 3041 Portfolio Investments, and 3450 Financial Instruments.

PS 1201 *Financial Statement Presentation* replaces PS1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Consolidated Statement Remeasurement Gains and Losses separate from the Consolidated Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denoted in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arise from foreign currency changes are presented in the new Consolidated Statement of Remeasurement Gains and Losses, when applicable.

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

**19. Change in Accounting Policy – Adoption of New Accounting Standards
(continued)**

(a) (continued)

PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*.

The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in Consolidated Statement of Remeasurement Gains and Losses.

In accordance with PS 3450 *Financial Instruments*, the financial statements of prior periods were not restated on transition. Consequently, the accounting policies for recognition, derecognition and measurement of financial instruments applied to the comparative information reflect those disclosed in the 2022 financial statements.

The Consolidated Statement of Remeasurement Gains and Losses has not been included in these Consolidated Financial Statements, since the assets and liabilities within the scope of the new standard are not measured at fair value and therefore, no adjustments were required.

- (b) PS 3280 *Asset Retirement Obligations (ARO)* establishes the accounting and reporting requirements for legal obligations associated with the requirement of tangible capital assets controlled by a government or government organization. This standard was adopted on January 1, 2023 on a modified retroactive basis with prior period restatement.

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

**19. Change in Accounting Policy – Adoption of New Accounting Standards
(continued)**

(b) (continued)

In the past, the City has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction, or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded. The new standard also replaces Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability (PS 3270). An obligation that justifies recognition of a liability can result from existing legislation, regulation, agreement, contract, or is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows that same method of amortization as the associated tangible capital asset.

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from city buildings and closure activities. The City reports liabilities related to the legal obligations where it is obligated to incur costs to retire a tangible capital asset.

Ongoing efforts to assess the extent to which designated substances exist in City assets, and new information obtained through regular maintenance and renewal of assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes in the estimated cost to fulfil the obligation. The measurement of asset retirement obligations is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis. When obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows. Subsequently, accretion of the discounted liability due to the passage of time is recorded as an in-year expense (if applicable).

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

**19. Change in Accounting Policy – Adoption of New Accounting Standards
(continued)**

(b) (continued)

To estimate the liability for similar buildings that do not have information on asbestos and other designated substances, the City uses buildings that have assessments that provide information on the extent and nature of the designated substances in the building in order to measure the liability. This information is extrapolated to a group of similar assets that do not have designated substance reports. As more information becomes available on specific assets, the liability is revised to be asset specific. In other situations, where the building might not be part of a large portfolio, other techniques are used such as using industry data, experts or basing the estimate on a similar asset (if applicable).

As a result of applying this accounting standard, an asset retirement obligation of \$23,101,220 (2022 - \$22,628,903) was recognized as a liability in the Consolidated Statement of Financial Position. These obligations represent estimated retirement costs for the City owned buildings and equipment, including fuel tanks, restoration costs related to leasehold improvements and landfill and post landfill closure obligations. The liabilities, ARO assets and associated ARO accumulated amortization and amortization expense for the period January 1, to December 31, 2023 were used as proxy for January 1, 2022 to December 31, 2022 information. The associated tangible capital asset cost, accumulated amortization and amortization expense were restated. The adoption of PS 3280 ARO was applied to the comparative period as follows:

Year Ended December 31, 2023, with Comparative Figures for 2022

| Statement of Financial Position | As previously reports | Adjustments | As restated |
|---|-----------------------|-------------|--------------|
| In Thousands of Dollars | | | |
| Landfill closure and post closure liabilities | \$ (5,300) | \$ 5,300 | \$ - |
| Asset retirement obligation liability | \$ - | \$ (24,197) | \$ (24,197) |
| Net Debt | \$ (199,372) | \$ (18,897) | \$ (218,269) |
| Tangible Capital Assets including ARO | \$ 1,973,339 | \$ 6,933 | \$1,980,274 |
| Municipal Equity | \$ 1,779,878 | \$ (11,962) | \$1,767,916 |

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

**19. Change in Accounting Policy – Adoption of New Accounting Standards
(continued)**

(b) (continued)

| Statement of Operations | As previously reports | Adjustments | As restated |
|---|-----------------------|-------------|-------------|
| In Thousands of Dollars | | | |
| Total Expenses | \$ 565,616 | \$ 299 | \$ 565,915 |
| Net revenues before the under noted items | \$ 16,285 | \$ (299) | \$ 15,986 |
| Annual Surplus | \$ 76,120 | \$ (299) | \$ 75,821 |

| Statement of Change in Net Debt | As previously reports | Adjustments | As restated |
|--|-----------------------|-------------|-------------|
| In Thousands of Dollars | | | |
| Annual Surplus | \$ 76,120 | \$ (299) | \$ 75,821 |
| Amortization of tangible capital assets | \$ 77,476 | \$ 181 | \$ 77,657 |
| Change in Net Debt | \$ 23,085 | \$ (118) | \$ 22,968 |
| Adjustment on adoption of the asset retirement obligation standard | \$ - | \$ (18,779) | \$ (18,779) |

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

20. Financial Risks and Concentration of Risks**Financial risk management**

The City has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, and market risk (foreign currency risk, interest rate risk, and other price risk).

a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The City is exposed to credit risk with respect to accounts receivable, taxes receivable and notes receivable from government business enterprises (collectively its “receivables”) on the Consolidated Statement of Financial Position.

The City assesses, on a continuous basis, its receivables and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the City at December 31, 2023 is the carrying value of these assets. The carrying amount of receivables is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the Consolidated Statement of Operations. Subsequent recoveries of impairment losses related to receivables are credited to the Consolidated Statement of Operations.

| Receivables | Current | Past due | Gross receivables | Allowances | Net receivables |
|---------------------|--------------|-----------|-------------------|-------------|-----------------|
| Accounts receivable | 79,305,983 | 1,838,585 | 81,144,570 | (4,533,298) | 76,611,272 |
| Taxes receivable | 6,196,168 | 5,972,763 | 12,168,931 | (2,973,734) | 9,195,197 |
| Notes receivable | \$18,310,638 | - | \$18,310,638 | - | \$18,310,638 |

Amounts past due but not allowed for are deemed by management to be collectible based on historical experience regarding collections.

The City follows an investment policy approved by Council. The maximum exposure to credit risk with respect to portfolio investments of the City at December 31, 2023 is the carrying value of the investments.

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

20. Financial Risks and Concentration of Risks (continued)

b) Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and other price risks, will affect the City's net results of operations or the fair value of its holdings of financial instruments. Market risk includes three types of risk: currency risk, interest rate risk and other price risk.

(i) Currency risk:

Currency risk arises from the City's operations in different currencies and converting non-Canadian earnings at different points in time at different foreign currency levels when adverse changes in foreign currency rates occur. The City does not have any material transactions or financial instruments denominated in foreign currencies.

(ii) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the City to this risk.

The City is exposed to this risk through its interest-bearing investments. As at December 31, 2023, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve with all other variables held constant, the estimated impact on the market value of investments would be approximately \$1.7M (2022 - \$1.6M). This risk is mitigated by the City's intention to hold these investments to maturity.

In addition to the above, the City is exposed to interest rate risk as it has long-term liabilities bearing interest at a fixed rate as described in note 9. As prevailing interest rates fluctuate, the market value of these debts will fluctuate. This risk is mitigated by the City's intention to hold the debt to maturity.

(iii) Other price risk:

Other price risk arises when the fair value of equity funds changes due to a decrease in a stock market index or other risk variables. The City does not have any equity instruments in the investment portfolio and, accordingly, is not exposed to this risk.

c) Liquidity Risk

Liquidity risk is the risk that the City will not be able to meet all of its cash outflow obligations as they come due. The City mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current and the terms of long-term liabilities are disclosed in (Note 9).

There have been no significant changes to these risk exposures from 2022.

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

21. Asset retirement obligation

On January 1, 2022, the City adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing accounting standard PS 3270 Solid Waste Landfill Closure and Post-Closure Liability. The standard was adopted on the modified retroactive basis at the date of adoption. Under the modified retroactive method of adoption, the assumptions used to estimate the City's asset retirement obligations are applied as of the date of adoption for the standard.

The City removed the accrued landfill obligation that had been recognized to date and recognized an asset retirement obligation upon adoption of PS 3280 on January 1, 2022. The liability represents the required closure and post-closure care costs for the landfill site owned by the City.

On January 1, 2022, the City recognized an additional asset retirement obligation relating to several buildings owned by the City that contain asbestos and underground fuel tanks.

The City's asset retirement obligations (AROs) consist of several obligations as follows:

(a) Landfill obligation:

The City owns three inactive landfills which are Kingston West (McAdoo's Lane), Belle Park and the Pittsburgh site. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the site and for 25 years thereafter. As at December 31, 2023, these landfills have no remaining useful life. The City recognized an obligation relating to the removal and post-removal care of the landfills. These costs were discounted using a discount rate of 4% per annum and an inflation rate of 3% per annum. The transition and recognition of ARO's for landfill liabilities are amortized for 25 years post closure.

The Corporation of the City of Kingston
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

21. Asset retirement obligation (continued)

(b) Asbestos and other obligations:

The City owns several buildings that are known to have asbestos and underground fuel storage tanks, which represents a health hazard upon demolition/decommission and there is a legal obligation to remove it. The City recognized an obligation relating to the removal and post-removal care of the asbestos and decommissioning of fuel storage tanks as estimated at January 1, 2022. These costs were not discounted due to uncertainty surrounding the expected timing of cash outflows. The transition and recognition of AROs involved an accompanying increase to the building capital assets and the restatement of prior year balances.

| | Landfill | Asbestos and other removal | Total |
|---|--------------|-------------------------------|--------------|
| Balance, January 1, 2022, as previously stated | \$ 5,052,000 | \$ - | \$ 5,052,000 |
| Adjustment on adoption of PS 3280 asset retirement obligations (note 19) | - | 18,903,752 | 18,903,752 |
| Balance, January 1, 2022, as restated | \$ 5,052,000 | \$ 18,903,752 | \$23,955,752 |
| Accretion expense | - | (6,955) | (6,955) |
| Liabilities incurred during the year | 248,000 | - | 248,000 |
| Balance, December 31, 2022, as restated | \$ 5,300,000 | \$ 18,896,797 | \$24,196,797 |
| Accretion expense | - | (7,431) | (7,431) |
| Liabilities incurred during the year | - | 537,768 | 537,768 |
| Liabilities settled during the year | (58,000) | - | (58,000) |
| Balance, December 31, 2023 | \$ 5,242,000 | \$ 19,427,114 | \$24,669,114 |

The Corporation of the City of Kingston
Consolidated Schedule of Tangible Capital Assets
Year ended December 31, 2023

| General Assets (In Thousands of Dollars) | Land | Land Improvements | Buildings | Vehicles and Machinery | Furniture, Fixtures and Equipment | Total General Assets |
|--|-----------------|------------------------------|------------------|-----------------------------------|--|-------------------------------------|
| Cost: | | | | | | |
| Balance, beginning of year | \$90,725 | \$98,788 | \$485,730 | \$121,628 | \$187,395 | \$984,266 |
| Adjustments relating to asset retirement obligations (Note 19) | - | - | 18,820 | - | 76 | 18,896 |
| Balance, beginning of year, restated | \$90,725 | \$98,788 | \$504,550 | \$121,628 | \$187,471 | \$1,003,162 |
| Add: Additions | 5,799 | 9,876 | 21,185 | 4,723 | 18,595 | 60,178 |
| Less: Disposals | - | - | - | (3,612) | (9,261) | (12,873) |
| Add: Asset retirement obligation additions | - | - | 523 | - | - | 523 |
| Balance, end of year | \$96,524 | \$108,664 | \$526,258 | \$122,739 | \$196,805 | \$1,050,990 |
| Accumulated Amortization: | | | | | | |
| Balance, beginning of year | - | \$32,937 | \$193,198 | \$70,207 | \$97,809 | \$394,151 |
| Adjustments relating to asset retirement obligations (Note 19) | - | - | 11,887 | - | 76 | 11,963 |
| Balance, beginning of year, restated | - | \$32,937 | \$205,085 | \$70,207 | \$97,885 | \$406,114 |
| Add: Amortization | - | 3,048 | 13,538 | 7,758 | 12,242 | 36,586 |
| Less: Accumulated amortization on | - | - | - | (3,395) | (8,752) | (12,147) |
| Balance, end of year | - | \$35,985 | \$218,623 | \$74,570 | \$101,375 | \$430,553 |
| Net Book Value of Tangible Capital Assets | \$96,524 | \$72,679 | \$307,635 | \$48,169 | \$95,430 | \$620,437 |

The Corporation of the City of Kingston
 Consolidated Schedule of Tangible Capital Assets
 Year ended December 31, 2023

Infrastructure Assets

(In Thousands of Dollars)

| | Land | Land Improvements | Plants and Facilities | Roads | Bridges and Culverts | Utility Networks | Other | Total Infrastructure Assets |
|--|-----------------|----------------------|-----------------------------|------------------|----------------------------|---------------------|------------------|-----------------------------------|
| Cost: | | | | | | | | |
| Balance, beginning of year, restated | \$11,400 | \$ 41,588 | \$495,406 | \$475,437 | \$233,169 | \$497,450 | \$329,344 | \$ 2,083,834 |
| Add: Additions | - | - | 21,746 | 10,343 | 10,824 | 16,541 | 12,664 | 72,118 |
| Less: Disposals | - | - | (240) | (2,720) | - | (9,585) | (5,191) | (17,736) |
| Balance, end of year | \$11,400 | \$ 41,588 | \$516,912 | \$483,060 | \$243,993 | \$504,406 | \$336,817 | \$ 2,138,216 |
| Accumulated Amortization | | | | | | | | |
| Balance, beginning of year | \$ - | \$ 25,571 | \$194,872 | \$258,754 | \$ 15,441 | \$135,654 | \$132,891 | \$ 763,183 |
| Add: Amortization | - | 192 | 15,512 | 10,619 | 4,017 | 7,735 | 8,069 | 46,144 |
| Less: Accumulated | - | - | (240) | (2,059) | - | (6,655) | (2,573) | (11,527) |
| Balance, end of year | \$ - | \$ 25,763 | \$210,144 | \$267,314 | \$ 19,458 | \$136,734 | \$138,387 | \$ 797,800 |
| Net Book Value of Tangible Capital Assets | \$11,440 | \$ 15,825 | \$306,768 | \$215,746 | \$224,535 | \$367,672 | \$198,430 | \$ 1,340,416 |

The Corporation of the City of Kingston
Consolidated Schedule of Tangible Capital Assets
 Year ended December 31, 2023, with Comparative Figures for 2022 (Restated)

| Totals (In Thousands of Dollars) | 2023 Total General Assets | 2023 Total Infrastructure Assets | 2023 Capital Works in Progress | 2023 Total General and Infrastructure Assets | 2022 Total General and Infrastructure Assets |
|--|--|---|---|---|---|
| Cost: | | | | | |
| Balance, beginning of year | \$984,266 | \$2,083,834 | \$62,573 | \$3,130,673 | \$3,019,340 |
| Adjustments relating to asset retirement obligations (Note 19) | 18,896 | - | - | 18,896 | 18,896 |
| Balance, beginning of year, restated | \$1,003,162 | \$2,083,834 | \$62,573 | \$3,149,569 | \$3,038,236 |
| Add: Additions | 60,178 | 72,118 | 1,855 | 134,151 | 138,198 |
| Less: Disposals | (12,873) | (17,736) | - | (30,609) | (26,865) |
| Add: Asset retirement obligation addition | 523 | - | - | 523 | - |
| Balance, end of year | \$1,050,990 | \$2,138,216 | \$64,428 | \$3,253,634 | \$3,149,569 |
| Accumulated Amortization: | | | | | |
| Balance, beginning of year | \$394,151 | \$763,183 | - | \$1,157,334 | \$1,098,538 |
| Adjustments relating to asset retirement obligations (Note 19) | 11,963 | - | - | 11,963 | 11,963 |
| Balance, beginning of year, restated | \$406,114 | \$763,183 | - | \$1,169,297 | \$1,110,501 |
| Add: Amortization | 36,586 | 46,144 | - | 82,730 | 77,476 |
| Less: Accumulated amortization on disposals | (12,147) | (11,527) | - | (23,674) | (18,680) |
| Balance, end of year | \$430,553 | \$797,800 | - | \$1,228,353 | \$1,169,297 |
| Net Book Value of Tangible Capital Assets | \$620,437 | \$1,340,416 | \$64,428 | \$2,025,281 | \$1,980,274 |

The Corporation of the City of Kingston
Consolidated Schedule of Segmented Information
Year ended December 31, 2023
(In Thousands of Dollars)

| Schedule of Segmented Information | General Government | Protection Services | Transportation Services | Environmental Services | Waste Water | Water |
|---|-----------------------|------------------------|----------------------------|---------------------------|------------------|------------------|
| Revenue: | | | | | | |
| Government grants | \$ 5,674 | \$ 3,092 | \$ 15,824 | \$ 2,146 | \$ 558 | \$ - |
| Other municipalities | - | 253 | 673 | 322 | - | - |
| User fees and service charges | 11,699 | 10,845 | 24,075 | 2,148 | 41,123 | 35,340 |
| User fees - gas commodity | - | - | - | - | - | - |
| Other | 2,844 | 351 | 24,689 | - | - | - |
| Total Revenue | \$ 20,217 | \$ 14,541 | \$ 65,261 | \$ 4,616 | \$ 51,131 | \$ 36,995 |
| Expenses: | | | | | | |
| Salaries, wages & employee benefits | \$ 33,570 | \$ 76,562 | \$ 35,568 | \$ 6,435 | \$ - | \$ - |
| Materials | 3,582 | 5,207 | 19,257 | 1,284 | 156 | 228 |
| Contracted services | 12,901 | 4,844 | 10,012 | 9,113 | 19,979 | 15,210 |
| Gas commodity purchases | - | - | - | - | - | - |
| Rents and financial expenses | 835 | 940 | 5,670 | 576 | 5,362 | 5,280 |
| External transfers | 5,204 | 2,442 | 3,505 | 189 | - | - |
| Amortization | 6,340 | 4,765 | 25,442 | 3,439 | 13,854 | 9,902 |
| Inter-departmental charges | (14,645) | 823 | 679 | 3,163 | 937 | 930 |
| Total Expenses | \$ 47,787 | \$ 95,583 | \$ 100,133 | \$ 24,199 | \$ 40,288 | \$ 31,550 |
| Excess of revenue over expenses (expenses over revenues) | \$ (27,570) | \$ (81,042) | \$ (34,872) | \$ (19,583) | \$ 10,843 | \$ 5,445 |

