

**Corporation of the Township of Front of Yonge
Consolidated Financial Statements**

Year ended December 31, 2018

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the
Corporation of the Township of Front of Yonge

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Front of Yonge (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2018 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2018, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis of 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 Consolidated Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality'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 Municipality'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

MNP LLP

Brockville, Ontario

Chartered Professional Accountants

August 6, 2019

Licensed Public Accountants

MNP

CORPORATION OF THE TOWNSHIP OF FRONT OF YONGE

Consolidated Statement of Financial Position

December 31, 2018, with comparative figures for 2017

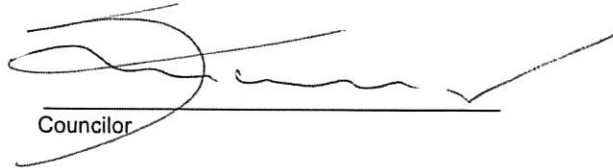
| | 2018 | 2017 |
|---|---------------------|---------------------|
| Financial assets | | |
| Cash | \$ 200,137 | \$ 211,980 |
| Guaranteed investment certificates and accrued interest (note 2) | 712,196 | 516,457 |
| Investment in The Public Sector Group of Funds bond fund (market value \$249,259; 2017 - \$245,548) | 270,335 | 264,754 |
| Taxes receivable | 238,704 | 271,487 |
| Other receivables | 69,761 | 128,723 |
| | 1,491,133 | 1,393,401 |
| Financial liabilities | | |
| Accounts payable and accrued liabilities | 204,018 | 199,792 |
| Deferred grant revenues | 24,133 | 44,450 |
| Developer deposit | — | 30,000 |
| Debenture payable (note 4) | 68,840 | 79,208 |
| Employee future benefits (note 5) | 72,510 | 66,390 |
| Solid waste landfill closure and post-closure liabilities (note 6) | 196,000 | 196,000 |
| | 565,501 | 615,840 |
| Net financial assets | 925,632 | 777,561 |
| Non-financial assets | | |
| Tangible capital assets (note 7) | 4,540,063 | 4,533,162 |
| Accumulated surplus (note 8) | \$ 5,465,695 | \$ 5,310,723 |

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

Approved on behalf of Council:



Mayor



Councilor

CORPORATION OF THE TOWNSHIP OF FRONT OF YONGE

Consolidated Statement of Operations

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

| | Budget 2018 | Actual 2018 | Actual 2017 |
|---|-------------------|---------------------|---------------------|
| | (note 10) | | |
| Revenues | | | |
| Property taxation | \$ 1,614,400 | \$ 1,608,325 | \$ 1,571,161 |
| Taxation from other governments | 43,100 | 43,354 | 42,801 |
| User charges | 187,445 | 216,905 | 201,089 |
| Charges to other municipalities | 33,319 | 33,319 | 48,082 |
| Federal grants | 87,654 | 87,654 | 135,151 |
| Provincial grants | 362,023 | 509,054 | 331,927 |
| Other grants | — | — | 16,000 |
| Investment income | 6,000 | 32,490 | 21,876 |
| Penalties and interest on taxes | 45,000 | 49,988 | 46,876 |
| Donations | 3,200 | 7,536 | 8,491 |
| Gain on disposal of land held for resale | — | — | 4,967 |
| Gain on disposal of tangible capital assets | — | — | 1,000 |
| | 2,382,141 | 2,588,625 | 2,429,421 |
| Expenses | | | |
| General government | 438,820 | 443,103 | 461,763 |
| Protection to persons and property | 685,841 | 725,962 | 690,922 |
| Transportation services | 591,435 | 892,974 | 816,483 |
| Environmental services | 136,950 | 133,649 | 170,340 |
| Health services | 16,720 | 13,593 | 12,030 |
| Recreation and cultural services | 158,143 | 180,711 | 166,849 |
| Planning and development | 77,114 | 43,661 | 56,039 |
| | 2,105,023 | 2,433,653 | 2,374,426 |
| Annual surplus | \$ 277,118 | 154,972 | 54,995 |
| Accumulated surplus, beginning of year | | 5,310,723 | 5,255,728 |
| Accumulated surplus, end of year | | \$ 5,465,695 | \$ 5,310,723 |

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

CORPORATION OF THE TOWNSHIP OF FRONT OF YONGE
Consolidated Statement of Change in Net Financial Assets

