Township of Front of Yonge

Consolidated Financial Statements

For the year ended December 31, 2025

Township of Front of Yonge
Consolidated Financial Statements
For the year ended December 31, 2025

Contents

Independent Auditor's Report

To the members of council, inhabitants and ratepayers of Township of Front of Yonge:

Opinion

We have audited the consolidated financial statements of Township of Front of Yonge (the "Township"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations, and accumulated surplus, remeasurement gains and losses, 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 Township as at December 31, 2025, and the results of its consolidated operations net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

MNP LLP

Kingston, Ontario

Chartered Professional Accountants

June 1, 2026

Licensed Public Accountants

MANAGEMENT REPORT

Township of Front of Yonge
For the Year Ended December 31, 2025

The accompanying consolidated financial statements of the Corporation of the Township of Front of Yonge (the "Township") are the responsibility of management and have been approved by Council.

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

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

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

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

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

Mayor ______________________ Date June 1/26

Treasurer ______________________ Date June 1/26

Corporation of the Township of Front of Yonge

Consolidated Statement of Financial Position

December 31, 2025, with comparative figures for 2024

	2025	2024
Financial assets		
Cash (note 1)	$ **430,517**	$ 533,703
Guaranteed investment certificates and accrued interest (note 2)	**699,585**	705,208
Investment in The Public Sector Group of Funds bond fund	**236,131**	279,366
Taxes receivable	**214,059**	188,244
Other receivables	**185,478**	110,382
	1,765,770	1,816,903
Financial liabilities		
Accounts payable and accrued liabilities	**63,053**	102,847
Deferred property tax revenues	**91,511**	64,110
Deferred revenues - Donations	**22,899**	-
Deferred grant revenues	**-**	23,225
Employee future benefits (note 5)	**85,380**	78,170
Asset retirement obligation (note 6)	**333,286**	419,040
Debentures payable (note 7)	**1,109,699**	864,985
	1,705,828	1,552,377
Net financial assets	**59,942**	264,526
Non-financial assets		
Tangible capital assets (note 8)	**6,717,232**	6,306,950
Accumulated surplus	**6,777,174**	6,571,476
Represented by:		
Accumulated operating surplus (note 12)	**6,801,782**	6,598,326
Accumulated remeasurement losses	**(24,608)**	(26,850)
	$ **6,777,174**	$ **6,571,476**

The accompanying notes are an integral part of this consolidated financial statement.

Corporation of the Township of Front of Yonge

Consolidated Statement of Operations and Accumulated Surplus

December 31, 2025, with comparative figures for 2024

	Budget 2025 (Note 16)	Actual 2025	Actual 2024
Revenues			
Property taxation	$ 2,207,536	$ 2,223,181	$ 2,113,130
Taxation from other governments	47,100	50,303	48,815
User charges	442,574	334,960	286,349
Charges to other municipalities	38,639	38,639	37,597
Federal grants (note 11)	99,467	109,835	92,846
Provincial grants (note 11)	630,206	697,802	534,560
Investment income	50,000	74,514	131,530
Penalties and interest on taxes	40,000	46,873	40,108
Donations	-	2,465	732
(Loss) gain on disposal of tangible capital assets	-	33,714	(26,606)
	3,555,522	3,612,286	3,259,061
Expenses			
General government	663,354	804,314	792,831
Protection to persons and property	856,656	807,639	813,331
Transportation services	860,441	1,156,879	958,183
Environmental services	292,585	298,177	331,202
Health services	28,500	23,943	27,750
Recreation and cultural services	438,556	278,825	213,718
Planning and development	31,494	39,053	30,630
	3,171,586	3,408,830	3,167,645
Annual surplus	383,936	203,456	91,416
Accumulated surplus, beginning of year		6,598,326	6,506,910
Accumulated surplus, end of year		$ 6,801,782	$ 6,598,326

The accompanying notes are an integral part of this consolidated financial statement.