The Corporation of the City of Kingston
Consolidated Schedule of Segmented Information
Year ended December 31, 2023
(In Thousands of Dollars)

| Schedule of Segmented Information Continued | Health Services | Social and Family Services & Housing | Recreation and Cultural Services | Planning and Development Services | Gas Works |
|---|------------------------|---|---|--|------------------|
| Revenue: | | | | | |
| Government grants | \$ 12,510 | \$ 93,897 | \$ 536 | \$ 1,100 | \$ - |
| Other municipalities | 1,469 | 1,647 | 897 | - | - |
| User fees and service charges | 35 | 13,499 | 12,256 | 1,600 | 15,293 |
| User fees - gas commodity | - | - | - | - | 16,424 |
| Other | - | 31 | 2,109 | 26 | - |
| Total Revenue | \$ 14,014 | \$ 109,074 | \$ 15,798 | \$ 2,726 | \$31,717 |
| Expenses: | | | | | |
| Salaries, wages & employee benefits | \$ 13,379 | \$ 29,016 | \$ 23,479 | \$ 4,608 | \$ - |
| Materials | 1,167 | 12,063 | 6,177 | 853 | \$ 9 |
| Contracted services | 1,836 | 14,055 | 7,879 | 2,107 | 5,457 |
| Gas commodity purchases | - | - | - | - | 16,424 |
| Rents and financial expenses | - | 754 | 4,751 | 1,858 | 2,002 |
| External transfers | 15,158 | 70,528 | 1,598 | 3,512 | - |
| Amortization | 496 | 4,800 | 10,084 | 21 | 3,617 |
| Inter-departmental charges | - | 3,839 | 3,836 | (201) | 637 |
| Total Expenses | \$ 32,036 | \$ 135,055 | \$ 57,804 | \$ 12,758 | \$28,146 |
| Excess of revenue over expenses (expenses over revenues) | \$ (18,022) | \$ (25,981) | \$ (42,006) | \$ (10,032) | \$ 3,571 |

The Corporation of the City of Kingston

Consolidated Schedule of Segmented Information

Year ended December 31, 2023, with Comparative Figures for 2022 (Restated)

(In Thousands of Dollars)

| Schedule of Segmented Information Totals | Total 2023 | Total 2022 |
|---|--------------------|--------------------|
| Revenue: | | |
| Government grants | \$135,337 | \$133,667 |
| Other municipalities | 5,261 | 4,783 |
| User fees and service charges | 167,913 | 157,748 |
| User fees - gas commodity | 16,424 | 15,155 |
| Other | 41,155 | 32,908 |
| Total Revenue | \$366,090 | \$344,261 |
| Expenses: | | |
| Salaries, wages & employee benefits | \$222,617 | \$201,682 |
| Materials | 49,981 | 45,733 |
| Contracted services | 103,393 | 89,083 |
| Gas commodity purchases | 16,424 | 15,155 |
| Rents and financial expenses | 28,028 | 32,892 |
| External transfers | 102,136 | 102,325 |
| Amortization | 82,760 | 79,045 |
| Inter-departmental charges | - | - |
| Total Expenses | \$605,339 | \$565,915 |
| Excess of revenue over expenses (expenses over revenues) | \$(239,249) | \$(221,654) |
| Taxation | 279,917 | 268,019 |
| Payments in Lieu | 17,493 | 16,888 |
| Investment in Government Business Enterprise | 1,549 | 2,387 |
| Investment Income | 17,194 | 10,182 |
| Taxation and Investment Revenue | \$316,153 | \$297,476 |
| Annual Surplus | \$76,904 | \$75,822 |

Trust Funds

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 (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of continuity of trust funds for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and the continuity of trust funds 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 Statement**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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.

Draft for discussion purposes

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 Entity's internal control.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- * Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty

Draft for discussion purposes

exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- * Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- * Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

August 13, 2024

The Corporation of the City of Kingston

Trust Funds

Year Ended December 31, 2023, with comparative figures for 2022

Statement of Financial Position

| Name of Fund | Rideaucrest Residents Fund | Donations & Endowments | Other | Total 2023 | Total 2022 |
|---------------------------------|----------------------------------|---------------------------|-----------------|------------------|------------------|
| Assets | | | | | |
| Cash and short-term investments | \$28,184 | \$ 40,400 | \$99,716 | \$168,300 | \$167,307 |
| Total | \$28,184 | \$ 40,400 | \$99,716 | \$168,300 | \$167,307 |
| Fund Balances | | | | | |
| Unexpendable trust | \$ - | \$40,400 | \$25,000 | \$ 65,400 | \$65,400 |
| Capital/ earned surplus | 28,184 | - | 74,716 | 102,900 | 101,907 |
| Total | \$28,184 | \$40,400 | \$99,716 | \$168,300 | \$167,307 |

Statement of Continuity

| Name of Fund | Rideaucrest Residents Fund | Donations & Endowments | Other | Total 2023 | Total 2022 |
|------------------------------|----------------------------------|---------------------------|-----------------|------------------|------------------|
| Balances, beginning of year | \$32,564 | \$40,400 | \$94,343 | \$167,307 | \$157,587 |
| Donations and other revenue | 38,578 | - | 384 | 38,962 | 37,669 |
| Interest earned | - | 2,082 | 4,989 | 7,071 | 3,017 |
| Sub-Total | \$71,142 | \$42,482 | \$99,716 | \$213,340 | \$198,273 |
| Expenses | 42,958 | 2,082 | - | 45,040 | 30,966 |
| Balances, end of year | \$28,184 | \$40,400 | \$99,716 | \$168,300 | \$167,307 |

The Corporation of the City of Kingston

Trust Funds

Notes to Financial Statements

Year Ended December 31, 2023

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 expenses of the Trust Funds.

(b) Revenue Recognition:

Revenue and expenses are recorded on an accrual basis.

The accrual basis recognizes revenue as they become available and measurable. Expenses 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 expenses 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.



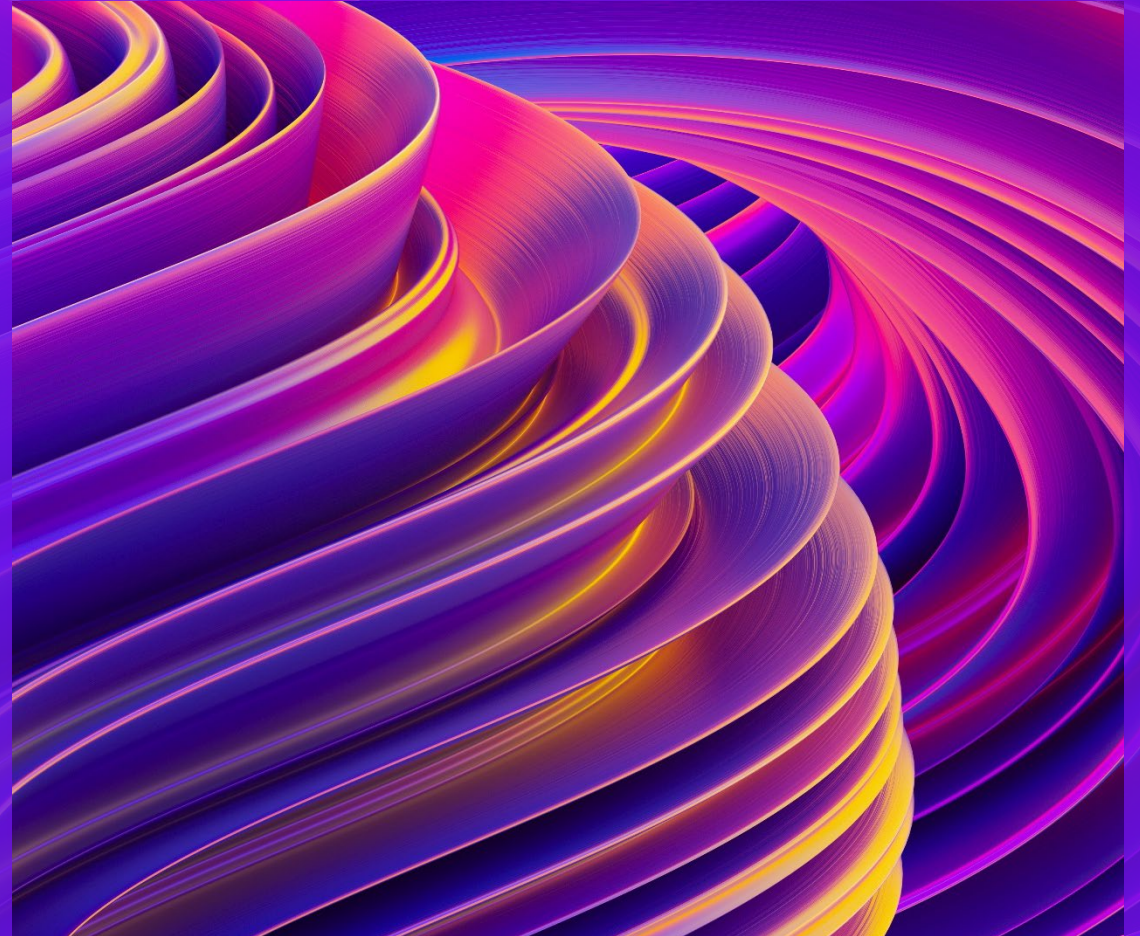
Corporation of the City of Kingston

**Audit Findings Report
for the year ended December 31, 2023**



Prepared as of June 26, 2024 for presentation to the Administrative
Policies Committee meeting on July 11, 2024

kpmg.ca/audit



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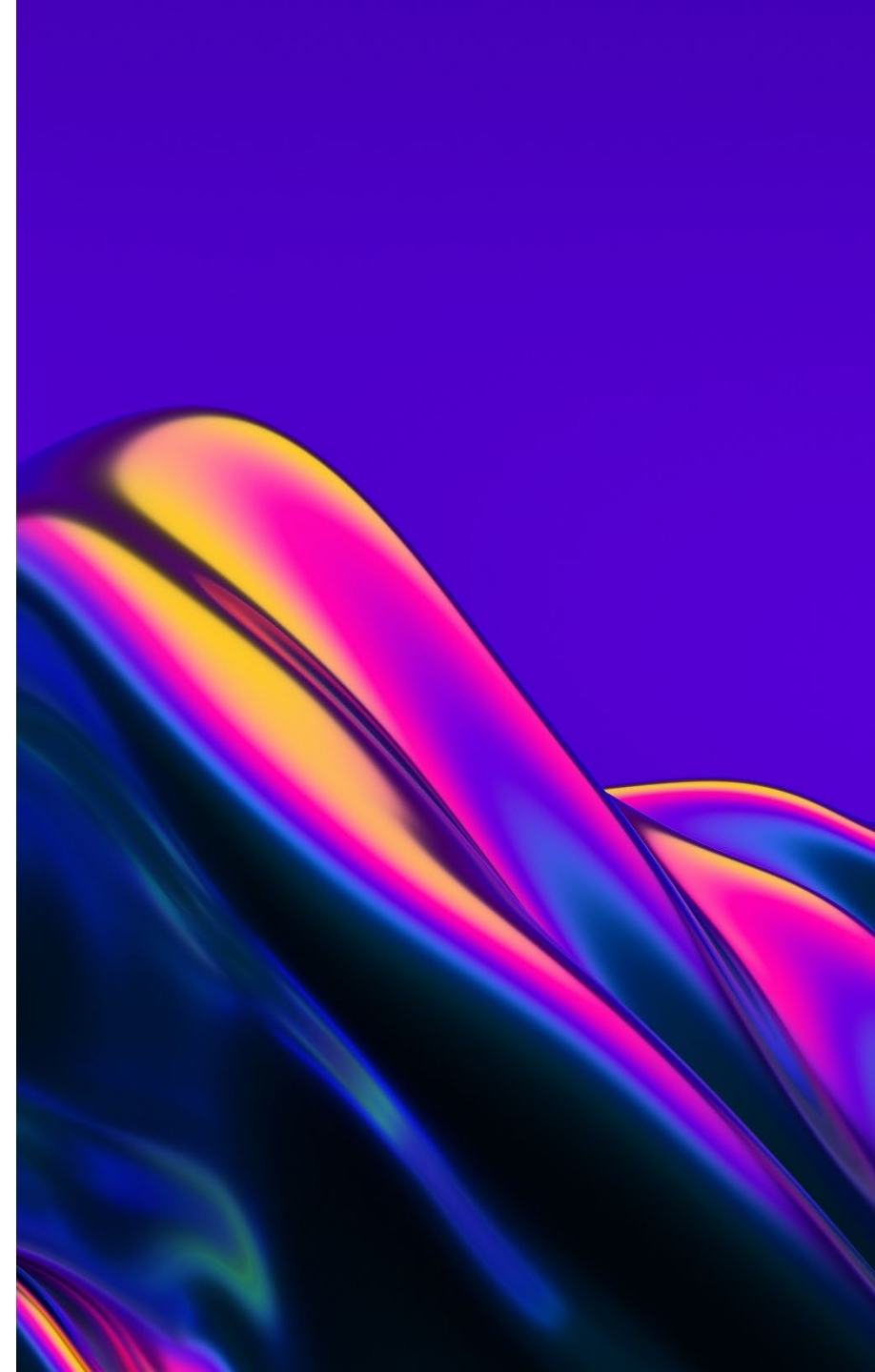


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Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

| | | | | | | | |
|-----------|------------------------|-----------|----------------------|-----------|-----------------------------|-----------|-------------------------------|
| 4 | Highlights | 5 | Status | 6 | Significant changes | 7 | Risks and results |
| 8 | Other matters | 10 | Misstatements | 12 | Control deficiencies | 13 | Policies and practices |
| 15 | Specific topics | 16 | Independence | 17 | Appendices | | |

The purpose of this report is to assist you, as a member of the Administrative Policies Committee (the “Committee”), in your review of the results of our audit of the consolidated financial statements. This report is intended solely for the information and use of Management, the Committee, and the members of Council and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Audit highlights

No matters to report Matters to report – see link for details

Status

We have completed the audit of the consolidated financial statements (the “financial statements”) of the Corporation of the City of Kingston (the “City”) with the exception of certain remaining outstanding procedures, which are highlighted on the ‘Status’ slide of this report.

Significant changes

Significant changes since our audit plan

- There were no significant changes to our audit plan which was originally communicated to you in the audit planning report.

Risks and results

Significant risks

- In the Audit Plan, we did not identify any significant financial reporting risks other than the presumed risk of management override of controls. We did not identify any additional significant financial reporting risks that required additional audit procedures.

Other risks of material misstatement

Going concern matters

Other matters

Other matters

- We have highlighted certain other matters for the Committee’s consideration.

Uncorrected misstatements

Uncorrected misstatements

- We identified one misstatement which was communicated to management and remains uncorrected.

Corrected misstatements

Corrected misstatements

- We identified one misstatement which was communicated to management and subsequently corrected in the financial statements.

Control deficiencies

Significant deficiencies

Other control deficiencies

Policies and practices & Specific topics

Significant unusual transactions

Accounting policies and practices

Other financial reporting matters

Specific topics

Status

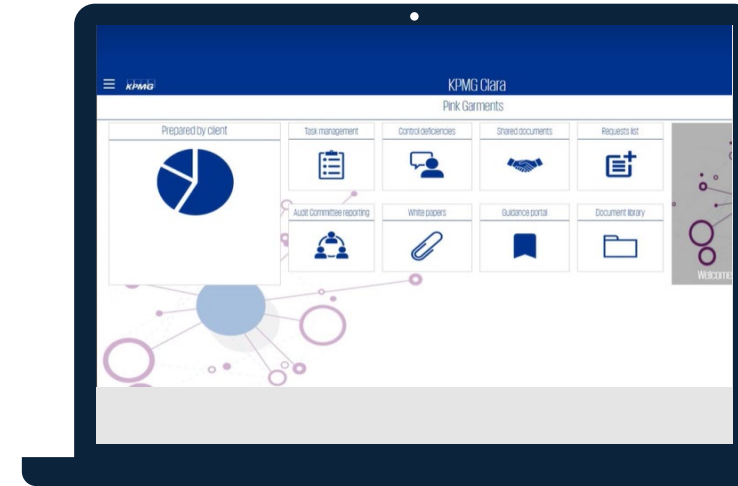
As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Receipt of responses to our legal inquiry letters;
- Completing our discussions with the Committee;
- Final assembly of our audit documentation, including completion of any remaining procedures and review of audit working papers;
- Completing our subsequent events review procedures up to the date of the auditor’s report;
- Obtaining evidence of Council’s approval of the financial statements; and
- Receipt of the signed management representation letter.

We will update the Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

A draft of our auditor’s report is provided in [Appendix 1a: Draft Auditor’s Report](#).