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

| | Budget 2018 | Actual 2018 | Actual 2017 |
|--|-------------------|-------------------|-------------------|
| | <i>(note 10)</i> | | |
| Annual surplus | \$ 277,118 | \$ 154,972 | \$ 54,995 |
| Acquisition of tangible capital assets | (220,500) | (357,447) | (197,706) |
| Amortization of tangible capital assets | — | 350,546 | 315,315 |
| Gain on disposal of tangible capital assets | — | — | (1,000) |
| Proceeds from disposal of tangible capital assets | — | — | 1,000 |
| Change in net financial assets | 56,618 | 148,071 | 172,604 |
| Net financial assets, beginning of year | 777,561 | 777,561 | 604,957 |
| Net financial assets, end of year | \$ 834,179 | \$ 925,632 | \$ 777,561 |

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

CORPORATION OF THE TOWNSHIP OF FRONT OF YONGE

Consolidated Statement of Cash Flows

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

| | 2018 | 2017 |
|---|------------|------------|
| Cash provided by (used for) | | |
| Operating activities | | |
| Annual surplus | \$ 154,972 | \$ 54,995 |
| Items not involving cash: | | |
| Amortization of tangible capital assets | 350,546 | 315,315 |
| Gain on disposal of tangible capital assets | — | (1,000) |
| Gain on disposal of land held for resale | — | (4,967) |
| Increase (decrease) in Employee future benefits | 6,120 | (25,830) |
| Increase in solid waste landfill closure and post-closure liabilities | — | 4,000 |
| Change in non-cash working capital: | | |
| Decrease (increase) in taxes receivable | 32,783 | (1,865) |
| Decrease (increase) in other receivables | 58,962 | (19,385) |
| Increase in accounts payable and accrued liabilities | 4,226 | 21,462 |
| Increase (decrease) in deferred grant revenues | (20,317) | 3,419 |
| Decrease in developer deposit | (30,000) | — |
| | 557,292 | 346,144 |
| Financing activities | | |
| Principal payments on obligations under capital leases | — | (14,048) |
| Principal payments on promissory note | — | (16,465) |
| Principal payments on debenture | (10,368) | (10,076) |
| | (10,368) | (40,589) |
| Investing activities | | |
| Increase in guaranteed investment certificates and accrued interest | (195,739) | (57,691) |
| Increase in investment in The Public Sector Group of Funds bond fund | (5,581) | (5,775) |
| | (201,320) | (63,466) |
| Capital activities | | |
| Acquisition of tangible capital assets | (357,447) | (197,706) |
| Proceeds from disposal of tangible capital assets | — | 1,000 |
| Proceeds from disposal of land held for resale | — | 15,000 |
| | (357,447) | (181,706) |
| Increase (decrease) in cash | (11,843) | 60,383 |
| Cash, beginning of year | 211,980 | 151,597 |
| Cash, end of year | \$ 200,137 | \$ 211,980 |

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

CORPORATION OF THE TOWNSHIP OF FRONT OF YONGE

Notes to Consolidated Financial Statements

Year ended December 31, 2018

The Corporation of the Township of Front of Yonge is a municipality in the Province of Ontario. It conducts its operations under the direction of its elected Council, guided by the provisions of provincial statutes such as the Municipal Act 2001, Municipal Affairs Act and related legislation.

1. Summary of significant accounting policies:

The consolidated financial statements of the Municipality are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants Canada. Significant accounting policies are as follows:

Reporting entity

Consolidated entities

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the municipal Council and which are owned or controlled by the Municipality. These consolidated financial statements include the Public Library Board.

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

Accounting for School Board transactions

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

Investments

Investments are recorded at cost. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

Revenue recognition

Property tax billings are prepared by the Municipality based on an assessment roll prepared by Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government, and taxation revenues are recorded at the time tax billings are issued. Any supplementary billing adjustments made necessary by assessment appeals submitted by the ratepayers and changes to assessed value reflecting new construction are recognized in the year they are determined.

User charges and charges to other municipalities are recognized as revenues in the year the goods and services are provided.

Government grants are recognized as revenue in the year in which the events giving rise to the grants occur, providing the grants are authorized, any eligible criteria have been met, and reasonable estimates of the amounts can be made. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Municipality recognizes revenue as the liability is settled. Transfers on non-depreciable assets are recognized in revenue when received or receivable.