Corporation of the Township of Front of Yonge

Consolidated Statement of Remeasurement Gains and Losses

December 31, 2025, with comparative figures for 2024

	2025	2024
Accumulated remeasurement losses, beginning of year	$ (26,850)	$ -
Unrealized gains (losses) attributable to:		
Portfolio investments	2,242	(26,850)
Accumulated remeasurement losses, end of year	$ (24,608)	$ (26,850)

The accompanying notes are an integral part of this consolidated financial statement.

Corporation of the Township of Front of Yonge

Consolidated Statement of Change in Net Financial Assets

December 31, 2025, with comparative figures for 2024

	Budget 2025	Actual 2025	Actual 2024
Annual surplus	$ **383,936**	$ **203,456**	$ 91,416
Acquisition of tangible capital assets	**(295,730)**	**(1,020,707)**	(342,803)
Amortization of tangible capital assets	-	**488,590**	494,350
ARO adjustment - land asset	-	**121,835**	-
(Gain) loss on disposal of tangible capital assets	-	**(33,714)**	26,606
Proceeds from disposal of tangible capital assets	-	**33,714**	20,618
Remeasurement gains (losses)	-	**2,242**	(26,850)
Change in net financial assets	88,206	**(204,584)**	263,337
Net financial assets, beginning of year		**264,526**	1,189
Net financial assets, end of year		$ **59,942**	$ 264,526

The accompanying notes are an integral part of this consolidated financial statement.

Corporation of the Township of Front of Yonge

Consolidated Statement of Cash Flows

December 31, 2025, with comparative figures for 2024

	2025	2024
Cash Provided by (used for)		
Operating activities		
Annual surplus	$ **203,456**	$ 91,416
Items not involving cash		
Amortization of tangible capital assets (note 8)	**488,590**	494,350
Accretion of asset retirement obligation (note 6)	**36,081**	11,528
Loss (Gain) on disposal of capital assets	**(33,714)**	26,606
Change in employee future benefits liability	**7,210**	11,020
Remeasurement gain (loss) on portfolio investments	**2,242**	(32,930)
Change in taxes receivable	**(25,815)**	(96,236)
Change in other receivables	**(75,096)**	95,916
Change in accounts payable and accrued liabilities	**(39,794)**	32,622
Change in deferred revenues - Donations	**22,899**	-
Change in deferred grant revenues	**(23,225)**	23,225
Change in deferred property tax receivables	**27,401**	64,110
	590,235	721,627
Financing activities		
Advances of debentures	**335,925**	-
Principal payments on debentures	**(91,212)**	(87,609)
	244,713	(87,609)
Investing activities		
Decrease (Increase) in guaranteed investment certificates	**5,623**	(129,583)
Decrease (Increase) in investment in The Public Sector Group of Funds bond fund	**43,235**	(6,852)
	48,858	(136,435)
Capital activities		
Acquisition of tangible capital assets (note 8)	**(1,020,707)**	(342,803)
Proceeds from disposal of tangible capital assets	**33,714**	20,618
	(986,993)	(322,185)
(Decrease) Increase in cash	**(103,186)**	175,399
Cash, beginning of year	**533,703**	358,304
Cash, end of year	$ **430,517**	$ 533,703

The accompanying notes are an integral part of this consolidated financial statement.

Township of Front of Yonge
Summary of Significant Accounting Policies

December 31, 2025

The Corporation of the Township of Front of Yonge (the "Township") 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.

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

i) 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.

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

ii) Accounting for School Board and County transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the local school boards and the United Counties of Leeds and Grenville (the "County") are not reflected in these consolidated financial statements.

Education and County levies collected for the local school boards and then advanced to the local school boards and the County totaled $2,415,778 (2024 - $2,319,880).

iii) Trust funds

Trust funds and their related operations administered by the Township are not included in the consolidated financial statements but are reported separately.