KPMG Clara for Clients (KCfc)



Real-time collaboration and transparency

We leveraged **KCfc** to facilitate real-time collaboration with management and provide visual insights into the status of the audit!

On our audit we used KCfc to coordinate requests from management.



Significant changes

We have not made any significant changes to our audit plan which was communicated to you in the audit planning report, and note that:

Management and the KPMG audit team



There were no key Management team member changes from the Audit Plan. Management were available as needed to assist the Audit Team. The senior audit team remained consistent from the team presented in the Audit Plan.

Group materiality



Group materiality was set at \$10,000,000 in our audit planning report, which represented approximately 1.8% of prior year total expenses. Current year actual expenses increased to \$605 million, therefore, materiality represented 1.7% of current year expenses. This falls within the acceptable range of our required benchmark of between 0.5% -3.0%.

Fraud risk



We performed our required audit procedures in professional standards over fraud risk as communicated to the Committee in the Audit Plan and did not identify any additional fraud risks from our audit work. As part of our unpredictable procedure, we reviewed a sample of expenses based on approval thresholds in the procurement policy to ensure the policy is being followed. We have no findings to report from this procedure.

Other areas of audit focus



We identified certain areas of audit focus in our Audit Plan. We did not identify any additional areas of audit focus and have no significant findings to report as a result of these procedures.



Significant risks and results

We highlight our significant findings in respect of **significant risk**.



Fraud risk from management override of controls

| Significant risk | Estimate? | Key audit matter? |
|--|-----------|-------------------|
| Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities. | No | No |

Our response

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- Assessed the design and implementation of controls surrounding the journal entry process;
- Determined the criteria to identify high-risk journal entries and other adjustments; and
- Tested high-risk journal entries and other adjustments.

Findings

We did not uncover any issues during the performance of the procedures described above.

Other matters



Asset Retirement Obligations

Background

In 2023, the City adopted Public Accounting Standard PS 3280, Asset Retirement Obligations (“ARO”). The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings owned by the City, as well as replacing PS3270, Solid Waste Landfill Closure and Post-Closure Liability. Asset retirement obligations are an estimate in the City’s financial statements.

Management performed an assessment of the impact of the new accounting standard on the City’s financial statements, including potential liabilities related to asbestos and the closure and post-closure costs of the landfill site. Using the modified retroactive application approach, as at December 31, 2023, an asset retirement obligation amounting to \$24.7 million (2022 - \$24.2 million) has been recognized on the City’s Consolidated Statement of Financial Position.

Our response

- We obtained an understanding of the activities performed by Management to identify the City’s legal obligations associated with the retirement of capital assets and ensured that all of the recognition criteria were met to recognize an ARO in the financial statements.
- We obtained Management's calculation of the ARO liability and corroborated management’s inputs into the calculation to assess their reasonableness. Through this process, it was identified that there was limited external audit evidence available to support the liability. Accordingly, KPMG performed an independent calculation using standard costing and models to assess the reasonableness of management’s estimate.
- The City has chosen not to discount or use the present value technique for measurement of the building and fuel tank component of the ARO liability, as the timeline for the retirement activities is not well defined and discounting would add an additional layer of substantial uncertainty. KPMG notes that while PS 3280 does not require the present value technique for measurement, it does suggest that it is often the best available technique. However, we do understand the City’s position for not discounting the obligation as there is uncertainty as to the timing of remediation. We also note that discounting was utilized in the calculation of the landfill retirement costs as all sites are closed. Inflation and discount rates utilized in the calculation were based on management’s assessment of 3% and 4% , respectively.
- We noted that this estimate is based on management’s knowledge of the assets within scope of ARO. Any changes to the ARO in the future will be treated as a change in estimate, presented prospectively. We recommend that management re-evaluate this estimate annually, including inflationary adjustments, to ensure accurate financial reporting.

Our findings

Through the audit work performed, we identified one misstatement related to the opening adjustment which was corrected by management. Refer to the management representation letter in [Appendix 1b](#) for additional details. Based on the information provided and the audit procedures performed, we concur with Management’s presentation and disclosure related to the implementation of PS 3280, Asset Retirement Obligations in the City’s financial statements for the year ended December 31, 2023.

Other matters (continued)



Financial Instruments

Background

In fiscal 2023, the City adopted the following standards concurrently beginning January 1, 2023 on a prospective basis:

- PS 1201 Financial Statement Presentation;
- PS 2601 Foreign Currency Translation;
- PS 3041 Portfolio Investments; and
- PS 3450 Financial Instruments.

Management performed an assessment of the impact of the new accounting standards and concluded there was not a significant impact.

Our response

- We obtained an understanding of the activities performed by management to identify financial instruments and ensure compliance with the new standards. As there are no financial instruments that meet the criteria for fair value measurement, a Consolidated Statement of Remeasurement Gains and Losses has not been included in the financial statements.
- We ensured appropriate disclosures have been made in the financial statements for the adoption of the new accounting standards including the financial risks and the concentration of credit risk.
- The City's share of other comprehensive income ("OCI") earned on the investment in government business enterprises is to be recorded through the Consolidated Statement of Remeasurement Gains and Losses. Although management did not record this adjustment, KPMG has determined that it is an immaterial presentation difference.

Our findings

Based on the information provided and the audit procedures performed, we concur with Management's presentation and disclosure related to the implementation of these new standards in the City's financial statements for the year ended December 31, 2023.

Audit misstatements

As stated earlier in this report, group materiality for fiscal 2023 was set at \$10,000,000 (2022 - \$10,000,000) which translated into an audit misstatement posting threshold of \$500,000 (2022 - \$500,000). As such, all misstatements identified during the audit greater than \$500,000 have been recorded on our summary of adjustments and differences.

Adjustments and differences identified during the audit have been categorized as “Corrected adjustments” or “Uncorrected differences”. These include disclosure adjustments and differences. Professional standards require that we request of management and the Committee that all identified adjustments or differences be corrected, if any.



Impact of corrected misstatements

- The management representation letter, a draft of which is included in [Appendix 1b](#), includes the Summary of Corrected Audit Misstatements which discloses the impact of all misstatements that were communicated to management and subsequently corrected in the financial statements.



Impact of uncorrected misstatements

- The management representation letter includes the Summary of Uncorrected Audit Misstatements, which discloses the impact of all uncorrected misstatements considered to be other than clearly trivial.
- Based on both qualitative and quantitative considerations, management has decided not to correct one misstatement and represented to us that the misstatement is, in their judgment, not material to the financial statements. This management representation is included in the management representation letter.
- We concur with management’s representation that the uncorrected misstatement is not material to the financial statements. Accordingly, the uncorrected misstatement has no effect on our auditor’s report.

| Annual surplus | (in \$'000s) | Accumulated surplus | (in \$'000s) |
|---------------------------|--------------|---------------------------|--------------|
| As currently presented | \$ 76,904 | As currently presented | \$ 1,844,820 |
| Uncorrected misstatements | 3,547 | Uncorrected misstatements | 3,547 |
| As a % of the balance | 4.6% | As a % of the balance | 0.2% |



Audit misstatements (continued)

Uncorrected misstatements greater than \$500,000 individually:

| | Income effect | Financial position | | |
|--|---------------------|-------------------------------|------------------------------------|--|
| Description of individually significant misstatements | (Decrease) Increase | Assets (Decrease) Increase | Liabilities (Decrease) Increase | Accumulated Surplus (Decrease) Increase |
| To adjust for the inappropriate deferral of unrestricted payment-in-lieu of taxation mitigation funding received in fiscal 2023. | 3,546,942 | – | (3,546,942) | 3,546,942 |
| Total uncorrected misstatements | 3,546,942 | – | (3,546,942) | 3,546,942 |

Control deficiencies

Consideration of internal control over financial reporting (ICFR)



In planning and performing our audit, we considered ICFR relevant to the City's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting



A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

We identified certain observations surrounding internal controls over financial reporting. These were provided separately to management.

Significant deficiencies in internal control over financial reporting



A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.

We did not identify any significant deficiencies in internal control over financial reporting.



Accounting policies and practices



Initial selection

The following new accounting policies and practices were selected and applied during the period:

- I. PS 3280 Asset Retirement Obligations the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing accounting standard PS 3270 Solid Waste Landfill Closure and Post-Closure Liability. The standard was adopted on the modified retroactive basis at the date of adoption.
- II. PS 1201 Financial Statement Presentation establishes general reporting principles and standards for the disclosure of information in government financial statements. This standard was applied prospectively.
- III. PS 2601 Foreign Currency Translation establishes monetary assets and liabilities denominated in a foreign currency and non-monetary items denoted in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. This standard was applied prospectively.
- IV. PS 3041 Portfolio Investments establishes guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. This standard was applied prospectively.
- V. PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. This standard was applied prospectively.



Revised

There were no changes to the significant accounting policies and practices on the financial statements.




Significant qualitative aspects

There are no significant qualitative aspects to note related to accounting policies and practices.

The significant accounting policies and practices are disclosed in note 1 to the financial statements.

Other financial reporting matters

We also highlight the following:




Financial statement presentation - form, arrangement, and content



The presentation and disclosure in the financial statements is in accordance with the required standards as disclosed in the notes to the financial statements.


Through the course of the audit, KPMG provided guidance and support to management on required disclosures in accordance with the financial reporting framework along with the adoption of the new accounting standards in 2023.



Concerns regarding application of new accounting pronouncements



Refer to [Appendix 3](#) for upcoming accounting standards.



Significant qualitative aspects of financial statement presentation and disclosure



No matters to report.



Specific topics

We have highlighted the following that we would like to bring to your attention:

| Matter | Finding |
|---|-----------------------|
| Illegal acts, including noncompliance with laws and regulations, or fraud | No matters to report. |
| Other information in documents containing the audited financial statements | No matters to report. |
| Significant difficulties encountered during the audit | No matters to report |
| Difficult or contentious matters for which the auditor consulted | No matters to report |
| Management’s consultation with other accountants | No matters to report |
| Disagreements with management | No matters to report |
| Related parties | No matters to report |
| Significant issues in connection with our appointment or retention | No matters to report |
| Other matters that are relevant matters of governance interest | No matters to report |

Independence

As a firm, we are committed to being and being seen to be independent. We have strict rules and protocols to maintain our independence that meet or exceed those of the IESBA Code¹ and CPA Code. The following are the actions or safeguards applied to reduce or eliminate threats to an acceptable level:



Dedicated ethics & independence partners



Process for reporting breaches of professional standards and policy, and documented disciplinary policy



Ethics, independence and integrity training for all staff



International proprietary system used to evaluate and document threats to independence and those arising from conflicts of interest



Operating policies, procedures and guidance contained in our quality & risk management manual



Mandated procedures for evaluating independence of prospective audit clients



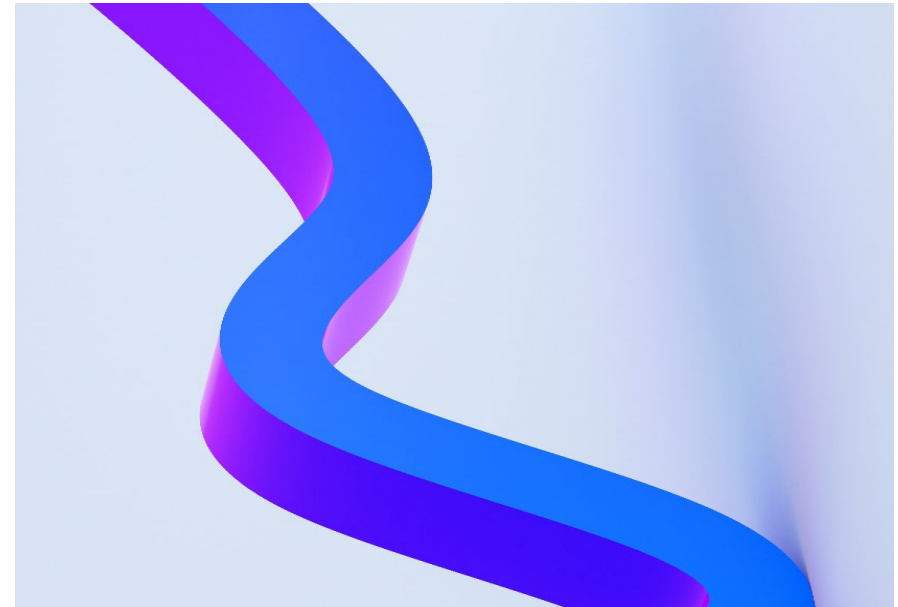
Restricted investments and relationships



Annual ethics and independence confirmation for staff

Statement of compliance

We confirm that, as of the date of this communication, **we are independent** of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.



¹ International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)

Appendices

1

Required communications

2

Audit quality

3

Upcoming accounting standards

4

Insights



Appendix 1: Other required communications



Engagement terms

A copy of the engagement letter was previously provided to management and the Committee.



Auditor's report

The conclusion of our audit is set out in our draft auditors' report as attached.



Representations of management

In accordance with professional standards, we will obtain certain representations from management upon approval of the financial statements.



CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- [CPAB Audit Quality Insights Report: 2021 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2022 Interim Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2022 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2023 Interim Inspections Results](#)



Appendix 1a: Draft auditor's report

INDEPENDENT AUDITOR'S 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 ("the Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- 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 "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of Matter – Comparative Information

We draw attention to Note 19 to the financial statements ("Note 19") which explains that certain comparative information presented for the year ended December 31, 2022 has been restated.

Note 19 explains the reasons for the restatement and also explains the adjustments that were applied to restate comparative information.

Our opinion is not modified in respect of this matter.

Appendix 1a: Draft auditor's report (continued)

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



Appendix 1a: Draft auditor's report (continued)

We also:

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

Chartered Professional Accountants, Licensed Public Accountants
Kingston, Canada
August 13, 2024



Appendix 1b: Management representation letter

KPMG LLP
863 Princess Street, Suite 400
Kingston, Ontario K7L 5N4
Canada

August 13, 2024

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of the Corporation of the City of Kingston ("the Entity") as at and for the period ended December 31, 2023.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated January 31, 2024, including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties;
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.
 - c) providing you with unrestricted access to such relevant information.

- d) providing you with complete responses to all enquiries made by you during the engagement.
- e) providing you with additional information that you may request from us for the purpose of the engagement.
- f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

Internal control over financial reporting:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - others
 where such fraud or suspected fraud could have a material effect on the financial statements.



Appendix 1b: Management representation letter (continued)

- c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, short sellers, or others.
- d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements or illegal acts, whose effects should be considered when preparing financial statements.
- e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment, or disclosure, in the financial statements have been adjusted or disclosed.

Related parties:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for, and disclosed, in accordance with the relevant financial reporting framework.

Estimates:

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Going concern:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

Misstatements:

- 11) The effects of the uncorrected misstatements described in [Attachment II](#) are immaterial, both individually and in the aggregate, to the financial statements as a whole.
- 12) We approve the corrected misstatements identified by you during the audit described in [Attachment II](#).

Comparative information:

- 13) In respect of the restatement in the comparative information related to the adoption of PS 3280 *Asset Retirement Obligations*, we reaffirm that the written representations we previously provided to you, in respect of the prior period financial statements presented as comparative information, remain appropriate.

Non-SEC registrants or non-reporting issuers:

- 14) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 15) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

CORPORATION OF THE CITY OF KINGSTON

By: Desiree Kennedy, Chief Financial Officer and City Treasurer

By: Lana Foulds, Director of Financial Services & Deputy Treasurer

Appendix 1b: Management representation letter (continued)

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Attachment II – Summary of Audit Misstatements Schedule

Summary of Uncorrected Audit Misstatements:

| Description | Statement of Financial Position effect ¹ | | | Statement of Operations effect ¹ |
|--|---|------------------|---------------------|---|
| | Assets | Liabilities | Accumulated Surplus | |
| | \$ | \$ | \$ | \$ |
| Audit misstatements greater than \$500,000 individually | | | | |
| Dr. Deferred revenues | – | 3,546,942 | – | – |
| Cr. Taxation from other governments | – | – | (3,546,942) | (3,546,942) |
| To adjust for the inappropriate deferral of unrestricted payment-in-lieu of taxation mitigation funding received in fiscal 2023. | | | | |
| TOTAL UNCORRECTED AUDIT MISSTATEMENTS | – | 3,546,942 | (3,546,942) | (3,546,942) |

Summary of Corrected Audit Misstatements:

| Description | Statement of Financial Position effect ¹ | | | Statement of Operations effect ¹ |
|--|---|--------------------|---------------------|---|
| | Assets | Liabilities | Accumulated Surplus | |
| | \$ | \$ | \$ | \$ |
| Audit misstatements greater than \$500,000 individually | | | | |
| Dr. Municipal equity | – | – | 1,567,894 | – |
| Cr. Asset retirement obligations | – | (1,567,894) | – | – |
| To adjust the asset retirement obligations liability. | | | | |
| TOTAL CORRECTED AUDIT MISSTATEMENTS | – | (1,567,894) | 1,567,894 | – |



Appendix 2: Audit quality - How do we deliver audit quality?