CORPORATION OF THE TOWNSHIP OF FRONT OF YONGE

Notes to Consolidated Financial Statements

Year ended December 31, 2018

1. Significant accounting policies (continued)

Revenue recognition (continued)

Investment income earned on the Federal gas tax obligatory reserve fund is recorded as deferred revenues - obligatory reserve fund and included in municipal revenues in the year that they are applied to qualifying expenditures. Other investment income is reported in revenues in the period earned.

Vacation pay

Vacation pay is accrued for all employees as entitlement to these payments is earned in accordance with the Municipality's benefit plan for vacation.

Employee future benefits

The Municipality accrues its obligation for retiring allowances as the employees render the services necessary to earn the post-retirement benefit. The cost of the retiring allowance earned by employees is determined based on years of service and management's best estimate of retirement age.

Solid waste landfill closure and post-closure liabilities

The costs of closing the solid waste landfill site and post-closure costs related to the site are accrued as the site's capacity is used.

Tangible capital assets

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

| Asset | Useful life – years |
|------------------------------------|---------------------|
| General capital: | |
| Land improvements | 10 – 25 years |
| Buildings | 20 – 50 years |
| Machinery, furniture and equipment | 1 – 20 years |
| Vehicles | 5 – 25 years |
| Roads Infrastructure | 5 – 75 years |
| Street lighting | 20 years |

Amortization is charged from the date of acquisition to the date of disposal. Assets under construction are not amortized until the asset is put into service.

Tangible capital assets disclosed at nominal values

Where an estimate of fair value cannot be made or where there is no future benefit related to the asset, the tangible capital asset is recognized at a nominal value.

Contributions of tangible capital assets

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

CORPORATION OF THE TOWNSHIP OF FRONT OF YONGE

Notes to Consolidated Financial Statements

Year ended December 31, 2018

1. Significant accounting policies (continued)

Tangible capital assets (continued)

Capitalized interest

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

Leased tangible capital assets

Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include amortization of tangible capital assets, employee future benefits and solid waste landfill closure and post-closure liabilities. Actual results could differ from these estimates.

Recent accounting pronouncements

PS 3430 Restructuring Transactions

In June 2015, new PS 3430 Restructuring Transactions was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

A restructuring transaction is defined separately from an acquisition. The key distinction between the two is the absence of an exchange of consideration in a restructuring transaction.

A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.

Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.

The increase in net assets or net liabilities resulting from recognition and derecognition of individual assets and liabilities received from all transferors, and transferred to all recipients in a restructuring transaction, is recognized as revenue or as an expense.

Restructuring-related costs are recognized as expenses when incurred.

Individual assets and liabilities received in a restructuring transaction are initially classified based on the accounting policies and circumstances of the recipient and the restructuring date.

The financial position and results of operations prior to the restructuring date are not restated.

Disclosure of information about the transferred assets, liabilities and related operations prior to the restructuring date by the recipient is encouraged but not required.

CORPORATION OF THE TOWNSHIP OF FRONT OF YONGE

Notes to Consolidated Financial Statements

Year ended December 31, 2018

1. Significant accounting policies (continued)

Recent accounting pronouncements (continued)

PS 3430 Restructuring Transactions (continued)

The Section is effective for new restructuring transactions that occur in fiscal periods beginning on or after April 1, 2018. Earlier application is encouraged.

The Municipality does not expect application of the new Standard to have a material effect on the consolidated financial statements.

2. Guaranteed investment certificates and accrued interest

Guaranteed investment certificates mature at various dates from October 2019 to November 2023. The interest rates range from 1.75% to 3.48%.

3. Credit facility

The Municipality has an unsecured demand revolving credit facility in the amount of \$400,000 to finance operating requirements and to bridge finance the acquisition of capital assets. No amounts were drawn as at December 31, 2018 or 2017.

The credit facility bears interest at the bank's prime rate minus 0.05%. The relevant prime rate was 3.95% at December 31, 2018 (2017 3.2%).

4. Debenture payable

The Municipality obtained a debenture through the United Counties of Leeds and Grenville with the Ontario Infrastructure and Lands Corporation to finance the purchase of equipment. The debenture is payable in semi-annual payments of \$6,288, including interest at a rate of 2.88%. The debenture matures October 15, 2024.