December 31, 2025

Investments

Guaranteed investment certificates are recorded at cost plus accrued interest.

Portfolio investments (bond funds) are initially recorded at their acquisition cost. At December 31, they are adjusted to fair value based on quoted market prices, with the corresponding unrealized gains and losses recorded in the Statement of Remeasurement Gains and Losses.

Financial Instruments

The Township's financial instruments consist of cash, guaranteed investment certificates, investments, taxes receivable, accounts receivable, other receivables, accounts payable and accrued liabilities, debentures payable, and employee future benefits. Unless otherwise noted, it is management's opinion that the carrying value of the financial instruments approximates their fair values and that the Township is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Township recognizes its financial instruments when it becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Township may irrevocably elect to subsequently measure any financial instrument at fair value. The Municipality has not made such an election during the year.

The Township subsequently measures investments in equity instruments quoted in an active market, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by quoted market prices. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Interest income and reinvested distributions are recognized in the statement of operations

Township of Front of Yonge
Summary of Significant Accounting Policies

December 31, 2025

Revenue Recognition

Taxation Revenue

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

	Budget	Actual
Taxation	$ 2,207,536	$ 2,208,189
Supplemental Taxes	-	21,090
Total Taxation Revenues	2,207,536	2,229,279
Less: Write-offs	-	(6,098)
Net Revenue from Taxation	$ 2,207,536	$ 2,223,181

Government Grants

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.

Other Revenues

User charges and charges to other municipalities, with the exception of development charges, are recognized as revenue in the year the goods and services are provided.

Other Revenues (continued)

Development charges, payments in lieu of parkland and funding received under public transit and gasoline tax programs are received under the authority of federal and provincial legislation and the use of these funds is restricted to applicable expenses. They are recorded as deferred revenues - obligatory reserve funds and included in revenues in the year that they are applied to qualifying expenses.

Building permit revenues are recognized when issued.

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.

Non-Financial Assets

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

Employee Future Benefits

The Township 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.

The Township also accrues its obligations for post-employment benefits when an event that obligates the Township occurs.

Asset Retirement Obligations

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

- 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

Liabilities are recognized for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations arise from the acquisition, construction or development and normal use of an asset. Asset retirement obligation liabilities for the closure and post-closure care of landfill sites are initially recognized at the best estimate of future expenses.

For assets in productive use, asset retirement obligations are discounted using present value methodology and recorded as a liability with an annual adjustment for accreditation expense. As a result, there is a corresponding increase to the associated tangible capital asset which is then expensed over the useful life of the tangible capital asset. For assets that are no longer in productive use or were never recorded, the liability is offset against accretion expense in the period. In subsequent periods, the liability is adjusted for any changes in the amount or timing of the underlying future cash flows.

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.

Tangible Capital Assets

i) 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:

Assets	Useful life-years
General capital	
Land & Land improvements	10-35 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.

ii) Tangible capital assets disclosed at nominal values.

Where an estimate of fair value can not be made to an asset, the tangible capital asset is recognized at a nominal value.

iii) Contributions of tangible capital assets

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

iv) Capitalized interest

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets until the asset is ready for use.

v) Leased tangible capital assets

Leases which transfer substantially all of 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.

Township of Front of Yonge
Summary of Significant Accounting Policies

December 31, 2025

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 asset retirement obligations. Specifically, estimating the asset retirement obligations (i.e. landfill closure and post-closure liability) requires estimating the costs associated with the retirement, decommissioning or otherwise removal of certain assets from productive service. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they became known. Actual results could differ from these estimates.

Deferred Revenue

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

Fund Accounting

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

Statement of Remeasurement Gains and Losses

By presenting remeasurement gains (losses) separately, changes in the carrying value of financial instruments arising from fair value remeasurement are distinguished from revenues and expenses reported in the statement of operations. The statement of operations reports the extent to which revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement gains (losses) do not affect this assessment as they are recognized in the statement of remeasurement gains and losses. Taken together, the two statements account for changes in the Township's accumulated surplus in the period.