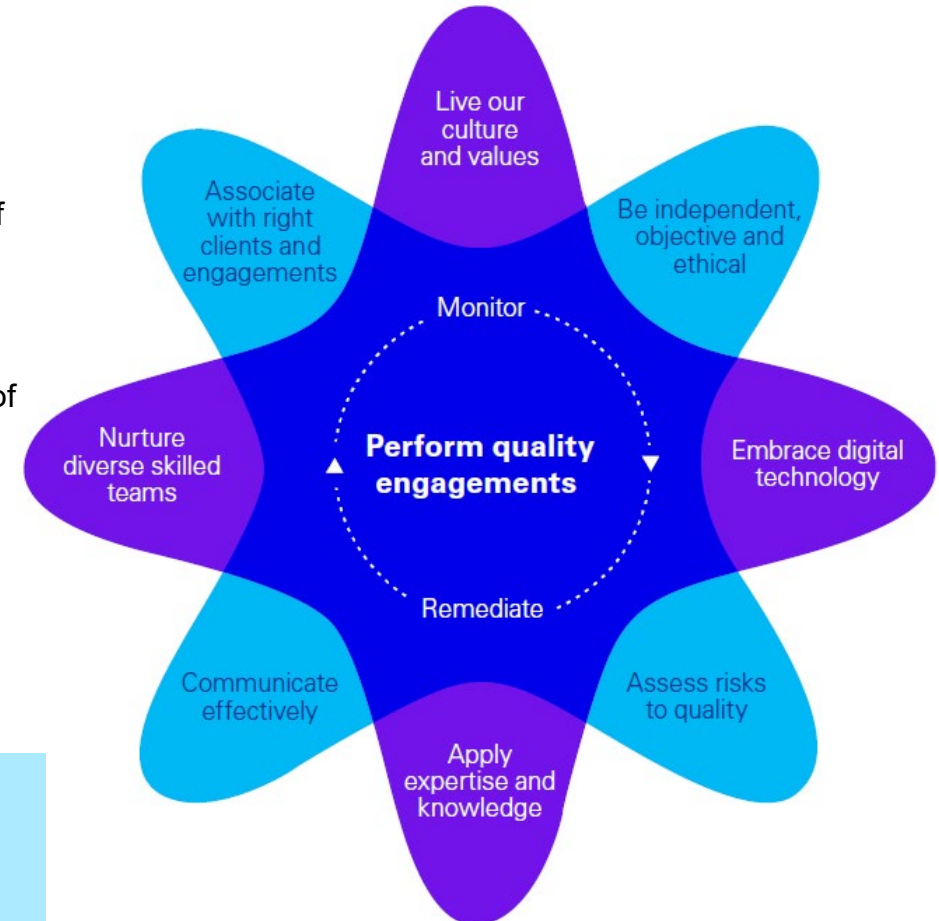
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Our Transparency Report includes our firm’s Statement on the Effectiveness of our SoQM.

 [KPMG 2023 Audit Quality and Transparency Report](#)

We define ‘audit quality’ as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



Doing the right thing. Always.

Appendix 2: Audit quality - audit quality indicators (AQIs)

The objective of these measures is to provide the Committee and management with more in-depth information about factors that influence audit quality within an audit process. Below you will find the current status of the AQIs that we have agreed with management are relevant for the audit.



Audit team composition



- Experience, commitment and knowledge of the broader public sector
- A combination of continuity and fresh perspectives
- Access to specialist resources with public sector experience



Technology in the audit



- Increase in use of technology in the audit year over year
- Use of secure KPMG portal for transfer of electronic documents



Independence



- We will not put ourselves in a situation where we would audit our own work.
- We apply the most rigorous standards to our professional services in order to ensure our continued independence in our role.



Client preparedness



- The financial records are closed and ready on the first day of audit work, with the exception of:
 - The receipt of the financial statements was delayed due to the availability of the component financial statements as required for consolidation purposes; and
 - The financial statements required guidance by the audit team to ensure the disclosures, in particular surrounding the new standards, were complete and accurate.



Administrative Policies Committee



- Committee members participate fully in the discussion with auditors, including meeting in camera with the auditors
- KPMG provides current industry trends and updates to accounting and audit standards

Nothing to report

Some matters to report

Specific matters to report



Appendix 3: Upcoming changes to accounting standards

Accounting changes



Newly effective accounting standards



The amendments to PS 3400, *Revenue*, become effective for this year end (fiscal years beginning on or after April 1, 2023).

- The standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.
- The standard notes that in the case of revenues arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.
- The standard notes that unilateral revenue arises when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.



Newly effective accounting standards



PS 3160, *Public Private Partnerships ("P3s")* becomes effective for this year end (fiscal years beginning on or after April 1, 2023).

- This standard includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. The standard may be applied retroactively or prospectively.
- The standard notes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the P3 ends.
- The public sector entity recognizes a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure.



Newly effective accounting standards



PSG-8, *Purchased Intangibles*, becomes effective for this year end (fiscal years beginning on or after April 1, 2023).

- The guideline allows public sector entities to recognize intangibles purchased through an exchange transaction. The definition of an asset, the general recognition criteria and GAAP hierarchy are used to account for purchased intangibles.
- Narrow scope amendments were made to PS 1000 Financial statement concepts to remove the prohibition to recognize purchased intangibles and to PS 1201 Financial statement presentation to remove the requirement to disclose purchased intangibles not recognized.
- The guideline can be applied retroactively or prospectively.



Appendix 4: Audit and assurance insights

Our latest thinking on the issues that matter most to Committees, Council and management.

KPMG Audit & Assurance Insights

Curated research and insights for audit committees and boards.

Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities

Current Developments

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook reports.

Audit Committee Guide – Canadian Edition

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

Accelerate 2024

The key issues driving the audit committee agenda in 2023.

Momentum

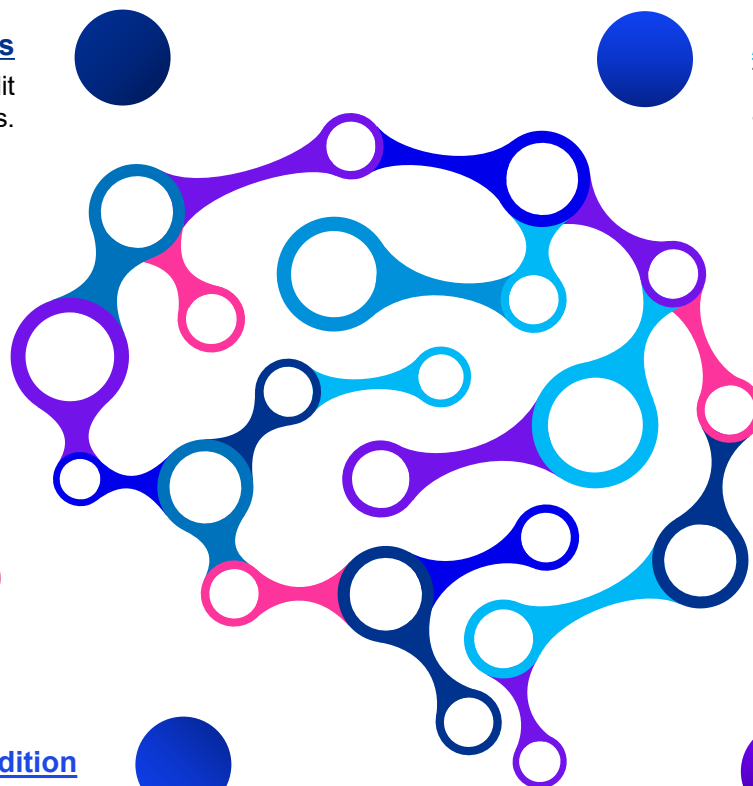
A quarterly newsletter with the latest thought-leadership from KPMG's subject matter leaders across Canada and valuable audit resources for clients.

KPMG Climate Change Financial Reporting Resource Centre

Our climate change resource center provides insights to help you identify the potential financial statement impacts to your business.

IFRS Breaking News

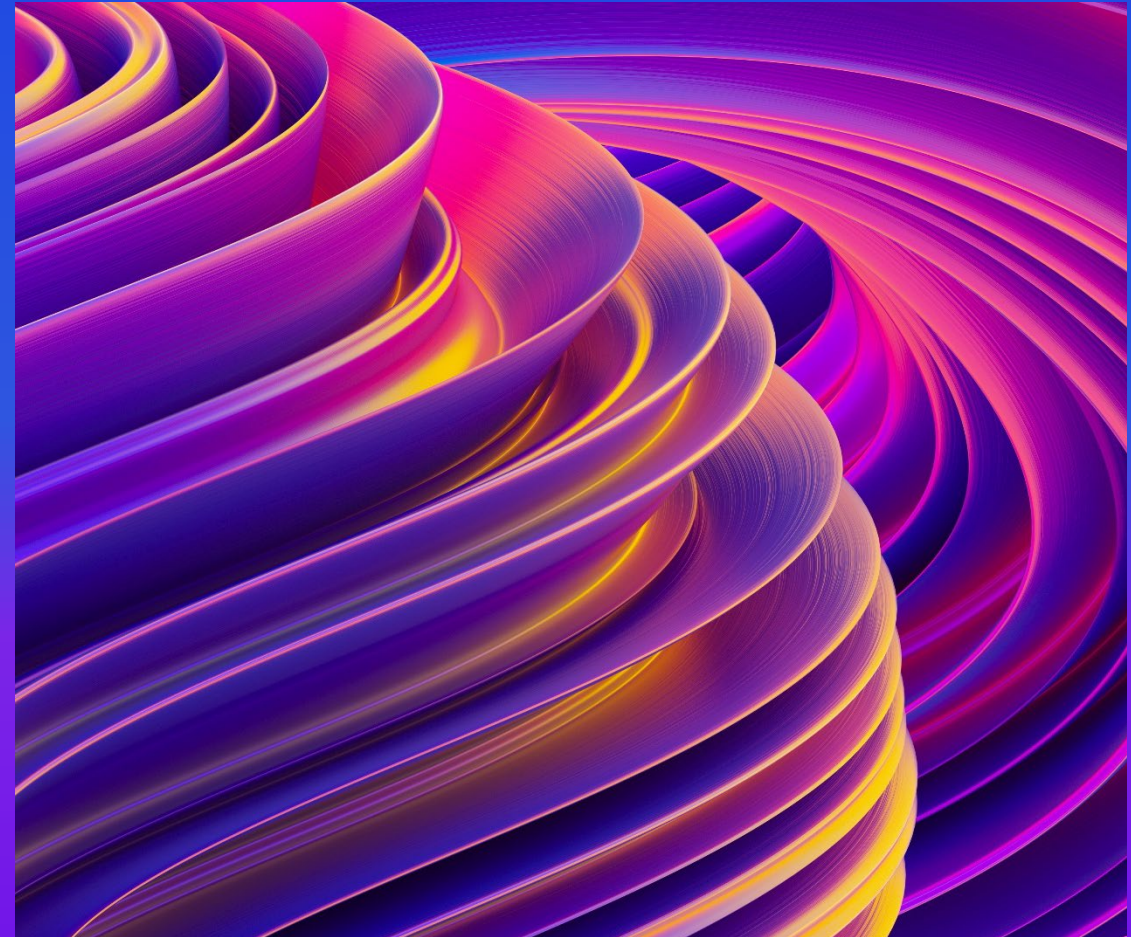
A monthly Canadian newsletter that provides the latest insights on international financial reporting standards and IASB activities.





<https://kpmg.com/ca/en/home.html>

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**City of Kingston
Report to Administrative Policies Committee
Report Number AP-24-015**

To: Chair and Members of the Administrative Policies Committee
From: Paige Agnew, Commissioner, Growth & Development Services
Resource Staff: Laird Leggo, Manager, Licensing, Parking Operations and Policy
Date of Meeting: July 11, 2024
Subject: Short-term Rental By-Law Amendments

Council Strategic Plan Alignment:

Theme: Policies & by-laws

Goal: See above

Executive Summary:

The purpose of this report is to propose amendments to By-Law Number 2021-10, "A By-Law to License and Regulate Short-term Rentals in the City of Kingston". The Short-term Rental By-Law has been in place since June 2021 and since that time staff have worked closely with short-term rental (STR) operators, internal staff, City partners, other municipalities and members of the public to gain a broader understanding of the changing landscape of STR regulations and their impacts to property owners and the community at large.

The amendments proposed in this report are to align with researched best practices in short-term rental licensing as well as lessons learned in the three years of operations. The amendments are also to assist with proactive enforcement strategies for unlicensed operators as well as reduce inefficiencies and increase overall compliance.

Recommendation:

That the Administrative Policies Committee recommends to Council:

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That a by-law be presented to amend By-Law Number 2021-10, “A By-Law to License and Regulate Short-term Rentals in the City of Kingston”, as amended, as per Exhibit A attached to Report Number AP-24-015; and

That a by-law be presented to amend By-Law Number 2005-10 “A By-Law to Establish Fees and Charges to be Collected By the Corporation of the City of Kingston”, as amended, to apply a system of licensing fees for Short-term Rental Brokerages as per Exhibit B attached to Report Number AP-24-015; and

That By-Law Number 2020-69, “A By-Law to Establish a Process for Administrative Penalties”, as amended, be further amended, as per Exhibit C to Report Number AP-24-015; and

That Council authorize City staff to submit any required set fine applications to the Ministry of the Attorney General in relation to the proposed amendments to the Short-term Rental By-Law; and

That the Mayor and Clerk be authorized to execute any agreements that identify data sharing obligations of Short-term Rental Brokerages to the City of Kingston in a form acceptable to the Director of Legal Services.

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Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

**Paige Agnew, Commissioner,
Growth & Development Services**

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

**Lanie Hurdle, Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

| | |
|---|-------------------------------------|
| Jennifer Campbell, Commissioner, Community Services | Not required |
| Neil Carbone, Commissioner, Corporate Services | Not required |
| David Fell, President & CEO, Utilities Kingston | Not required |
| Peter Huigenbos, Commissioner, Major Projects & Strategic Initiatives | Not required |
| Brad Joyce, Commissioner, Infrastructure, Transportation & Emergency Services | Not required |
| Desirée Kennedy, Chief Financial Officer & City Treasurer | <input checked="" type="checkbox"/> |

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Options/Discussion:

Background

Since June 1, 2021, the City of Kingston has been regulating short-term rentals through By-Law Number 2021-10, “A By-Law to License and Regulate Short-Term Rentals in the City of Kingston” (Short-Term Rental By-Law). Initially, the City retained LTAS Technologies Inc. to provide a compliance measurement service for the short-term rental by-law, however in 2022 Council directed staff not to extend the contract and related subscription services in favour of an in-house licensing program which included collection of the Municipal Accommodation Tax (MAT). Through Report AP-22-012, Council directed staff to provide Council with a progress report on the licensing program which was received through Report Number 23-169. Since that time, Council approved Administrative Monetary Penalties (AMPs) for short-term rentals (STRs) to promote compliance with the short-term rental by-law in a less time-consuming and resource-intensive manner while allowing staff to provide an immediate and tangible response to by-law violations.

Now that the in-house licensing program has been operational for three years, staff have had ample opportunity to work with and collect feedback from STR operators, navigate the application and internal review process, understand the regulations and their impacts to operators and neighbours, provide proactive and reactive enforcement responses, address resident complaints, and research best practices with other municipalities. As such, staff are recommending amendments to the by-law to incorporate these learnings and best practices.

Short-term Rental Licensing

As of June 1, 2024, the City has licensed 216 properties compared to 173 the previous year. The figures in the table below represent the application statuses:

| Status | Total Applications |
|---|--------------------|
| Active | 216 |
| Pending | 17 |
| Closed business for various reasons | 23 |
| File closed due to building permits/illegal secondary units | 20 |

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| Status | Total Applications |
|---------------------------------------|--------------------|
| File closed due to zoning issues | 3 |
| File closed due to life safety issues | 2 |

Licence files are closed for several reasons: property sales, change in mind about operating an STR, switch from short-term to long-term rentals, or converting to full time owner-occupied.

It is important to note that the files that are closed due to building, zoning and fire life safety issues can reapply once they are compliant and meet regulations. Applications that are pending are typically awaiting inspection by the internal inspection review team which is comprised of staff from Planning Services, Building Services, and Fire Inspectors from Kingston Fire & Rescue. Occasionally a file can remain in the pending status for several months as owners work to complete renovations and close building permits.

There is currently one dedicated licensing agent that oversees the STR portfolio. This staff person is responsible for receiving, reviewing, and circulating applications through the inspection review process, issuing licenses, renewals, working with STR operators and responding to complaints. This person also oversees enforcement efforts to bring unlicensed operators into compliance and works with by-law enforcement staff to investigate complaints regarding other by-law infractions including parking, noise, and property standards.

Municipal Accommodation Tax

The MAT is a mandatory rate on accommodations to be paid by visitors staying in Kingston hotels, motels, and bed & breakfasts for 30 days or less. In 2018, Council endorsed the implementation of a 4% MAT with an effective date of August 1, 2018. In January 2021, Council amended the MAT By-Law to include STRs effective June 1, 2021. In 2023, through Council Report 23-258, the MAT rate was increased from 4% to 5% for stays effective January 1, 2024.

In accordance with a tri-party agreement between the City of Kingston, Kingston Accommodation Partners (KAP) and Tourism Kingston (TK), KAP collects the MAT on behalf of the City on all accommodations except short-term rentals which are collected by City staff. The funds collected are to be redistributed between marketing/promotion (65%) and a Development Fund (35%). 65% of revenues collected from the MAT are used to support tourism marketing/promotion and administration.

The MAT is collected by STR operators at the time of booking and is self-remitted to the City on a quarterly basis through the City’s in-house MAT payment portal which was launched in July 2022. The due dates to file reporting and remittance requirements for MAT are outlined in the table below:

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| Quarterly Period | Due Date |
|-------------------------|------------|
| January 1 – March 31 | April 30 |
| April 1 – June 30 | July 31 |
| July 1 – September 30 | October 31 |
| October 1 – December 31 | January 31 |

Revenues submitted for 2023 were a significant increase over 2022 revenues received. In total, approximately \$106,000 was submitted by STR operators in 2023. The funds collected by the City from short-term accommodations are subject to the same allocations of 65% (marketing/promotion and administration) and 35% (Development Fund) based on the existing terms of the MAT agreement.