Principal is due on the debenture is as follows:

| | | |
|------------|----|-----------|
| 2019 | \$ | 10,669 |
| 2020 | | 10,978 |
| 2021 | | 11,297 |
| 2022 | | 11,625 |
| 2023 | | 11,962 |
| Thereafter | | 12,309 |
| | | <hr/> |
| | | \$ 68,840 |

The amount of interest relating to the above liabilities that is reported as an expense in the statement of operations is \$2,207 (2017 - \$2,549).

The annual principal and interest payments required to service the debenture is within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

CORPORATION OF THE TOWNSHIP OF FRONT OF YONGE

Notes to Consolidated Financial Statements

Year ended December 31, 2018

5. Employee future benefits

The municipality provides a retiring allowance, upon retirement, to employees who have a minimum 10 years of service with the municipality.

The present value of the cost of the retiring allowance earned by employees is determined based on years of service and management's best estimate of retirement age, using a discount rate of 5% (2017 – 5%) and the Bank of Canada targeted inflation rate of 2% (2017 – 2.0%). Management has assumed that all employees will remain employed by the municipality until they retire and will have been employed by the municipality for a minimum of 10 years.

| | 2018 | 2017 |
|--|-----------|-----------|
| Accrued benefits obligation, beginning of year | \$ 66,390 | \$ 92,220 |
| Add: Current period benefit cost | 6,120 | 80 |
| Less: Benefits paid during the year | – | (25,910) |
| Accrued benefits obligation, end of year | \$ 72,510 | \$ 66,390 |

To help reduce the future financial impact of this obligation, the Municipality has established a reserve fund. The balance in the employee future benefit reserve fund as at December 31, 2018 is \$67,384 (2017 – \$37,340) (note 9).

6. Solid waste landfill closure and post-closure liabilities

The Ontario Environmental Protection Act sets out the regulatory requirements for the closure and maintenance of landfill sites. Under this Act, the Municipality is required to provide for closure and post-closure care of solid waste landfill sites. The costs related to these obligations are provided over the estimated remaining life of the landfill site based on usage.

The main components of the landfill closure plan are final capping using clay, covering by topsoil and seeding. The post-closure care requirements will involve surface water monitoring, groundwater monitoring and inspections.

The estimated remaining capacity of the site is approximately 75,870 cubic meters (2017 – 78,350 cubic meters) and the site has an estimated remaining life of more than 30 years (2017 – 31 years). Post-closure care is estimated to continue for a period of approximately 20 years.

The estimated liabilities represent the present value of future cash flows associated with closure and post-closure costs discounted using an average long-term borrowing rate of 5.1% (2017 – 4.9%) and the Bank of Canada targeted inflation rate of 2.0% (2017 – 2.0%). The recorded liabilities have been determined as follows:

| | 2018 | | | 2017 |
|--|------------|--------------|--------------|--------------|
| | Closure | Post-closure | Total | Total |
| Estimated undiscounted future cash flows | \$ 595,000 | \$ 440,000 | \$ 1,035,000 | \$ 1,035,000 |
| Less amount to be recognized in the future | 470,000 | 369,000 | 839,000 | 839,000 |
| Recorded liabilities | \$ 125,000 | \$ 71,000 | \$ 196,000 | \$ 196,000 |

To help reduce the future financial impact of these obligations, the Municipality has established a reserve fund. The balance in the landfill closure and post-closure reserve fund as at December 31, 2018 is \$339,184 (2017 – \$311,486) (note 9).

CORPORATION OF THE TOWNSHIP OF FRONT OF YONGE
Notes to Consolidated Financial Statements

Year ended December 31, 2018

7. Tangible capital assets

| Cost | Balance December 31, 2017 | Additions and transfers | Disposals | Balance December 31, 2018 |
|------------------------------------|---------------------------------|-------------------------------|-------------|---------------------------------|
| General capital: | | | | |
| Land | \$ 79,938 | \$ — | \$ — | \$ 79,938 |
| Land improvements | 59,059 | — | — | 59,059 |
| Buildings | 1,366,810 | 208,470 | 1,272 | 1,576,552 |
| Machinery, furniture and equipment | 346,188 | — | — | 346,188 |
| Vehicles | 1,440,384 | — | — | 1,440,384 |
| Roads infrastructure | 5,755,822 | 148,977 | — | 5,904,799 |
| Street lighting | 42,175 | — | — | 42,175 |
| Capital assets under construction | 1,272 | — | (1,272) | — |
| Total | \$ 9,091,648 | \$ 357,447 | \$ — | \$ 9,449,095 |