Upon settlement, the cumulative gain (loss) is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to all financial instruments are reported in the statement of operations.

1. Cash

The Township invests its cash with one or more Canadian financial institutions.The Township's bank deposits earned interest at rates ranging from 0.00% to 3.955% during the year.

2. Guaranteed investment certificates and accrued interest

Guaranteed investment certificates mature at various dates from September 2026 to November 2030. The interest rates range from 2.00% to 5.15%.

3. Short-term Credit Facility

The Municipality has an unsecured demand revolving credit facility in the amount of $150,000 to finance operating requirements and to bridge finance the acquisition of capital assets. No amounts were drawn as at December 31, 2025 or 2024.

The credit facility bears interest at the bank's prime rate minus 0.50%. The relevant prime rate was 4.45% at December 31, 2025 (2024 - 5.45%).

4. Deferred Revenues

Obligatory Reserve Funds

Canadian public sector accounting standards require that obligatory reserve funds are reported as deferred revenues as federal and provincial legislation or agreements restrict how these funds may be used. The balances and continuity of deferred revenue - obligatory reserve funds of the Township are summarized as follows:

	2025	2024
Amounts received		
Gas tax funding	**84,987**	82,875
OCIF	**100,000**	100,000
Interest	**-**	685
	184,987	183,560
Amounts disbursed/transferred		
To operations	**-**	-
To capital	**184,987**	183,560
Balance, end of the year	**$ -**	$ -

5. Employee Future Benefits

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

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 4% (2024 – 3%), representing the Government of Canada's benchmark long term bond yields at December 31, 2025. 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.

	2025	2024
Accrued benefits obligation, beginning of year	**$ 78,170**	$ 67,150
Add: Current period benefit cost	**7,210**	11,020
Accrued benefits obligation, end of year	**$ 85,380**	$ 78,170

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, 2025 is $96,887 (2024 - $93,296) (Note 13).

6. Asset Retirement Obligation

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage. Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The Township currently has one active landfill site. Estimated total expenses represent the sum of discounted future cash flows for closure and post-closure care activities using an estimated rate of 5.61% (2024 - 5.35%) for inflation and discounted at the rate recommended by the MECP of 8.61% (2024 - 8.35%). Remaining capacity of the site is approximately 69,113 cubic meters (2024 – 70,182 cubic meters) and the site has an estimated remaining life of 44 years (2024 – 35 years). Post-closure care is estimated to continue for a period of approximately 20 years.

The recorded liabilities have been determined as follows:

	2025	2024
Estimated closure costs	**$ 747,764**	$ 731,955
Less: amount to be recognized in future	**(529,735)**	(457,999)
Recorded closure liabilities	**218,029**	273,956
Estimated costs to complete post-closure	**4,364,527**	2,402,322
Less: amount to be recognized in future	**(4,249,270)**	(2,257,238)
Recorded post-closure liabilities	**115,257**	145,084
Total solid waste landfill closure and post-closure liability	**$ 333,286**	$ 419,040

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, 2025 is $489,469 (2024 - $408,789) (note 13).

6. Asset Retirement Obligation (continued)

	2025	2024
Asset Retirement Obligation, beginning of year	$ 419,040	$ 407,512
Increase (Decrease) to Land tangible capital asset	(121,835)	-
Accretion expense	36,081	11,528
Accrued benefits obligation, end of year	333,286	$ 419,040

7. Net Long-Term Liabilities

In 2021, the Municipality obtained a debenture from the Ontario Infrastructure and Lands Corporation to finance the purchase of a new fire truck, including the required specifications. The debenture is payable in semi-annual payments of $20,969, including interest at a rate of 2.04%. The debenture matures May 17, 2031.