Enforcement

The STR licensing program was originally directed by Council to have a voluntary compliance. Throughout the last two years, staff have taken a more proactive approach in identifying and reaching out to STR operators to explain the regulations and application process. Initially staff were able to establish accounts on the STR platforms to engage in the chat function with unlicensed operators. Since that time these platforms have implemented additional verification levels whereby account holders must enter valid government issued identification to access their account. Due to the extra level of validation and privacy concerns, staff have had to take different approaches to “scrub” the platforms to identify unlicensed operators.

As explained in Report 23-169, one such approach included using AirDNA Enterprises to identify vacation rental data, including the latitude and longitude of property locations. Using the AirDNA generated reports it was estimated that there are over 500 operators within City limits, however some of those listings have been inactive for over a year, some advertise properties for long-term rentals, and some are classified as hotels which are outside of the scope of the by-law. Staff were able to filter through the data to extrapolate properties that were active within the year and began the process of matching the latitude and longitude to active listings on the platforms. The process of scrubbing the platform using this data proved to be time consuming and labour intensive with inaccurate results and it was discovered that many of the properties were not easily identifiable and the locates were inaccurate. However, the efforts yielded approximately 155 properties worth investigating.

The investigation showed that several of these properties had listings with a limit of 31 days or more which would not fall within the short-term rental by-law, as short-term rentals are defined as “all or part of a Dwelling Unit used to provide sleeping accommodations for a period equal to or less than thirty (30) consecutive days in exchange for payment and includes a Bed and Breakfast”. Several property owners claimed that the property identified by the data was not their property, and several of the letters sent were returned to sender. In total, 117 enforcement letters were sent to property owners explaining the regulations and application process. Of

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those 117 letters, 60 property owners achieved compliance by removing their listing or setting it to a minimum 31-day listing, 44 applications were received, and 11 administrative penalties were issued to identifiable, non-compliant property owners following two notice letters. At the time of writing this report, staff continue to use proactive enforcement measures to contact property owners with mixed results.

Regulating Short-term Rental Brokerages

Enforcement efforts for identifying non-compliant short-term rental operators have proven to be time-consuming, resource-intensive, and inaccurate. Recently, some municipalities have taken the approach of regulating the brokerages (platforms) directly. This allows the municipality to enter into data sharing agreements with the brokerage whereby specific data from the platform is reported to the municipality at regular intervals and gives municipalities the necessary information required to enforce non-compliance in a timely and efficient manner. The draft by-law proposes a section in Part III which would implement regulations for brokerages to:

- Complete an application form with company information including a contact person
- Compel the company to sign an agreement with the City for the purposes of data sharing
- Report the following requirements
 - STR addresses
 - Operators contact information
 - Number of nights rented
 - Nightly and total price charged
 - Municipal Accommodation Tax charged on transaction
 - Number of complaints for each operator
 - Any other information required by the Director
- Maintain a system for receiving and responding to complaints
- Compel the company to remove listings identified by the City as noncompliant.

These regulations are anticipated to:

- Streamline enforcement efforts
- Increase overall compliance
- Reduce inefficiencies and increase staff capacity
- Compile more accurate data on STRs within the City
- Increase the number of licensed properties which increases the municipal accommodation tax revenues

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The table below provides information regarding examples of other municipalities who regulate short-term rental brokerages and their associated fees:

| Municipality | Fees | Term | Administrative Monetary Penalties |
|--------------|---|-----------------|-----------------------------------|
| Ottawa | Tier 1 < 100 Listings \$1025 Tier 2 101-500 \$2563 Tier 3 >500 \$5125 +\$58 Admin fee | 3 years | No (Set fines) |
| Hamilton | \$5000 | 5 years | \$300 penalty fee |
| London | \$1069 | 1 year | \$500 penalty fee |
| Oakville | \$46,300 | 1 year | \$300 penalty fee |
| Toronto | Application fee \$5321.85 Per night booked \$1.06 | Per application | No (Set fines) |
| Vaughan | Properties <10: \$334 initial, \$280 renewal 11-50: \$665 initial, \$560 renewal 51-100: \$3258 initial, \$2796 renewal >100: \$6637 initial, \$5592 renewal | 1 year | \$500 penalty fee |

Staff consulted with other municipalities and learned that platforms would withdraw their services from municipalities if the licensing process and fees were not worth their time and effort for the number of listings available by not allowing addresses with a specific postal code to list their property on that platform. With that in mind, staff are proposing a tiered system for fees as follows with three-year terms based on comparators with similar-sized municipalities, in scope of the size and scale of Kingston’s vacation rental market, and relative to the number of listings on each platform:

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Tier 1 (Less than 100 listings): \$500

Tier 2 (101+): \$1500

In anticipation of these by-law amendments, staff reached out to the platforms with the greatest number of listings, Airbnb and VRBO, to create awareness of these proposed changes. It is estimated that there are approximately five companies that would meet the definition of a short-term rental brokerage company with active listings within City limits. Other than Airbnb, these companies have less than 50 listings at any given time. There are approximately three other short-term rental brokerage companies with active listings in Ontario but none within Kingston, and staff will monitor those and other sites for changes.

Administrative Monetary Penalties

Through Report Number AP-23-016, Council approved the expanded use of Administrative Monetary Penalties (AMPs) for short-term rentals. As outlined in the table above, staff are now proposing AMPs for by-law violations relating to short-term rental brokerages. AMPs provide a more efficient, immediate, tangible and less resource-intensive response to enforcing by-law violations. The overall goal is to build positive working relationships with the brokerages before resulting to penalties, however having the mechanism available as a tool is a good enforcement practice.

The recommended AMPs include a \$300 penalty fee for:

- Operating a short-term rental brokerage without a licence.
- Marketing a short-term rental on an unlicensed short-term rental brokerage.

Staff are basing the recommended penalty amounts on a review of (a) similar AMPs under the City's existing by-laws, (b) similar AMPs in other municipalities and (c) the general severity of the by-law violation. As per the *Municipal Act, 2001*, the penalty amount of an AMP may not be punitive in nature and shall not exceed the amount reasonably required to promote compliance with a by-law.

Public Engagement

How we engaged:

A draft by-law and summary of proposed changes were provided for review on Get Involved Kingston from June 7 to June 21, 2024. All licensed short-term rental operators were invited to engage with the by-law online by commenting directly on the document or sharing feedback by phone, email or requesting a paper copy. Three targeted emails were used to share information about the project and encourage participation.

Who we heard from:

- The draft by-law received 1043 views

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- 116 participants visited the page through Get Involved Kingston
- 14 participants commented on the draft by-law
- 24 comments were received on the draft-by-law

The comments were reviewed and considered as part of the review of the by-law and the changes being presented. A summary of the comments are attached as Exhibit D.

Summary of Short-term Rental By-Law Amendments

- Section 1 – Definitions

The definition of Boarding, lodging or rooming house was added to clarify regulations as they relate to Lodging Houses, which are regulated through By-Law Number 2006-213.

The definition of Short-term Rental Brokerage was added to correspond with the regulations added in Part III of the draft below.

- Section 4 – Prohibitions

Clauses 4.3 and 4.4 were added to align with regulations for Short-term Rental Brokerage licences.

- Section 5 – Licensing Requirements (Operators)

The section regarding the licence term was amended to April 1 – March 31 for improved efficiency with renewals. The term was previously set to expire one year from the date of issuance, however this process created inefficiencies and difficulties managing renewals, especially without a database that has automatic renewal functionality.

Section 5.2 was amended to be more concise. The licensing database, CityView, creates a unique licence number for each property and licence issuance. All City business licenses are issued per location. Changing the wording in this section aligns with the current method although it is important to note that it does not impact the regulation or licence limits currently imposed.

Clause 5.6 was included to specify a best practice regarding non-transferrable licences.

- Section 6 – Licence Issuance (Operators)

Language was added to clarify non-compliance with relevant legislation beyond the issuance of orders.

Section 6.2 was included to clarify best practices regarding inspections to determine the safety of the short-term rental.

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- Section 7 – Regulations (Operators)

Currently there are no occupancy limits stated for short-term rentals renting out the entire unit for single detached dwellings, and any other dwelling types have a limit of three bedrooms and a maximum of four people. Based on feedback from operators and staff, occupancy limits were clarified for dwelling types and to be consistent with the Building Code and regulations pertaining to Lodging House licences, which are regulated under By-Law Number 2006-213. Reducing the occupancy limit to two people per bedroom to a total maximum of 10 people per booking is to navigate the increased fire safety requirements which vary by dwelling type, number of persons, etc. when the occupant load is greater than 10 persons.

Exemptions relating to children under two were clarified to respond to operator feedback, align with municipal benchmarks, and best practices.

Section 7.5 was amended to include a requirement for operators to follow all City by-laws, policies and any other applicable laws.

Language requiring operators to provide a link to the marketing materials was added to streamline enforcement efforts and reduce non-compliance.

Language regarding municipal accommodation tax was added to the required records for operators to align with current practices.

- Part III

Sections 8 through 10 were added to regulate Short-term Rental Brokerages (online platforms).

- Section 11 – Exemptions

Reference to the *Residential Tenancies Act* was included for clarity.

Existing Policy/By-Law

By-Law Number 2021-10, “A By-Law to License and Regulate Short-term Rentals in the City of Kingston

By-Law Number 2005-10, “A By-Law to Establish Fees and Charges to be Collected by the Corporation of the City of Kingston

By-Law Number 2020-69, “A By-Law to Establish a Process for Administrative Penalties

Financial Considerations

The revenues generated from the fees charged will be added to the current operating revenues and budgeted for in the 2025 operating budget.

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Contacts:

Laird Leggo, Manager, Licensing, Parking Operations & Policy, 613-546-4291 extension 3132

Other City of Kingston Staff Consulted:

Lisa Capener-Hunt, Director, Building Services & CBO

Izzy Goluch, Communications Officer

Jeff Walker, Manager, Taxation and Revenue

Jenna Morley, Counsel for the City of Kingston

Heather Woodland, Supervisor, Policy & Licensing

Exhibits Attached:

Exhibit A By-Law to Amend By-Law Number 2021-10

Exhibit B By-Law to Amend By-Law Number 2005-10

Exhibit C By-Law to Amend By-Law Number 2020-69

Exhibit D Public Engagement Summary

City of Kingston By-Law Number 2024–XXX

By-Law to Amend City of Kingston By-Law Number 2021-10, A By-Law to License and Regulate Short-term Rentals in the City of Kingston

Whereas:

The Corporation of the City of Kingston (the “**City**”) is a single-tier municipality incorporated pursuant to an order made under section 25.2 of the *Municipal Act*, R.S.O. 1990, c. M.45.

The powers of a municipality must be exercised by its council (*Municipal Act*, 2001, S.O. 2001, c. 25 (the “**Municipal Act, 2001**”), s. 5 (1)).

A municipal power must be exercised by by-law unless the municipality is specifically authorized to do otherwise (*Municipal Act*, 2001, s. 5 (3)).

A single tier municipality may provide any service or thing that the municipality considers necessary or desirable for the public (*Municipal Act*, 2001, s. 10 (1)).

On January 12, 2021, council for the City (“**council**”) enacted *City of Kingston By-Law Number 2021-10, “A By-Law to License and Regulate Short-term Rentals in the City of Kingston”*.

Council considers it necessary and desirable for the public to amend *City of Kingston By-Law Number 2021-10*:

Therefore, council enacts:

1. Amendment

1.1 *City of Kingston By-Law Number 2021-10, A By-Law to License and Regulate Short-term Rentals in the City of Kingston*, is amended as follows:

- (a) by adding the following heading immediately before the “Definitions” section: “**PART 1 – DEFINITIONS, ADMINISTRATION & INTERPRETATION**”;

By-Law to Amend By-Law Number 2021-10

- (b) by adding the following definition of “Boarding, Lodging or Rooming House” in subsection 1.1:
- “**Boarding, Lodging or Rooming House**” means a building,
- a. that has a building height not exceeding three (3) storeys and a building area not exceeding 600 square metres,
 - b. in which lodging is provided for more than four (4) persons in return for remuneration or for the provision of services or for both, and
 - c. in which the lodging rooms do not have both bathrooms and kitchen facilities for the exclusive use of individual occupants;”;
- (c) the definition of “Director” in subsection 1.1 is amended by deleting the words “Director of Building and Enforcement Services” and replacing them with the words “Director of Licensing and Enforcement Services”;
- (d) the definition of “Licensing and Enforcement Division” and “Division” is amended by deleting the words “Planning Services Department, Community Services Group” and replacing them with the words “Growth & Development Services”;
- (e) by adding the following definition of “Short-term Rental Brokerage” in subsection 1.1:
- “**Short-term Rental Brokerage**” means any Person who facilitates or brokers or Markets or causes to be Marketed or assists in any capacity in the booking process of a Short-term Rental reservation for others, whether directly or indirectly, including, without limitation, via the internet or other electronic platform, provided such Person collects, handles or receives a payment, fee, compensation or other financial benefit as a result of, or in connection with, the Short-term Rental;”;
- (f) subsection 2.4 is amended by deleting the words “of this By-Law” and replacing them with the following: “or Section 9 of this By-Law, as applicable,”;
- (g) by adding the following as subsection 2.10:
- “2.10 All Licence fees payable pursuant to this By-Law are non-refundable.”;
- (h) by adding the following after subsection 4.3:

By-Law to Amend By-Law Number 2021-10

- “4.4 No Person shall carry on the business of a Short-term Rental Brokerage without holding a valid Licence issued under the provisions of this By-Law.
- 4.5 No Person shall Market a Short-term Rental with an unlicensed Short-term Rental Brokerage.

PART II – SHORT-TERM RENTAL OPERATOR”;

- (i) subsection 5.1 is amended by deleting the words “This By-Law” and replacing them with the words “This Part”;
- (j) subsection 5.2 is deleted in its entirety and replaced with the following:
- “5.2 An Operator shall not hold more than two (2) Licences and shall not operate or permit the operation of more than two (2) Short-term Rentals at any time, either individually as a natural person or as an officer or director of a corporation that holds a Licence.”;
- (k) subsection 5.3 is amended by deleting the words “this By-Law” and replacing them with the words “this Part”;
- (l) subsections 5.4 and 5.5 are deleted in their entirety and replaced with the following:
- “5.4 A Licence under this Part is valid for a maximum of one (1) year from the date of issuance to March 31, and may be renewed prior to March 31 by paying the applicable annual Licence fee.
- 5.5 A Licence issued under this Part shall expire if it is not renewed by the date required in Section 5.4 above.
- 5.6 A Licence issued under this Part cannot be assigned or transferred from the Operator to another Person.”;
- (m) subsection 6.1 is amended by adding the following after the words “The Director shall issue or renew a Licence”: “under this Part”;
- (n) clause 6.1(a) is amended by adding the following after the words “in accordance with applicable”: “provisions of this”;
- (o) subsection 6.1 is amended by adding the following after clause (d) and by re-lettering the balance of subsection 6.1 accordingly:

By-Law to Amend By-Law Number 2021-10

- “e. the Short-term Rental and/or the Operator is not otherwise compliant with all applicable law, including the *Building Code Act* and any regulations made under it, including the Building Code, and the *Fire Protection and Prevention Act* and any regulations made under it, including the Fire Code; or”;
- (p) by adding the following after subsection 6.1 and by renumbering the balance of section 6 accordingly:

 - “6.2 Where the Director is of the opinion that an inspection of the Dwelling Unit or part thereof that is proposed to be used as a Short-term Rental is required, such inspection shall be carried out in accordance with Section 12 of this By-law and no Licence shall be issued or renewed until all matters identified in the inspection have been remedied to the satisfaction of the Director.”;
- (q) by deleting subsections 7.1 and 7.2 in their entirety and replacing them with the following:

 - “7.1 If a Short-term Rental is being rented by the room, no more than three (3) rooms shall be individually rented, to a maximum of four (4) occupants in the aggregate.
 - 7.2 No Operator shall permit more than two (2) occupants in each bedroom within a Short-term Rental, provided that children aged two (2) years old or younger shall not be included in this restriction, and no Operator shall permit more than ten (10) occupants rented under a single booking within a Short-term Rental.”;
- (r) subsection 7.6 is amended by adding the following clause (d):

 - “d. provide the Division with a link to the medium or material used to Market the Short-term Rental.”;
- (s) subsection 7.7 is amended by adding the following as clause (c) and by re-lettering the balance of subsection 7.7 accordingly:

 - “c. The total municipal accommodation tax charged and collected;”;
- (t) by adding the following as subsection 7.9:

 - “7.9 Every Operator shall collect and remit municipal accommodation

By-Law to Amend By-Law Number 2021-10

tax in accordance with City of Kingston By-Law Number 2018-95.”;

- (u) by adding the following after subsection 7.9 and by renumbering the balance of the by-law accordingly:

“PART III – Short-term Rental Brokerage

8 Licensing Requirements

- 8.1 A Licence issued under this Part is valid for a maximum period of three (3) years and will expire on March 31 of the applicable period. The Licence may be renewed every three (3) years prior to March 31 by paying the applicable Licence fee.
- 8.2 A Licence issued under this Part shall expire if it is not renewed by the date required in Section 8.1 above.
- 8.3 A Licence issued under this Part cannot be assigned or transferred from the Short-term Rental Brokerage to another Person.