| Accumulated Amortization | Balance December 31, 2017 | Additions and transfers | Disposals | Balance December 31, 2018 |
|------------------------------------|---------------------------------|-------------------------------|-------------|---------------------------------|
| General capital: | | | | |
| Land improvements | \$ 17,012 | \$ 3,526 | \$ — | \$ 20,538 |
| Buildings | 630,917 | 34,817 | — | 665,734 |
| Machinery, furniture and equipment | 185,492 | 23,521 | — | 209,013 |
| Vehicles | 949,306 | 62,018 | — | 1,011,324 |
| Roads infrastructure | 2,770,487 | 224,555 | — | 2,995,042 |
| Street lighting | 5,272 | 2,109 | — | 7,381 |
| Total | \$ 4,558,486 | \$ 350,546 | \$ — | \$ 4,909,032 |

| | Net book value December 31, 2017 | Net book value December 31, 2018 |
|------------------------------------|--|--|
| General capital: | | |
| Land | \$ 79,938 | \$ 79,938 |
| Land improvements | 42,047 | 38,521 |
| Buildings | 735,893 | 910,818 |
| Machinery, furniture and equipment | 160,696 | 137,175 |
| Vehicles | 491,078 | 429,060 |
| Vehicles under capital lease | — | — |
| Roads infrastructure | 2,985,335 | 2,909,757 |
| Street lighting | 36,903 | 34,794 |
| Capital assets under construction | 1,272 | — |
| Total | \$ 4,533,162 | \$ 4,540,063 |

CORPORATION OF THE TOWNSHIP OF FRONT OF YONGE

Notes to Consolidated Financial Statements

Year ended December 31, 2018

8. Accumulated surplus

The accumulated surplus consists of the following:

| | 2018 | 2017 |
|---|--------------|--------------|
| Operating surplus: | | |
| Operations of the municipality | \$ 134,286 | \$ 211,068 |
| Reserve and reserve funds (note 9): | | |
| Reserves | 135,000 | 107,200 |
| Reserve funds | 933,696 | 800,891 |
| | 1,128,696 | 908,091 |
| Equity in Tangible capital assets | | |
| Tangible capital assets | 4,540,063 | 4,533,162 |
| Long-term liabilities unfunded | (68,840) | (79,208) |
| | 4,471,223 | 4,453,954 |
| Unfunded liabilities: | | |
| Employee future benefits | (72,510) | (66,390) |
| Solid waste landfill closure and post-closure liabilities | (196,000) | (196,000) |
| | (268,510) | (262,390) |
| | \$ 5,465,695 | \$ 5,310,723 |

9. Reserves and reserve funds

Reserves and reserve funds consist of the following:

| | 2018 | 2017 |
|---|------------|------------|
| Reserves: | | |
| Working capital | \$ 81,800 | \$ 54,000 |
| Uncollected taxes | 53,200 | 53,200 |
| Total reserves | \$ 135,000 | \$ 107,200 |
| Reserve funds: | | |
| Acquisition of capital assets: | | |
| - roads | \$ 149,001 | \$ 45,286 |
| - fire equipment | 328,507 | 311,363 |
| - roads resurfacing | 48,699 | 37,773 |
| - Information technology | 13,060 | 12,770 |
| - other equipment | 29,034 | 28,389 |
| - library | 15,173 | 13,080 |
| Landfill closure and post-closure costs | 339,184 | 311,486 |
| Payne children bursary fund | 3,654 | 3,404 |
| Employee future benefits | 67,384 | 37,340 |
| Total reserve funds | \$ 993,696 | \$ 800,891 |

CORPORATION OF THE TOWNSHIP OF FRONT OF YONGE

Notes to Consolidated Financial Statements

Year ended December 31, 2018

10. Budget

The budget data presented in these consolidated financial statements is based upon the 2018 operating budget approved by Council on March 19, 2018.

The budgeted revenue in the consolidated statement of operations do not include investment income on reserve funds.

The budgeted expenses presented in the consolidated statement of operations do not include amortization of tangible capital assets. Actual expenses for the current year are presented by segment in note 15. A subtotal is provided in that note that reflects actual expenses before amortization.