In 2023, the Municipality obtained a debenture from the Ontario Infrastructure and Lands Corporation to finance the renovations of the administrative building. The debenture is payable in monthly payments of $6,765, including interest at a rate of 4.59%. The debenture matures March 1, 2034.

In 2025, the Municipality obtained a debenture from the Ontario Infrastructure and Lands Corporation to finance the purchase of a new fire tanker. The debenture is payable in semi-annual principal payments of $16,796, plus interest at a rate of 3.54%. The debenture matures November 17, 2035.

Principal is due on net long-term liabilities as follows:

	Principal
2026	$128,105
2027	$131,541
2028	$135,118
2029	$138,842
2030	$142,719
Thereafter	$433,374
	$1,109,699

The amount of interest relating to the above liabilities that is reported as an expense in the statement of operations is $31,904 (2024 - $36,252), of which $Nil (2024 - $267) relates to interest paid on capital leases.

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

8. Tangible Capital Assets

Cost	Balance, December 31, 2024	Additions (net of transfers)	Disposals / Transfers	**Balance, December 31, 2025**
General capital				
Land	$ 221,528	$ -	$ 121,835	**$ 99,693**
Land improvements	533,116	130,634	-	**663,750**
Buildings	2,838,951	43,518	-	**2,882,469**
Machinery, furniture and equipment	549,518	80,209	-	**629,727**
Vehicles	1,935,027	555,049	128,976	**2,361,100**
Infrastructure				
Roads infrastructure	7,470,188	211,297	-	**7,681,485**
Street lighting	42,175	-	-	**42,175**
Capital assets under construction	-	-	-	**-**
Total	$ 13,590,503	$ 1,020,707	$ 250,811	**$ 14,360,399**

Accumulated amortization	Balance, December 31, 2024	Amortization	Disposals	**Balance, December 31, 2025**
General capital				
Land	$ 8,090	$ 449	$ -	**$ 8,539**
Land improvements	126,638	31,582	-	**158,220**
Buildings	1,011,299	97,763	-	**1,109,062**
Machinery, furniture and equipment	355,042	25,314	-	**380,356**
Vehicles	1,221,588	103,330	128,976	**1,195,942**
Infrastructure				
Roads infrastructure	4,540,861	228,043	-	**4,768,904**
Street lighting	20,035	2,109	-	**22,144**
Total	$ 7,283,553	$ 488,590	$ 128,976	**$ 7,643,167**

	Net book value December 31, 2025	**Net book value December 31, 2024**
General capital		
Land	**$ 91,154**	$ 213,438
Land improvements	**505,530**	406,478
Buildings	**1,773,407**	1,827,652
Machinery, furniture and equipment	**249,371**	194,476
Vehicles	**1,165,158**	713,439
Infrastructure		
Roads infrastructure	**2,912,581**	2,929,327
Street lighting	**20,031**	22,140
Total	**$ 6,717,232**	$ 6,306,950

There were no assets under construction at year end.

December 31, 2025

9. Commitments

a) The Township has a 4 year contract for grounds maintenance through to December 31, 2026. The annual cost of this contract is estimated at $59,193 plus HST.

b) The Township has a contract for waste collection for $17,160 plus HST through December 31, 2026.

c) The Township has a management contract for waste site management for $101,125 plus HST through December 31, 2026.

d) The Township has a contract for custodial services through to November 28, 2028. The annual cost of this contract is estimated at $12,985 plus HST for 2026, and is subject to an annual cost-of-living adjustment.

10. Contingencies

a) The nature of the Township's activities is such that there is usually litigation pending or in prospect at any time. Management is of the opinion that the Township has valid defences and appropriate insurance coverage in place for claims for damages and related costs.

December 31, 2025

11. Government Grants

Included in government grants is $697,802 (2024 - $534,560) of provincial grants and $109,835 (2024 - $92,846) of federal grants.