9 Licence Issuance

- 9.1 The Director shall issue or renew a Licence under this Part to any Person who meets the requirements of this By-Law, except where:
- a. the past conduct of the Person affords the Director reasonable grounds to believe that the Person has not or will not carry on the Short-term Rental Brokerage in accordance with applicable provisions of this By-Law; or
 - b. the Director reasonably believes that the issuing of a Licence to a Person could be adverse to the public interest.
- 9.2 Any Person seeking to obtain a Licence under this Part shall provide:
- a. a completed application in the form prescribed by the Director including setting out such information and attaching such additional documentation as may be required by the Director including:
 - i) the full name of the applicant,

By-Law to Amend By-Law Number 2021-10

- ii) if the applicant is a corporation, the relevant duly certified incorporating documents and an updated certified copy of an annual return;
 - iii) if the applicant is a partnership, certified documents indicating the name of the partnership and the names and addresses of each partner; and,
 - iv) any other information required by the Director;
 - b. proof that the applicant is eighteen (18) years of age or older;
 - c. the address of a place of business in the Province of Ontario, which is not a post office box, to which the Director may send during business hours any notice or documentation or communication that may be required under this By-Law and at which the applicant or the applicant's agent will accept receipt of such notice, documentation or communication;
 - d. the name, telephone number and email address of a designated representative;
 - e. the applicable fee as prescribed by the Fees and Charges By-Law; and
 - f. an up-to-date listing of every Short-term Rental being made available by the applicant within the jurisdictional boundaries of the City of Kingston, as at a date that is no later than seven (7) days from the date of the Licence application.
- 9.3 If required by the City, an applicant under this Part shall execute, prior to obtaining a licence, an agreement with the City governing the collection, use, disclosure, and retention of information on Short-term Rentals, hosts, and guests, on terms satisfactory to the Director.
- 9.4 The Director may, when issuing or renewing a Licence, or at any time the Director deems appropriate, impose such terms or conditions on the Licence as the Director considers appropriate.
- 9.5 A Short-term Rental Brokerage shall notify the Director, in writing, within fourteen (14) days of any change to the information or documentation submitted with the Short-term Rental Brokerage's application, and as soon as is practicable, provide such updated information or documentation as may be required by the Director.

By-Law to Amend By-Law Number 2021-10

10 Regulations

10.1 Every Short-term Rental Brokerage shall:

- a. remit to the Director the records required pursuant to this Part every three (3) months following the date of Licence issuance;
- b. make available to the Director the records or information required pursuant to this Part for a specific municipal address within forty-eight (48) hours following a request to do so;
- c. have and maintain a system for receiving and responding to complaints from the public;
- d. convey any communications issued by the Director that relate to matters of municipal regulation to all hosts in a format and manner prescribed by the Director;
- e. keep a record of each concluded transaction in relation to a Short-term Rental listed or advertised on its platform within the geographic boundaries of the City of Kingston for three (3) years following the last day of the rental period. A transaction is concluded on the last day of the rental period. The records retained shall include the following:

- i. the name, address, licence number of the Short-term Rental Operator, and email contact information;
- ii. the number of nights the Short-term Rental was rented;
- iii. the nightly and total price charged for the Short-term Rental;
- iv. the municipal accommodation tax charged on the transaction; and
- v. the total number of complaints received by the Short-term Rental Brokerage in respect of each Short-term Rental Operator; and any other information required by the Director.

10.3 Within forty-eight (48) hours after written request from the Director, every Short-term Rental Brokerage shall remove from its platform any Short-term Rental listings identified by the City for removal.

10.4 No Short-term Rental Brokerage shall impose any term or condition or type of requirement on any Person, including a Short-term Rental Operator or guest using its platform or services, that prevents or hinders the ability of the City to enforce its by-laws.

By-Law to Amend By-Law Number 2021-10

PART IV – EXEMPTIONS, ENFORCEMENT, AND GENERAL”;

- (v) the former subsection 8.1 (Exemptions) is amended by deleting clause (j) and replacing it with the following:
 - “j. a Boarding, Lodging or Rooming House; or
 - k. accommodations rented out to tenants in accordance with the *Residential Tenancies Act, 2006*, S.O. 2006, c. 17.”;
- (w) the former section 9 (Enforcement) is amended by replacing all references to Section 9 with Section 12;
- (x) the former section 10 (Orders) is amended by replacing all references to Section 10 with Section 13; and
- (y) the former section 11 (Offence and Penalty Provisions) is amended by replacing all references to Section 11 with Section 14.

2. Coming into Force

- 2.1 This by-law will come into force and take effect on the day it is passed.

By-Law to Amend By-Law Number 2021-10

| | |
|-------------------------|------|
| 1 st Reading | date |
| 2 nd Reading | date |
| 3 rd Reading | date |
| Passed | date |

Janet Jaynes
City Clerk

Bryan Paterson
Mayor

City of Kingston By-Law Number 2024-XX

By-Law to Amend City of Kingston By-Law Number 2005-10 “A By-Law to Establish Fees and Charges to be Collected by the Corporation of the City of Kingston”

Whereas:

The Corporation of the City of Kingston (the “**City**”) is a single-tier municipality incorporated pursuant to an order made under section 25.2 of the *Municipal Act*, R.S.O. 1990, c. M.45.

The powers of a municipality must be exercised by its council (*Municipal Act*, 2001, S.O. 2001, c. 25 (the “**Municipal Act, 2001**”), s. 5 (1)).

A municipal power must be exercised by by-law unless the municipality is specifically authorized to do otherwise (*Municipal Act*, 2001, s. 5 (3)).

A single tier municipality may provide any service or thing that the municipality considers necessary or desirable for the public (*Municipal Act*, 2001, s. 10 (1)).

On December 14, 2004, council for the *City* (“**council**”) enacted *City of Kingston By-Law Number 2005-10, “A By-Law to Establish Fees and Charges to be Collected by the Corporation of the City of Kingston”*.

Council for the City considers it necessary and desirable for the public to amend *City of Kingston By-Law Number 2005-10*;

Therefore, council enacts:

1. Amendment

1.1 *City of Kingston By-Law Number 2005-10* is amended as follows:

- (a) Schedule S, Licensing & By-Law Enforcement, Business Licences, is amended by adding the following in alphabetical order:

| Fee Description | Unit | Fee |
|-----------------|------|-----|
|-----------------|------|-----|

By-Law to Amend By-Law ...--..

| | | |
|--------------------------------------|------------------------|--------|
| Short-term Rental Brokerage - Tier 1 | Less than 100 listings | \$500 |
| Short-term Rental Brokerage - Tier 2 | 101+ listings | \$1500 |

2. Coming into Force

2.1 This by-law will come into force and take effect on the day it is passed.

1st Reading date

2nd Reading date

3rd Reading date

Passed date

Janet Jaynes
City Clerk

Bryan Paterson
Mayor

City of Kingston By-Law Number 2024-XX

By-Law to Amend City of Kingston By-Law Number 2020-69 “A By-Law to Establish a Process for Administrative Penalties”

Whereas:

The Corporation of the City of Kingston (the “**City**”) is a single-tier municipality incorporated pursuant to an order made under section 25.2 of the *Municipal Act*, R.S.O. 1990, c. M.45.

The powers of a municipality must be exercised by its council (*Municipal Act, 2001*, S.O. 2001, c. 25 (the “**Municipal Act, 2001**”), s. 5 (1)).

A municipal power must be exercised by by-law unless the municipality is specifically authorized to do otherwise (*Municipal Act, 2001*, s. 5 (3)).

A single tier municipality may provide any service or thing that the municipality considers necessary or desirable for the public (*Municipal Act, 2001*, s. 10 (1)).

On April 7, 2020, council for the City (“**council**”) enacted *City of Kingston By-Law Number 2020-69, “A By-Law to Establish a Process for Administrative Penalties”*.

Council for the City considers it necessary and desirable for the public to amend *City of Kingston By-Law Number 2020-69*;

Therefore, *council* enacts:

1. Amendment

1.1 *City of Kingston By-Law Number 2020-69* is amended as follows:

- (a) Schedule B is amended by adding the following short form wording and penalty amounts in numeric order:

| By-Law Number 2021-10, “Short-term Rental By-Law” | | |
|--|---------------------------|-----------------------|
| By-Law Section | Short Form Wording | Penalty Amount |
| | | |

By-Law to Amend By-Law ...--..

| | | |
|-----|--|----------|
| 4.3 | Operating a short-term rental brokerage without a licence | \$300.00 |
| 4.4 | Marketing a short-term rental with an unlicensed short-term rental brokerage | \$300.00 |

2. Coming into Force

2.1 This by-law will come into force and take effect on the day it is passed.

1st Reading date

2nd Reading date

3rd Reading date

Passed date

Janet Jaynes
City Clerk

Bryan Paterson
Mayor

Summary of Highlights – Short-term Rental By-Law

This document is being provided for reference purposes to highlight the proposed changes to By-Law Number 2018-95, “A By-Law to License and Regulate Short-term Rentals in the City of Kingston”, as amended.

This is not meant to be an exhaustive list as some changes were grammatical or administrative in nature and not included below.

Section 1 – Definitions

The definition of Boarding, lodging or rooming house was added to clarify regulations as they relate to Lodging Houses, which are regulated through By-Law Number 2006-213.

The definition of Short-term Rental Brokerage was added to correspond with the regulations added in Part II of the draft below.

Section 4 – Prohibitions

Clauses 4.3 and 4.4 were added to align with regulations for Short-term Rental Brokerage licences.

Section 5 – Licensing Requirements (Operators)

The section regarding the licence term was amended to April 1 – March 31 for improved efficiency with renewals.

Section 5.2 was amended to be more concise.

Clause 5.6 was included to specify a best practice regarding non-transferrable licences.

Section 6 – Licence Issuance (Operators)

Language was added to clarify non-compliance with relevant legislation beyond the issuance of orders.

Section 6.2 was included to clarify best practices regarding inspections to determine the safety of the short-term rental.

Section 7 – Regulations (Operators)

Occupancy limits were clarified for dwelling types and to be consistent with the Building Code and regulations pertaining to Lodging House licences.

Exemptions relating to children under two were clarified to align with municipal benchmarks and best practices.

Language requiring operators to provide a link to the marketing materials was added to streamline enforcement efforts and reduce non-compliance.

Language regarding municipal accommodation tax was added to the required records for operators to align with current practices.

Part III

Sections 8 through 10 were added to regulate Short-term Rental Brokerages (online platforms).

Section 11 – Exemptions

Reference to the *Residential Tenancies Act* was included for clarity.

001

002

#001

Posted by **Anonymous** on **06/13/2024** at **10:07am** [Comment ID: 701] - [Link](#)

Comment

Agree: 0, Disagree: 0

I see no issues with the proposed changes.

It has been helpful having the city licensing involved - I have better peace of mind having had a fire inspector at our house.

#002

Posted by **Sandy Casella** on **06/13/2024** at **1:32pm** [Comment ID: 702] - [Link](#)

Comment

Agree: 0, Disagree: 0

I have reviewed and have no comments to add



City Of Kingston

Ontario

By-Law Number 2021-10

**A By-Law to License and Regulate Short-term Rentals
in the City of Kingston**

(Also referred to as “Short-term Rental Licensing By-Law”)

Passed: January 12, 2021

Takes Effect as of June 1, 2021

Amending By-Laws:

| | |
|-----------------|------------------|
| By-Law 2022-109 | July 12, 2022 |
| By-Law 2023-196 | November 7, 2023 |

(Office Consolidation)

City of Kingston By-law Number 2021-10**“Short Term Rental Licensing By-Law”**

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By-Law Number 2021-10**A By-Law to License and Regulate Short-term Rentals in the City of
Kingston****Passed:** January 12, 2021

Whereas Section 10(2) of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended, provides that a municipality may pass By-Laws respecting: health, safety and well-being of persons; protection of persons and property, including consumer protection; and business licensing; and

Whereas Section 151(1) of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended, provides that, without limiting Sections 9, 10 and 11 of the Act, a municipality may provide for a system of licences with respect to a business and may:

- (a) prohibit the carrying on or engaging in the business without a licence;
- (b) refuse to grant a licence, or revoke or suspend a licence;
- (c) impose conditions as a requirement of obtaining, continuing to hold, or renewing a licence;
- (d) impose special conditions on a business in a class that have not been imposed on all of the businesses in that class in order to obtain, continue to hold, or renew a licence;
- (e) impose conditions, including special conditions, as a requirement of continuing to hold a licence at any time during the term of the licence;
- (f) license, regulate or govern real and personal property used for the business and the persons carrying it on or engaged in it; and

Whereas section 434.1(1) of the *Municipal Act, 2001*, S.O. 2001, c. 25 as amended from time to time, provides that a municipality may require a person, subject to such conditions as the municipality considers appropriate, to pay an administrative penalty if the municipality is satisfied that the person has failed to comply with a By-Law of the municipality passed under that Act; and 001

Whereas Section 429(1) of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended, provides that a municipality may establish a system of fines for offences under a By-Law of the municipality passed under the Act; and

Whereas the Council of The Corporation of the City of Kingston considers it necessary and desirable to regulate Short-term Rentals;

#001

Posted by **Randall Mileski** on **06/10/2024** at **5:06pm** [Comment ID: 692] - [Link](#)

Comment

Agree: 0, Disagree: 0

It would be helpful if the City clearly outlined its policy with respect to fine: i.e. late by ___ days; one warning by email issued; etc. "as the municipality consider appropriate" opens the City to subjective fines rather than clearly stated ones.

Therefore Be It Resolved That the Council of The Corporation of the City of Kingston enacts as follows:

PART I – DEFINITIONS, ADMINISTRATION & INTERPRETATION

1 Definitions

1.1 For the purposes of this By-Law:

“Administrative Penalty” means an administrative penalty administered pursuant to the Administrative Penalty Process By-Law;

“Administrative Penalty Process By-Law” means “By-law 2020-69 of the Corporation of the City of Kingston being “A By-Law to Establish a Process for Administrative Penalties;”

“Appeals Committee” means a committee duly appointed by by-law to conduct hearings under this By-Law;

“Bed and Breakfast” means an operator-occupied detached dwelling offering short-term lodging for compensation to the travelling and vacationing public, in which guest rooms or suites may include a private bath, but do not include cooking facilities;

“Boarding, Lodging or Rooming House” means a building,

- a. that has a building height not exceeding three (3) storeys and a building area not exceeding 600 square metres,
- b. in which lodging is provided for more than four (4) persons in return for remuneration or for the provision of services or for both, and
- c. in which the lodging rooms do not have both bathrooms and kitchen facilities for the exclusive use of individual occupants;

“Building Code Act” means the *Building Code Act, 1992*, S.O. 1992, c.23;

“Building Code” means Ontario Regulation 332/12 established under the *Building Code Act*;

“City” means the geographic boundaries of Kingston, Ontario;

“City of Kingston” mean The Corporation of the City of Kingston;

“Council” and **“City Council”** mean the Council of the City of Kingston;

“Director” means the Director of Licensing and Enforcement Services for the City of Kingston, or his or her designate, or, in the event of organizational changes, the director of the appropriately titled department;

“Dwelling Unit” means a suite operated as a housekeeping unit, used or intended to be used by one or more persons and usually containing cooking, eating, living, sleeping and sanitary facilities;

“Fees and Charges By-Law” means City of Kingston By-Law Number 2005-10, “A By-Law to Establish Fees and Charges to be Collected by The Corporation of the City of Kingston;”

“Fire Protection and Prevention Act” means the *Fire Protection and Prevention Act, 1997*, S.O. 1997, c.4;

“Fire Code” means Ontario Regulation 213/07 established under the *Fire Protection and Prevention Act*;

“Licence” means a licence issued under this By-Law;

“Licensing and Enforcement Division” and **“Division”** means the Licensing and Enforcement Division, Growth & Development Services or, in the event of organizational changes, another unit designated by Council to carry out the Division’s responsibilities for the administration and enforcement of this By-Law;

“Market” means to offer, promote, canvass, solicit, advertise, or facilitate a -Short-term Rental accommodation, and includes placing, posting or erecting advertisements, either physically or online and **“Marketing”** has the corresponding meaning;

“Municipal Act” means the *Municipal Act, 2001*, S.O. 2001, c. 25;

“Officer” means any person who has been assigned the responsibility of administering and enforcing this By-Law and includes a Provincial Offences Officer, a Municipal Law Enforcement Officer, and an Officer of the Kingston Police or other police force assisting the Kingston Police;

“Operator” means any Person who operates or permits the operation of a -Short-term Rental;

“Penalty Notice” means a notice given pursuant to sections 2.2 and 2.4 of “By-Law 2020-69 of the Corporation of the City of Kingston being “A By-Law to Establish a Process for Administrative Penalties

“Person” means an individual, a corporation, a partnership, a sole proprietorship or an association;

“Property Standards By-Law” means City of Kingston By-Law Number 2005-100, enacted under Section 15.1 of the *Building Code Act* that prescribes minimum standards for the maintenance and occupancy of property within the Municipality;

“Short-term Rental” means all or part of a Dwelling Unit used to provide sleeping accommodations for a period equal to or less than thirty (30) consecutive days in exchange for payment, and includes a Bed and Breakfast;

“Short-term Rental Brokerage” means any Person who facilitates or brokers or Markets or causes to be Marketed or assists in any capacity in the booking process of a Short-term Rental reservation for others, whether directly or indirectly, including, without limitation, via the internet or other electronic platform, provided such Person collects, handles or receives a payment, fee, compensation or other financial benefit as a result of, or in connection with, the Short-term Rental;

“Zoning By-Law” means a By-Law enacted by the City of Kingston under Section 34 of the *Planning Act*, R.S.O. 1990, c. P.13.

2 Administration

- 2.1 The City of Kingston’s Licensing and Enforcement Division is responsible for the administration of this By-Law.
- 2.2 Every application for a new Licence or a renewal of an existing Licence shall be submitted to the Division in the form as prescribed by the Director.
- 2.3 Every application for a new Licence or a renewal of an existing Licence shall be accompanied by the full Licence fee, as set out in the Fees and Charges By-Law.
- 2.4 The Division shall review each complete application in accordance with Section 6 or Section 9 of this By-Law, as applicable, and shall grant or refuse to issue a Licence and shall notify the applicant of its decision in writing.