The budget figures presented in the Statement of Operations required the following adjustments:

| | |
|---|-------------------|
| Approved budgeted annual surplus (deficit) | \$ (10,000) |
| Add: Capital expenses | 220,500 |
| Debt principal payments | 10,368 |
| Net transfer to reserve and reserve funds | 56,250 |
| Budget annual surplus, per statement of operations | \$ 277,118 |

11. Operations of school boards and the United Counties of Leeds and Grenville

During 2018 requisitions were made by School Boards and the United Counties of Leeds and Grenville requiring the Municipality to collect property taxes and payments in lieu of taxes on their behalf. The amounts requisitioned are summarized below:

| | School Boards | | Counties | |
|---------------------------|-------------------|-------------------|---------------------|---------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Property taxes | \$ 788,574 | \$ 810,067 | \$ 1,223,727 | \$ 1,202,937 |
| Payments in lieu of taxes | 5,318 | 5,545 | 28,450 | 27,099 |
| | \$ 793,892 | \$ 815,612 | \$ 1,252,177 | \$ 1,230,036 |

12. Expenses by object

The following is a summary of the expenses reported on the Consolidated Statement of Operations by object:

| | 2018 | 2017 |
|------------------------------|---------------------|---------------------|
| Wages and benefits | \$ 705,369 | \$ 690,838 |
| Materials and supplies | 483,042 | 474,478 |
| Contracted services | 856,412 | 844,834 |
| Rents and financial services | 13,949 | 25,197 |
| Transfer payments | 24,335 | 23,764 |
| Amortization | 350,546 | 315,315 |
| | \$ 2,433,653 | \$ 2,374,426 |

CORPORATION OF THE TOWNSHIP OF FRONT OF YONGE

Notes to Consolidated Financial Statements

Year ended December 31, 2018

13. Pension agreement

Substantially all the employees of the Municipality are members of the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer defined benefit pension plan. The plan specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay.

Contributions to the plan made during the year by the Municipality on behalf of its employees amounted to \$40,220 (2017 - \$40,412) and are included as expenses in the consolidated statement of operations.

The most recent actuarial valuation was at December 31, 2018 and the December 31, 2018 financial statements of OMERS report net assets of \$ 97 billion and an actuarial funding deficit of \$4.2 billion.

14. Trust Fund

Trust funds administered by the Municipality amounting to \$26,217 (2017- \$25,801) have not been included in the consolidated statement of financial position nor have its financial activities been included in the consolidated statement of operations.

15. Segmented information

Segmented information has been provided in accordance with the functional lines of service that are presented in the consolidated statement of operations. The activities that are included in each functional line of service are as follows:

General government consists of the Mayor and Council, and administrative services.

Protection consists of Fire, Police and By-law Enforcement departments as well as contributions to the Cataraqui Region Conservation Authority.

Transportation services includes road and sidewalk construction and maintenance and winter control.

Environmental services include the operations of solid waste disposal and recycling.

Health services consists of cemetery maintenance.

Recreation and cultural services is comprised primarily of parks services and the operation of recreational facilities, the library and the heritage building.

Planning and development is comprised of planning and zoning, and economic development.

Corporation of the Township of Front of Yonge
Notes to Consolidated Financial Statements