12. Accumulated Surplus

a) The accumulated surplus consists of:

	2025	2024
Operating surplus		
Operations of the municipality	$ 517,589	$ 505,438
Reserve and reserve funds (note 13):		
Reserves	135,000	135,000
Reserve funds	960,326	1,013,133
	1,095,326	1,148,133
Equity in Tangible capital assets		
Tangible capital assets	6,717,232	6,306,950
Long-term liabilities unfunded	(1,109,699)	(864,985)
	5,607,533	5,441,965
Unfunded liabilities		
Employee future benefits	(85,380)	(78,170)
Solid waste landfill closure and post-closure liabilities	(333,286)	(419,040)
	(418,666)	(497,210)
	$ 6,801,782	$ 6,598,326

December 31, 2025

13. Reserves and reserve funds

Reserve funds consist of:

	2025	2024
Reserves:		
Working capital	$ 81,800	$ 81,800
Uncollected taxes	53,200	53,200
Balance, end of year	$ 135,000	$ 135,000
Reserve funds:		
Acquisition of capital assets:		
Roads	$ 46,880	$ 125,142
Fire equipment	140,496	235,288
Roads resurfacing	71,745	69,085
Information technology	6,448	6,209
Other equipment	50,532	48,659
Library	34,089	26,665
Landfill closure and post closure	489,469	408,789
Employee future benefits	96,887	93,296
Recreation	23,780	-
	$ 960,326	$ 1,013,133

14. Pension Agreement

Substantially all of the employees of the Township 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 Township on behalf of its employees amounted to $66,915 (2024 - $63,714) and are included as expenses in the consolidated statement of operations and accumulated surplus.

The most recent actuarial valuation was at December 31, 2025. The December 31, 2025 financial statements of OMERS report net assets available for benefits of $145.2 billion and an actuarial funding deficit of $1.3 billion.

15. Trust Funds

Trust funds administered by the Township amounting to $37,513 (2024 - $36,836) have not been included in the consolidated statement of financial position and their financial activities have not been included in the consolidated statements of operations and accumulated surplus.

16. Budget

The budget data presented in these consolidated financial statements is based upon the 2025 operating budget approved by Council on March 7, 2025.

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 19. 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:

	Budget
Approved budget annual surplus (deficit)	$ -
Add: Capital expenses	295,730
Add: Net transfer to (from) reserve and reserve funds	(22,537)
Less: Net debt to be repaid by Township	110,743
	$ 383,936

Budget figures reported on the Consolidated Statement of Operations are based on 2025 operating and capital budgets as approved by Council on March 7, 2025 (By-law 08-25) and includes subsequent council approved amendments. Budget figures reported in these financial statements are not subject to an audit.

December 31, 2025

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

During 2025 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 and are summarized below and were advanced to the respective entities during the year.

	School Boards 2025	School Boards 2024	Counties 2025	Counties 2024
Property taxes	**$ 732,636**	$ 726,832	**$ 1,649,699**	$ 1,560,797
Payments in lieu of taxes	**5,089**	5,089	**28,354**	27,162
Total	**$ 737,725**	$ 731,921	**$ 1,678,053**	$ 1,587,959

18. Expenses by Object

The following is a summary of the expenses by object:

	Budget 2025	**Actual 2025**	Actual 2024
Salaries, wages and benefits	**$ 1,131,253**	**$ 1,019,168**	$ 995,795
Materials and supplies	**812,841**	**620,648**	481,455
Contracted services	**1,182,383**	**1,178,572**	1,114,150
Rents and financial services	**12,372**	**33,034**	39,198
Transfer payments	**32,737**	**32,737**	31,169
Amortization of tangible capital assets	**-**	**488,590**	494,350
Accretion of asset retirement obligation	**-**	**36,081**	11,528
	$ 3,171,586	**$ 3,408,830**	$ 3,167,645

19. Segmented Information

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

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

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

The activities that are included in each functional line of services 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 the operations of solid waste disposal and recycling.