- 2.5 A Person whose application for a new Licence or a renewal of an existing Licence has been refused, or a Person whose Licence has been suspended or revoked, may, within fifteen (15) days of being notified of the refusal, suspension or revocation, as the case may be, submit an application to appeal to the Appeals Committee for a review of the decision.
- 2.6 An application to appeal shall be submitted in writing OR in the form prescribed by the Director to the Clerk's office, and shall be accompanied by the full appeal fee, as set out in the Fees and Charges By-Law. 004
- 2.7 On appeal, the Appeals Committee has the power to affirm the decision of the Division to refuse, suspend or revoke the Licence, or to direct the Division to issue, renew or reinstate the Licence.
- 2.8 The Appeals Committee may, when reviewing a denied, suspended or revoked Licence, impose such terms or conditions on the Licence as the Appeals Committee considers appropriate.
- 2.9 Decisions of the Appeals Committee are final.
- 2.10 All Licence fees payable pursuant to this By-Law are non-refundable.

3 Interpretation

- 3.1 This By-Law shall not be interpreted as exempting any Person from the requirement to comply with any other City By-Law or federal or provincial legislation. In the event of conflict between the provisions of this By-Law and any other City of Kingston By-Law, the provision that establishes the higher standard of health, safety and well-being of persons and protection of persons shall apply.
- 3.2 Any reference herein to any By-Law or Act of any government shall be construed as a reference thereto as amended or re-enacted from time to time or as a reference to any successor thereto then in force.

#002

Posted by **Karen Matthews** on **06/10/2024** at **2:40pm** [Comment ID: 682] - [Link](#)

Comment

Agree: 0, Disagree: 0

2.6 - If someone has been refused and wishes to appeal the decision I feel that it is unfair to ask for a fee to make an appeal. It seems to me that this is charging to clarify or ask a question to reconsider their application. I would prefer to see a softer process in place.

#003

Posted by **Karen Matthews** on **06/10/2024** at **2:40pm** [Comment ID: 683] - [Link](#)

Comment

Agree: 0, Disagree: 0

2.6 - If someone has been refused and wishes to appeal the decision I feel that it is unfair to ask for a fee to make an appeal. It seems to me that this is charging to clarify or ask a question to reconsider their application. I would prefer to see a softer process in place.

#004

Posted by **Karen Matthews** on **06/10/2024** at **2:41pm** [Comment ID: 684] - [Link](#)

Comment

Agree: 0, Disagree: 0

2.6 - If someone has been refused and wishes to appeal the decision I feel that it is unfair to ask for a fee to make an appeal. It seems to me that this is charging to clarify or ask a question to reconsider their application. I would prefer to see a softer process in place.

4 Prohibitions

- 4.1 No Person shall Market or permit the Marketing of a Short-term Rental without holding a valid Licence issued under the provisions of this By-Law.
- 4.2 No Person shall operate or permit to be operated a Short-term Rental without holding a valid Licence issued under the provisions of this By-Law.
- 4.3 No person shall carry on the business of a Short-term Rental Brokerage without holding a valid Licence issued under the provisions of this By-Law.
- 4.4 No Person shall Market a Short-term Rental with an unlicensed Short-term Rental Brokerage.
- 4.5 No Person shall knowingly submit an application for a Licence that contains false, misleading or deceptive information.

PART II – Short-term Rental Operator

5 Licensing Requirements

- 5.1 This Part applies to every Short-term Rental in the City of Kingston except that section 5.2 shall not prevent the renewal of a Licence to operate or permit the operation of more than two Short-term Rentals if:
 - a. the Licence to operate or permit the operation of such Short-term Rentals was issued pursuant to a complete application submitted to the Division in the form prescribed by the Director prior to the passage of By-Law Number 2022-109; and
 - b. the Licence has not expired.

(By-Law 2021-10; 2022-109)
- 5.2 An Operator shall not hold more than two Licences and shall not operate or permit the operation of more than two Short-term Rentals at any time, one per licence, either individually as a natural person or as an officer or director of a corporation that holds a Licence. 005

(By-Law 2021-10; 2022-109)
- 5.3 Any Person seeking to obtain or renew a Licence under this Part shall:
 - a. be the intended Operator of the Short-term Rental;
 - b. be the registered owner(s) of the Short-term Rental, as identified on

#005

Posted by **Randall Mileski** on **06/10/2024** at **5:09pm** [Comment ID: 693] - [Link](#)

Comment

Agree: 2, Disagree: 0

I don't disagree with this line item, but some language to define the City's intent here would help. Why two? Not three? Not one?

the parcel register from the Land Registry Office;

- c. complete an application in the form prescribed by the Director, including setting out such information and attaching such additional documentation as may be required by the Director;
- d. submit a completed application to the City's Licensing and Enforcement Division; and
- e. pay the applicable fee as prescribed by the Fees and Charges By-Law. 008

5.4 A Licence under this Part is valid for a maximum of one (1) year from the date of issuance to March 31, and may be renewed prior to March 31 by paying the applicable annual Licence fee. 007

5.5 A Licence issued under this Part shall expire if it is not renewed by the date required in Section 5.4 above.

5.6 A Licence issued under this Part cannot be assigned or transferred from the Operator to another Person. 006

6 Licence Issuance

6.1 The Director shall issue or renew a Licence under this Part to any Person who meets the requirements of this By-Law, except where:

- a. the past conduct of the Person affords the Director reasonable grounds to believe that the Person has not or will not carry on the Short-term Rental business in accordance with applicable provisions of this By-Law;
- b. the Director reasonably believes that the issuing of a Licence to a Person could be adverse to the public interest;
- c. the lot on and/or building in which the Short-term Rental is situated is subject to an order, or orders, made pursuant to (or by):
 - i) the Property Standards By-Law;
 - ii) the *Building Code Act* or any regulations made under it, including the Building Code;
 - iii) the *Fire Protection and Prevention Act* or any regulations made under it, including the Fire Code;
 - iv) Kingston, Frontenac, Lennox & Addington (KFL&A) Public Health; or
 - v) the Ministry of Environment, Conservation and Parks;

#006

Posted by **Andrew Isaac** on **06/21/2024** at **11:20am** [Comment ID: 704] - [Link](#)

Comment

Agree: 0, Disagree: 0

Licenses should be transferrable upon transfer of property title at the option of a would-be purchaser at the time of purchase. Transfer/assignment does not need to be automatic, but should not be unreasonably denied if a would-be new owner signed a legal undertaking to continue to operate 2 or less STR's, hold 2 or fewer licenses (this can be verified by the City), passes an inspection and otherwise meets all other criteria of the by-law. This would add value to licensed properties confirmed to meet all STR licensing requirements, to the benefit of the City via increased Land Transfer Taxes if/when these properties change hands. It would also give the City better ongoing visibility and knowledge over the stock of STR housing it regulates.

#007

Posted by **Karen Matthews** on **06/10/2024** at **2:45pm** [Comment ID: 685] - [Link](#)

Question

Agree: 0, Disagree: 0

please clarify the term of the licence. Does each end regardless of the date of approval on March 31st or is it one full year from approval?

Reply by **Scott Squires** on **06/21/2024** at **3:32pm** [Comment ID: 705] - [Link](#)

Question

Agree: 0, Disagree: 0

Agreed. Does this mean someone who got their license in January has to renew again within a few months, by the following January, or by the following March?

#008

Posted by **Emine Demiray** on **06/13/2024** at **9:32am** [Comment ID: 697] - [Link](#)

Question

Agree: 0, Disagree: 0

Annual Fee is too high , plus tax percentage increase from %4 to %5 is to high without any garbage additional allowences for the operators. Short Term rentals are helping overall housing crises in my opinion . Also, if tax and annual fee keep continuing to increase , it gives unpredictable financial planing for the operators and it is at least a concern , becuase of uncertanity. Please clarify the faire fee / tax increase projections and consider Operators concerns in this draft on these financial concerns.

My other comment is on the recent news regarding ;"https://www.inman.com/2024/06/11/single-mom-in-durham-struggles-to-get-rid-of-a-irbnb-squatters/" . Any proactive potential help , regulations from City to support the operator in the case of these types of unwanted realities .

- d. the Short-term Rental, including the building in which it operates, or the lot on which the building is situated, is not in compliance with the applicable Zoning By-Law;
 - e. the Short-term Rental and/or the Operator is not otherwise compliant with all applicable law, including the *Building Code Act* and any regulations made under it, including the Building Code, and the *Fire Protection and Prevention Act* and any regulations made under it, including the Fire Code; or
 - f. the Operator or the lot on which the Short-term Rental is situated is indebted to the City by way of fines, penalties, judgments and or outstanding (past due) property or municipal accommodation taxes.
- 6.2 Where the Director is of the opinion that an inspection of the Dwelling Unit or part thereof that is proposed to be used as a Short-term Rental is required, such inspection shall be carried out in accordance with Section 12 of this By-law and no Licence shall be issued or renewed until all matters identified in the inspection have been remedied to the satisfaction of the Director.
- 6.3 The Director may, when issuing or renewing a Licence, or at any time the Director deems appropriate, impose such terms or conditions on the Licence as the Director considers appropriate.
- 6.4 An Operator shall notify the Director, in writing, within fourteen (14) days of any change to the information or documentation submitted with the Operator's application, and as soon as is practicable, provide such updated information or documentation as may be required by the Director.

7 Regulations

- 7.1 If a Short-term Rental is being rented by the room, no more than three (3) rooms shall be individually rented, to a maximum of four (4) occupants in the aggregate.
- 7.2 No Operator shall permit more than two (2) occupants in each bedroom within a Short-term Rental, provided that children aged two (2) years old or younger shall not be included in this restriction, and no Operator shall permit more than ten (10) occupants rented under a single booking within a Short-term Rental. 009
- 7.3 A Short-term Rental and an Operator shall comply with the *Building Code Act* and any regulations made under it, including the Building Code, and the *Fire Protection and Prevention Act* and any regulations made under it, including the Fire Code.
- 7.4 No Person shall permit a Short-term Rental in a Dwelling Unit in combination with a Bed and Breakfast accommodation. 011
- 7.5 An Operator shall adhere to and require guests to comply with parking regulations contained in the Zoning By-Law and the City's Parking By-Law 2010-128, "A By-Law to Regulate Parking."
- 7.6 An Operator shall:
- a. provide to every guest of the Short-term Rental the emergency contact information of a person available during the guest's entire rental period, and ensure that such information is prominently displayed in the Short-term Rental at all times when the Short-term Rental is operated;
 - b. post a copy of the Licence in a prominent place near the entry to the Short-term Rental at all times when the Short-term Rental is operated;
 - c. include the Operator's Licence number in a conspicuous place in any medium or material used to Market the Short-term Rental; and
 - d. provide the Division with a link to the medium or material used to Market the Short-term Rental.
- 7.7 Every Operator shall keep a record of each concluded transaction related to the Operator's Short-term Rental business for at least three (3) years following the date of the transaction. A transaction is concluded on the last day of the rental period. The records retained shall include the following:
- a. The number of nights the Short-term Rental was rented;
 - b. The nightly and total price charged for each rental;
 - c. The total municipal accommodation tax charged and collected;

#009

Posted by **Karen Matthews** on **06/10/2024** at **2:55pm** [Comment ID: 686] - [Link](#)

Comment

Agree: 0, Disagree: 0

just a comment, someone, somehow changed my booking and put in some ridiculous comments e.g. 8 rooms, 1 shared bathroom. I hadn't noticed for awhile and so therefore no bookings. Airbnb, and myself have no idea how this happened. Corrected now, though if the by-law should see this (clearly a violation) I hope there would be contact before penalty to allow the operator to make corrections. No intent to violate the by-law by the operator

#010

Posted by **Karen Matthews** on **06/10/2024** at **2:59pm** [Comment ID: 687] - [Link](#)

Question

Agree: 0, Disagree: 0

7.4 is confusing especially when I look at the definition of Bed and Breakfast and Short term rental. Please clarify

#011

Posted by **Karen Matthews** on **06/10/2024** at **3:00pm** [Comment ID: 688] - [Link](#)

Question


Agree: 0, Disagree: 0

7.4 is confusing especially when I look at the definition of Bed and Breakfast and Short term rental. Please clarify

- d. Whether the rental was an entire-unit rental or partial-unit rental; and
 - e. Any other information required by the Director.
- 7.8 Every Operator shall provide the information referred to in Section 7.7 to the Director within thirty (30) days of being requested to do so by the Division.
- 7.9 Every operator shall collect and remit municipal accommodation tax as outlined in By-law 2018-95.

PART III – Short-term Rental Brokerage

8 Licensing Requirements

- 8.1 A Licence issued under this Part is valid for a maximum period of three (3) years and will expire on March 31 of the applicable period. The Licence may be renewed every three (3) years prior to March 31 by paying the applicable Licence fee. 
- 8.2 A Licence issued under this Part shall expire if it is not renewed by the date required in Section 8.1 above.
- 8.3 A Licence issued under this Part cannot be assigned or transferred from the Short-term Rental Brokerage to another Person.

9 Licence Issuance

- 9.1 The Director shall issue or renew a Licence under this Part to any Person who meets the requirements of this By-Law, except where:
- a. the past conduct of the Person affords the Director reasonable grounds to believe that the Person has not or will not carry on the Short-term Rental Brokerage in accordance with applicable provisions of this By-Law; or
 - b. the Director reasonably believes that the issuing of a Licence to a Person could be adverse to the public interest.
- 9.2 Any Person seeking to obtain a Licence under this Part shall provide:
- a. a completed application in the form prescribed by the Director including setting out such information and attaching such additional documentation as may be required by the Director including:
 - i) the full name of the applicant,

#012

Posted by **Randall Mileski** on **06/10/2024** at **5:28pm** [Comment ID: 696] - [Link](#)

Question

Agree: 1, Disagree: 0

My current license is a one year duration. I was not aware a 3yr term was a available. Do I/will I have the option to renew for 2 or 3 years as I read here? Is this at the City's discretion?

Reply by **Emine Demiray** on **06/13/2024** at **9:37am** [Comment ID: 698] - [Link](#)

Question

Agree: 1, Disagree: 0

Same here with me . I did not know there was up to 3 years option? Any difference or advantage getting more years in terms of fee?

- ii) if the applicant is a corporation, the relevant duly certified incorporating documents and an updated certified copy of an annual return;
 - iii) if the applicant is a partnership, certified documents indicating the name of the partnership and the names and addresses of each partner; and,
 - iv) any other information required by the Director;
- b. proof that the applicant is eighteen (18) years of age or older;
 - c. the address of a place of business in the Province of Ontario, which is not a post office box, to which the Director may send during business hours any notice or documentation or communication that may be required under this By-Law and at which the applicant or the applicant's agent will accept receipt of such notice, documentation or communication;
 - d. the name, telephone number and email address of a designated representative;
 - f. the applicable fee as prescribed by the Fees and Charges By-Law; and
 - g. an up-to-date listing of every Short-term Rental being made available by the applicant within the jurisdictional boundaries of the City of Kingston, as at a date that is no later than seven (7) days from the date of the Licence application.
- 9.3 If required by the City, an applicant under this Part shall execute, prior to obtaining a licence, an agreement with the City governing the collection, use, disclosure, and retention of information on Short-term Rentals, hosts, and guests, on terms satisfactory to the Director.
- 9.4 The Director may, when issuing or renewing a Licence, or at any time the Director deems appropriate, impose such terms or conditions on the Licence as the Director considers appropriate.
- 9.5 A Short-term Rental Brokerage shall notify the Director, in writing, within fourteen (14) days of any change to the information or documentation submitted with the Short-term Rental Brokerage's application, and as soon as is practicable, provide such updated information or documentation as

may be required by the Director.

10 Regulations

10.1 Every Short-term Rental Brokerage shall:

- (a) remit to the Director the records required pursuant to this Part every three (3) months following the date of Licence issuance;
- (b) make available to the Director the records or information required pursuant to this Part for a specific municipal address within forty-eight (48) hours following a request to do so;
- (c) have and maintain a system for receiving and responding to complaints from the public;⁰¹³
- (d) convey any communications issued by the Director that relate to matters of municipal regulation to all hosts in a format and manner prescribed by the Director;
- (e) keep a record of each concluded transaction in relation to a Short-term Rental listed or advertised on its platform within the geographic boundaries of the City of Kingston for three (3) years following the last day of the rental period. A transaction is concluded on the last day of the rental period. The records retained shall include the following:
 - i. the name, address, licence number of the Short-term Rental Operator, and email contact information;
 - ii. the number of nights the Short-term Rental was rented;
 - iii. the nightly and total price charged for the Short-term Rental;
 - iv. the municipal accommodation tax charged on the transaction;
 - v. the total number of complaints received by the Short-term Rental Brokerage in respect of each Short-term Rental Operator; and
 - vi. any other information required by the Director.

10.3 Within forty-eight (48) hours after written request from the Director, every Short-term Rental Brokerage shall remove from its platform any Short-term Rental listings identified by the City for removal.

#013

Posted by **Randall Mileski** on **06/10/2024** at **5:17pm** [Comment ID: 694] - [Link](#)

Question

Agree: 0, Disagree: 0

Please provide examples of how this may be done? What is considered acceptable in this regard?

- 10.4 No Short-term Rental Brokerage shall impose any term or condition or type of requirement on any Person, including a Short-term Rental Operator or guest using its platform or services, that prevents or hinders the ability of the City to enforce its by-laws.