Year ended December 31, 2018

15. Segmented Information (continued)

| | General Government | Protection to Persons and Property | Transportation Services | Environmental Services | Health Services | Recreation and Cultural Services | Planning and Development | Total |
|---------------------------------|-----------------------|--|----------------------------|---------------------------|--------------------|---|--------------------------------|---------------------|
| 2018 | | | | | | | | |
| Revenues | | | | | | | | |
| Property taxation | \$1,608,325 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,608,325 |
| Taxation from other governments | 43,354 | - | - | - | - | - | - | 43,354 |
| User charges | 21,269 | 70,121 | 3,475 | 100,572 | 4,660 | 10,438 | 6,370 | 216,905 |
| Charges to other municipalities | - | 32,669 | - | - | - | 650 | - | 33,319 |
| Federal grants | - | - | 87,654 | - | - | - | - | 87,654 |
| Provincial grants | 252,954 | 2,196 | 50,000 | 24,431 | - | 161,650 | 17,823 | 509,054 |
| Investment income | 32,490 | - | - | - | - | - | - | 32,490 |
| Penalties and interest on taxes | 49,988 | - | - | - | - | - | - | 49,988 |
| Donations | 150 | 1,849 | - | - | - | 5,537 | - | 7,536 |
| | \$2,008,530 | \$106,835 | \$141,129 | \$125,003 | \$ 4,660 | \$ 178,275 | \$ 24,193 | \$ 2,588,625 |
| Expenses | | | | | | | | |
| Wages and benefits | \$ 307,055 | \$ 81,374 | \$269,377 | \$ - | \$ - | \$ 37,563 | \$ - | \$ 705,369 |
| Materials and supplies | 87,964 | 94,051 | 219,922 | 1,632 | 2,603 | 71,619 | 5,251 | 483,042 |
| Contracted services | 38,431 | 472,272 | 131,222 | 119,073 | 10,990 | 46,014 | 38,410 | 856,412 |
| Rent and financial services | 2,075 | 2,207 | - | 8,751 | - | 916 | - | 13,949 |
| Transfer payments | - | 24,335 | - | - | - | - | - | 24,335 |
| | 435,525 | 684,239 | 620,521 | 129,456 | 13,593 | 156,112 | 43,661 | 2,083,107 |
| Amortization | 7,578 | 41,723 | 272,453 | 4,193 | - | 24,599 | - | 350,546 |
| | \$ 443,103 | \$725,962 | \$892,974 | \$133,649 | \$13,593 | \$180,711 | \$ 43,661 | \$ 2,433,653 |

Corporation of the Township of Front of Yonge Notes to Consolidated Financial Statements

Year ended December 31, 2018

15. Segmented Information (continued)

| 2017 | General Government | Protection to Persons and Property | Transportation Services | Environmental Services | Health Services | Recreation and Cultural Services | Planning and Development | Total |
|---|-----------------------|--|----------------------------|---------------------------|--------------------|---|--------------------------------|---------------------|
| Revenues | | | | | | | | |
| Property taxation | \$1,571,161 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,571,161 |
| Taxation from other governments | 42,801 | - | - | - | - | - | - | 42,801 |
| User charges | 30,232 | 40,819 | 1,149 | 95,699 | 3,061 | 18,360 | 11,749 | 201,089 |
| Charges to other municipalities | - | 32,060 | 15,372 | - | - | 650 | - | 48,082 |
| Federal grants | - | - | 135,151 | - | - | - | - | 135,151 |
| Provincial grants | 208,722 | 2,056 | 75,000 | 25,028 | - | 9,249 | 11,872 | 331,927 |
| Other grants | - | 16,000 | - | - | - | - | - | 16,000 |
| Investment income | 21,876 | - | - | - | - | - | - | 21,876 |
| Penalties and interest on taxes | 46,876 | - | - | - | - | - | - | 46,876 |
| Donations | 150 | 1,268 | - | - | - | 7,073 | - | 8,491 |
| Gain on disposal of land held for resale | 4,967 | - | - | - | - | - | - | 4,967 |
| Gain on disposal of tangible capital assets | - | 1,000 | - | - | - | - | - | 1,000 |
| | \$1,926,785 | \$ 93,203 | \$226,672 | \$120,727 | \$ 3,061 | \$ 35,352 | \$ 23,621 | \$ 2,429,421 |
| Expenses | | | | | | | | |
| Wages and benefits | \$ 344,235 | \$ 70,912 | \$231,509 | \$ 9,369 | \$ - | \$ 34,813 | \$ - | \$ 690,838 |
| Materials and supplies | 63,007 | 76,628 | 244,471 | 10,883 | 1,040 | 68,098 | 10,351 | 474,478 |
| Contracted services | 44,861 | 476,166 | 97,653 | 125,572 | 10,990 | 43,904 | 45,688 | 844,834 |
| Rent and financial services | 2,082 | 2,499 | 293 | 20,323 | - | - | - | 25,197 |
| Transfer payments | - | 23,764 | - | - | - | - | - | 23,764 |
| | 454,185 | 649,969 | 573,926 | 166,147 | 12,030 | 146,815 | 56,039 | 2,059,111 |
| Amortization | 7,578 | 40,953 | 242,557 | 4,193 | - | 20,034 | - | 315,315 |
| | \$ 461,763 | \$690,922 | \$816,483 | \$170,340 | \$12,030 | \$166,849 | \$ 56,039 | \$ 2,374,426 |