Health services consists of cemetery maintenance.

Recreational 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

December 31, 2025

19. Segmented Information (continued)

2025	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreational and Cultural Services	Planning and Development	Total
Revenues								
Property taxation	$ 2,223,181	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,223,181
Taxation from other governments	50,303	-	-	-	-	-	-	50,303
User charges	43,177	87,560	53,966	126,434	4,420	10,572	8,831	334,960
Charges to other municipalities	-	38,639	-	-	-	-	-	38,639
Federal grants	24,848	-	84,987	-	-	-	-	109,835
Provincial grants	57,635	314,512	101,500	46,507	-	177,648	-	697,802
Investment income	74,514	-	-	-	-	-	-	74,514
Penalties and interest on taxes	46,873	-	-	-	-	-	-	46,873
Donations and fundraising	-	45	-	-	-	2,420	-	2,465
(Loss) gain on disposal of tangible capital assets	-	-	33,714	-	-	-	-	33,714
Total Revenue	$ 2,520,531	$ 440,756	$ 274,167	$ 172,941	$ 4,420	$ 190,640	$ 8,831	$ 3,612,286
Expenses								
Wages and benefits	$ 475,210	$ 118,247	$ 361,724	$ -	$ -	$ 63,987	$ -	$ 1,019,168
Materials and supplies	78,482	64,235	360,471	12,127	-	105,333	-	620,648
Contracted services	157,849	520,210	138,289	236,167	23,943	63,061	39,053	1,178,572
Rent and financial services	28,038	3,522	1,474	-	-	-	-	33,034
Transfer payments	-	32,737	-	-	-	-	-	32,737
Amortization of tangible capital assets	64,735	68,688	294,921	13,802	-	46,444	-	488,590
Accretion of asset retirement obligation	-	-	-	36,081	-	-	-	36,081
Total Expenses	$ 804,314	$ 807,639	$ 1,156,879	$ 298,177	$ 23,943	$ 278,825	$ 39,053	$ 3,408,830

19. Segmented Information (continued)

2024	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreational and Cultural Services	Planning and Development	Total
Revenues								
Property taxation	$ 2,113,130	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,113,130
Taxation from other governments	48,815	-	-	-	-	-	-	48,815
User charges	30,693	93,567	6,484	106,997	12,722	30,135	5,750	286,349
Charges to other municipalities	-	37,597	-	-	-	-	-	37,597
Federal grants	9,971	-	82,875	-	-	-	-	92,846
Provincial grants	64,899	292,036	100,717	72,077	-	4,831	-	534,560
Investment income	131,530	-	-	-	-	-	-	131,530
Penalties and interest on taxes	40,108	-	-	-	-	-	-	40,108
Donations and fundraising	-	120	-	-	-	612	-	732
(Loss) gain on disposal of tangible capital assets	-	-	(26,606)	-	-	-	-	(26,606)
Total Revenue	$ 2,439,146	$ 423,320	$ 163,470	$ 179,074	$ 12,722	$ 35,578	$ 5,750	$ 3,259,061
Expenses								
Wages and benefits	$ 462,017	$ 120,291	$ 361,207	$ -	$ -	$ 52,281	$ -	$ 995,795
Materials and supplies	109,008	82,065	216,519	9,100	-	64,593	169	481,455
Contracted services	123,970	511,618	69,335	293,176	27,750	57,841	30,460	1,114,150
Rent and financial services	33,193	4,312	1,693	-	-	-	-	39,198
Transfer payments	-	31,169	-	-	-	-	-	31,169
Amortization of tangible capital assets	64,643	63,877	309,429	17,398	-	39,003	-	494,350
Accretion of asset retirement obligation	-	-	-	11,528	-	-	-	11,528
Total Expenses	$ 792,831	$ 813,331	$ 958,183	$ 331,202	$ 27,750	$ 213,718	$ 30,630	$ 3,167,645