PART IV – EXEMPTIONS, ENFORCEMENT, AND GENERAL

11 Exemptions

- 11.1 This By-Law does not apply to:
- a. a group home;
 - b. hotel, motel, inn or resort as defined and regulated by the Ontario Building Code and Zoning By-Laws; 014
 - c. a residence operated by a post-secondary institution;
 - d. a charitable, non-profit philanthropic corporation organized as a shelter for the relief of the poor or for emergency;
 - e. accommodation supplied by employers to their employees in Dwelling Units operated by the employer;
 - f. a hospital referred to in the list of hospitals and their grades and classifications maintained by the Minister of Health and Long-Term Care under the *Public Hospitals Act*, R.S.O 1990, C. P.40, and a private hospital operated under the authority of a licence issued under the *Private Hospitals Act*, R.S.O. 1990, c. P.24;
 - g. a home for special care operated under the authority of a licence issued under the *Homes for Special Care Act*, R.S.O. 1990, c.H.12;
 - h. a long-term care home operated under the authority of a licence issued under the *Long-Term Care Homes Act*, 2007, S.O. 2007, c.8;
 - i. a retirement home operated under the authority of a licence issued under the *Retirement Homes Act*, 2010, S.O. 2010, c.11; and
 - j. a Boarding, Lodging or Rooming House; or
 - k. accommodations rented out to tenants in accordance with the *Residential Tenancies Act*, 2006, S.O. 2006, c. 17.

#014

Posted by **Karen Matthews** on **06/10/2024** at **3:03pm** [Comment ID: 689] - [Link](#)

Question

Agree: 1, Disagree: 0

11.1 b. Why are they exempt? Why different standards?

Reply by **Emine Demiray** on **06/13/2024** at **9:40am** [Comment ID: 699] - [Link](#)

Question

Agree: 0, Disagree: 0

Are they paying higher fee?

12 Enforcement

- 12.1 The provisions of this By-Law may be enforced by an Officer, or other authorized employee or agent of the City.
- 12.2 No Person shall obstruct or hinder or attempt to obstruct or hinder an Officer or other authorized employee or agent of the City in the exercise of a power or the performance of a duty under this By-Law.
- 12.3 Subject to Section 12.6 below, every Officer shall have the right to enter lands to conduct an inspection to determine whether the provisions of this By-Law and any order(s) issued hereunder are being complied with in accordance with the provisions of Sections 435 and 436 of the *Municipal Act*.
- 12.4 Where an Officer has reasonable grounds to believe that an offence under this By-Law has been committed by a Person, the Officer may require the name, address, and proof of identity of that Person.
- 12.5 Failure to provide proof of identification satisfactory to an Officer when requested to do so pursuant to Section 12.4 of this By-Law shall constitute obstruction of an Officer under Section 12.2 of this By-Law.
- 12.6 No Person exercising a power of entry on behalf of the City shall enter or remain in any room or place actually being used as a Dwelling Unit unless:
- a. the consent of the occupier is obtained, the occupier first having been informed that the right of entry may be refused and, if refused, may only be made under the authority of an order issued under Section 438 of the *Municipal Act*, a warrant issued under Section 439 of the *Municipal Act* or a warrant under Section 386.3 of the *Municipal Act*;
 - b. an order issued under Section 438 of the *Municipal Act* is obtained;
 - c. a warrant issued under Section 439 of the *Municipal Act* is obtained;
 - d. a warrant issued under Section 386.3 of the *Municipal Act* is obtained;
 - e. the delay necessary to obtain an order under Section 438 of the *Municipal Act*, to obtain a warrant under Section 439 of the *Municipal Act*, or to obtain the consent of the occupier would result in an immediate danger to the health or safety of any Person; or
 - f. the City has given notice of its intention to enter to the occupier of the land as required under Subsection 435(2) of the *Municipal Act* and the entry is authorized under Sections 79, 80 or 446 of the

Municipal Act.

- 12.7 A refusal of consent to enter or to remain in a room or place actually used as a Dwelling Unit does not constitute hindering or obstruction within the meaning of Section 12.2 of this By-Law unless the City is acting under an order under Section 438 of the *Municipal Act* or a warrant under Section 439 of the *Municipal Act* or in the circumstances described in clause 437 (d) or (e) of the *Municipal Act*.

13 Orders

- 13.1 If the Director and/or an Officer determines that a Person has contravened a provision of this By-Law, the Director and/or an Officer may make an order requiring the Person who contravened the By-Law or who caused or permitted the contravention, to discontinue the contravening activity and take any reasonable steps to correct the contravention.
- 13.2 No person shall fail to comply with an order issued pursuant to Section 13.1 of this By-Law.
- 13.3 An order issued pursuant to Section 13.1 of this By-Law shall set out:
- 13.3.1 reasonable particulars of the contravention adequate to identify the contravention and the location of the land on which the contravention occurred; and
 - 13.3.2 the steps that must be taken to correct the contravention and the date by which there must be compliance with the order.
- 13.4 If a Person fails to do a matter or thing as directed or required by this By-Law, including failing to comply with an order issued under this By-Law, the City may do the matter or thing at the Person's expense. The City may recover the costs of doing a matter or thing from the Person directed or required to do it by action or by adding the costs to the tax roll and collecting them in the same manner as municipal taxes.

14 Offence and Penalty Provisions

- 14.1 Every Person who contravenes any provision of this By-Law shall, upon being given a Penalty Notice in accordance with the Administrative Penalty Process By-Law, be liable to pay to the City and Administrative Penalty as set out in Schedule B of the Administrative Penalty By-Law for each day on which the contravention occurs, and the Administrative Penalty Process By-Law applies to each Administrative Penalty given pursuant to this By-Law.

015

#015

Posted by **Emine Demiray** on **06/13/2024** at **9:46am** [Comment ID: 700] - [Link](#)

Question

Agree: 1, Disagree: 0

How about tenants / renters who refused to leave property , staying illegally after the expiration of their time or those who violates operators rights ? Any regulations or penalties for them ?

(By-Law 2021-10; 2023-196)

- 14.2 Notwithstanding section 14.1 of this By-law, every Person who contravenes any provision of this By-Law is guilty of an offence as provided for in the *Provincial Offences Act*, R.S.O. 1990, c. P.33, and all such offences are designated as continuing offences.
- 14.3 Every officer or director of a corporation who knowingly concurs in the contravention of any provision of this By-Law or the failure to comply with an order issued under this By-Law is guilty of an offence as provided for in the *Provincial Offences Act*, R.S.O. 1990, c. P.33, and all such offences are designated as continuing offences.
- 14.4 Upon conviction, every Person, and every officer or director of a corporation who contravenes any provision of this By-Law is liable, for each day or part of a day that the offence continues, to a minimum fine of Five Hundred Dollars (\$500) per day and a maximum fine of Ten Thousand Dollars (\$10,000) per day. 016 017
- 14.5 As provided for in Section 431 of the *Municipal Act*, if a Person has been convicted of an offence under this By-Law, the Ontario Court of Justice or any Court of competent jurisdiction may, in addition to any penalty imposed on the Person convicted, issue an order:
- 14.5.1 prohibiting the continuation or repetition of the offence by the Person convicted; and
- 14.5.2 requiring the Person convicted to correct the contravention in the manner and within the period that the Court considers appropriate.
- 14.6 If a Person is required to pay an Administrative Penalty under section 14.1 in respect of a contravention of this By-Law, the Person shall not be charged with an offence in respect of the same contravention.
- 14.7 In accordance with Section 398(2) of the *Municipal Act*, the treasurer of the City may add unpaid fees, charges and fines under this By-Law to the tax roll and collect them in the same manner as property taxes.

15 Validity

- 15.1 If a Court of competent jurisdiction declares any provision, or any part of a provision, of this By-Law to be invalid, or to be of no force and effect, it is the intention of Council in enacting this By-Law that each and every provision of this By-Law authorized by law, be applied and enforced in accordance with its terms to the extent possible according to law.

16 Short Title of By-Law

#016

Posted by **Karen Matthews** on **06/10/2024** at **3:17pm** [Comment ID: 691] - [Link](#)

Comment

Agree: 2, Disagree: 0

14.4 Too big of a penalty for a mom and pop operation. What if they miss the renewal date by a couple of days. They could never recover from a harsh penalty like this and would likely struggle to find the money to pay it.

#017

Posted by **Karen Matthews** on **06/10/2024** at **3:12pm** [Comment ID: 690] - [Link](#)

Comment

Agree: 3, Disagree: 0

The penalty fee is extremely harsh. \$500 a day minimum for breaching any part of the by-law regardless of how serious it is or not. This does not encourage good communication and partnership. I believe most people if not all want to have a harmonious relationship. The stick is too big in 14.4

16.1 This By-Law may be referred to as the “Short-term Rental Licensing By-Law”.

17 Commencement

17.1 This By-Law shall come into force and take effect on June 1, 2021.



#018

Posted by **Randall Mileski** on **06/10/2024** at **5:25pm** [Comment ID: 695] - [Link](#)

Question

Agree: 2, Disagree: 0

When tax is levied it is in exchange for a service provided. What service(s) are the City providing to Operators/Brokers to help preserve the continued positive affect of short term rentals in Kingston? Is there a special police line to help remove unruly renters? Is an extra garbage allowance provided to handle the additional bodies present on property? Signage? Noise monitoring? Anything??

Reply by **Alex Reydman** on **06/13/2024** at **4:15pm** [Comment ID: 703] - [Link](#)

Question

Agree: 1, Disagree: 0

I 100% agree with this. The by-law is amended to be more restricting and have severe non-compliance consequences. It covers only the operators' responsibilities but there is no mentioning of the city's responsibilities towards operators. Can we include in this by-law where this big money the city is collecting from operators is going for? What was the reason for increasing MAT from 4 to 5 %. Operators were only informed at the fact.



**City of Kingston
Report to Administrative Policies Committee
Report Number AP-24-018**

To: Chair and Members of the Choose committee
From: Desirée Kennedy, Chief Financial Officer & City Treasurer
Resource Staff: Lana Foulds, Director, Financial Services
Jeff Walker, Manager, Taxation and Revenue
Date of Meeting: July 11, 2024
Subject: Tax Write Offs Pursuant to the Municipal Act, 2001 (2024-2)

Council Strategic Plan Alignment:

Theme: Regulatory & compliance

Goal: See above

Executive Summary:

The purpose of this report, in accordance with the provisions of Section 357 and 358 of the [Municipal Act, 2001](#), is to recommend that taxes in the amount of \$139,807.25 be written off and removed from the tax roll. The municipal portion of these write-offs are provided for in the annual operating budget estimates.

Recommendation:

That the Administrative Policies Committee recommend as follows:

That Council approve the cancellation, reduction, or refund of taxes pursuant to applications made under Sections 357 and 358 of the *Municipal Act, 2001* totaling \$139,807.25 of which \$109,357.82 is the City's portion and the amount charged back to the school boards is \$30,449.43, for the properties listed in Exhibit A to Report Number AP-24-018.

July 11, 2024

Page 2 of 4

Authorizing Signatures:

ORIGINAL SIGNED BY CHIEF FINANCIAL OFFICER
AND CITY TREASURER

**Desiree Kennedy, Chief
Financial Officer & City
Treasurer**

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

**Lanie Hurdle, Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

| | |
|--|--------------|
| Paige Agnew, Commissioner, Growth & Development Services | Not required |
| Jennifer Campbell, Commissioner, Community Services | Not required |
| Neil Carbone, Commissioner, Corporate Services | Not required |
| David Fell, President & CEO, Utilities Kingston | Not required |
| Peter Huigenbos, Commissioner, Major Projects & Strategic Initiatives | Not required |
| Brad Joyce, Commissioner, Infrastructure, Transportation & Emergency Services | Not required |

July 11, 2024

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Options/Discussion:**Background**

Pursuant to subsection 357(1) [(a) – (g)] of the [Municipal Act, 2001](#) (the Act), Council may cancel, reduce, or refund taxes for the following reasons:

- a) the property or a portion of the property is eligible to be reclassified in a different property class;
- b) the land has become vacant land or excess land;
- c) the property has become exempt from taxation;
- d) a building was destroyed or damaged;
- e) a mobile unit was removed from the property;
- f) a person was overcharged due to a clerical or factual error in the preparation of the assessment roll; or
- g) the property could not be used for at least three months due to repair or renovations.

In addition, under Section 358, Council may cancel, reduce, or refund taxes for a maximum of two years when the Municipal Property Assessment Corporation (MPAC) confirms that the person was overcharged due to a clerical or factual error in the preparation of the assessment roll.

The Act provides for the sending of notices of hearing and decision under each of Sections 357 and 358. The applicant may appeal Council's decision under Section 357 to the Assessment Review Board (ARB).

Analysis

Applications for tax write offs are received in the City's tax department and forwarded to the Municipal Property Assessment Corporation (MPAC) for review. Upon receiving comments from MPAC, tax department staff calculate the amount for tax cancellation, prepare the recommendation for the cancellation, and advise the applicant of the tax amount to be cancelled. Applicants have been provided notice of the recommendations, as listed in Exhibit A.

The Act requires that a hearing be held; accordingly, the Administrative Policies Committee will hear applicants and render its decision, which will be recommended to Council for approval. Applicants may wish to attend this meeting to represent their application. Once Council approves the cancellation, reduction or refund of taxes, tax department staff will notify applicants of Council's decision and process the applicable tax adjustments.

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For applications made under Section 357(1) of the Act, the applicant may, within 35 days of Council's decision, appeal to the Assessment Review Board.

All tax amounts approved for cancellation, reduction or refund will be charged back, where applicable, in proportion to the amounts levied on behalf of the City, relevant school boards and Downtown Kingston! Business Improvement Area, where applicable. In addition, late payment charges will be adjusted as required in accordance with subsection 345(7) of the Act.

Public Engagement

None

Existing Policy/By-Law:

Section 357 and 358 of the [Municipal Act, 2001](#), S.O. 2001, c. 25, as amended, provides for the cancellation, reduction or refund of all or part of taxes levied for reasons as provided.

Notice Provisions:

The [Municipal Act, 2001](#), subsection 357(5) and subsection 358(9), requires that applicants receive 14 days' notice of meeting.

Financial Considerations:

Tax write off provisions exist in the annual operating budget estimates. The 2024 operating results will reflect the tax adjustments as recommended in this report.

Contacts:

Jeff Walker, Manager, Taxation and Revenue, 613-546-4291 extension 2484

Other City of Kingston Staff Consulted:

None

Exhibits Attached:

Exhibit A – Property Listing – Section 357(1) and Section 358 Tax Adjustments

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 Change | Amount of Tax Cancellation |
|------------------------------------|--------------------|--------------------------|-------------|-----------|------------------------------|---------------------------|------------------------------|-----------------------------------|
| Section 357(1) Applications | | | | | | | | |
| 1888 | 040.020.11500.0000 | 559 Bagot Street | 1-Sep-23 | 31-Dec-23 | 357(1)(a) Class Change | CTN | 133,000 | \$ 873.01 |
| | | | | | | RTEP | (133,000) | - |
| 1890 | 080.190.13205.0000 | 1287 Gardiners Road | 1-Jan-24 | 31-Dec-24 | 357(1)(f) Clerical Error | CTN | 634,100 | \$ 33,940.15 |
| | | | | | | ITN | 246,800 | - |
| | | | | | | DTN | 85,600 | - |
| | | | | | | CUN | (3,900) | - |
| | | | | | | DUN | (600) | - |
| 1891 | 040.010.01800.0000 | 895 Montreal Street | 7-Jun-23 | 31-Dec-23 | 357(1)(d) Fire, Demo | RTEP | 69,000 | \$ 568.04 |
| 1892 | 050.010.11800.0000 | 139 Pine Street | 1-Jan-23 | 31-Dec-23 | 357(1)(a) Class Change | CTN | 129,500 | \$ 2,543.15 |
| | | | | | | RTEP | (129,500) | - |
| 1893 | 070.100.05800.0000 | 43 Portsmouth Avenue | 1-Jan-24 | 31-Dec-24 | 357(1)(d) Fire, Demo | RTEP | 36,000 | \$ 532.20 |
| 1895 | 040.110.03600.0000 | 83 Railway Street | 5-Apr-24 | 31-Dec-24 | 357(1)(c) Became Exempt | ITN | 2,584,000 | \$ 61,022.91 |
| | | | | | | CTN | (845,200) | - |
| | | | | | | E N | (1,738,800) | - |
| 1896 | 090.060.34800.0000 | 901 Alnwick Lane | 14-Feb-24 | 31-Dec-24 | 357(1)(d) Fire, Demo | RTEP | 599,000 | \$ 7,195.09 |
| 1898 | 050.120.05000.0000 | 618 Division Street | 1-Apr-24 | 31-Dec-24 | 357(1)(d) Fire, Demo | RTEP | 2,000 | \$ 22.22 |

| Application Number | Roll Number | Property Location | From | To | Reason for Adjustment | Property Tax Class | Assessed Value Change | Amount of Tax Cancellation |
|------------------------------------|--------------------|---------------------|----------|-----------|-----------------------|--------------------|-----------------------|----------------------------|
| Section 358(1) Applications | | | | | | | | |
| 1889 | 080.190.13205.0000 | 1287 Gardiners Road | 1-Jan-23 | 31-Dec-23 | 358(1) Clerical Error | CTN | 634,100 | \$ 33,110.48 |
| | | | | | | ITN | 246,800 | - |
| | | | | | | DTN | 85,600 | - |
| | | | | | | CUN | (3,900) | - |
| | | | | | | DUN | (600) | - |
| Total | | | | | | | | \$ 139,807.25 |

Distribution of Amounts

| | |
|-------------------|----------------------|
| Municipal Portion | \$ 109,357.82 |
| School Portion | \$ 30,449.43 |
| Total | \$ 139,807.25 |