

**Township of Front of
Yonge
Consolidated
Financial Statements
For the year ended December 31, 2022**

**Township of Front of Yonge
Consolidated Financial Statements
For the year ended December 31, 2022**

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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, 2022, and the consolidated statements of operations and accumulated surplus, changes 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 Township as at December 31, 2022, and the results of its consolidated operations, changes in its 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Township to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Kingston, Ontario

August 14, 2023

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

MANAGEMENT REPORT

**Township of Front of Yonge
For the Year Ended December 31, 2022**

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

August 17/23

Treasurer



Date

Aug 17/23.

Corporation of the Township of Front of Yonge

Consolidated Statement of Financial Position

December 31, 2022, with comparative figures for 2021

	2022	2021
Financial assets		
Cash (note 1)	\$ 259,274	\$ 454,224
Guaranteed investment certificates and accrued interest (note 2)	625,264	653,203
Investment in The Public Sector Group of Funds bond fund (market value \$254,702; 2021 - \$265,414)	293,280	288,768
Taxes receivable	104,784	94,239
Other receivables	193,503	43,331
	1,476,105	1,533,765
Financial liabilities		
Accounts payable and accrued liabilities	85,148	196,767
Deferred revenues - obligatory reserve funds (note 4)	-	327
Deferred grant revenues (note 4)	23,973	62,008
Employee future benefits (note 5)	66,140	56,690
Solid waste landfill closure and post-closure liabilities (note 6)	264,000	264,000
Debentures payable (note 7)	350,028	396,412
Obligation under capital lease (note 7)	4,311	54,924
	793,600	1,031,128
Net financial assets	682,505	502,637
Non-financial assets		
Tangible capital assets (note 8)	5,444,426	5,298,526
Accumulated surplus (note 12)	\$ 6,126,931	\$ 5,801,163

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, 2022, with comparative figures for 2021

	Budget 2022	Actual 2022	Actual 2021
(Note 16)			
Revenues			
Property taxation	\$ 1,900,268	\$ 1,902,371	\$ 1,846,897
Taxation from other governments	42,350	45,958	44,180
User charges	215,770	300,401	268,114
Charges to other municipalities	35,227	35,228	34,099
Federal grants (note 11)	229,597	315,653	190,451
Provincial grants (note 11)	826,522	575,793	429,638
Investment income	7,500	48,126	24,480
Penalties and interest on taxes	35,000	33,000	36,038
Donations	-	16,902	8,184
Gain on disposal of tangible capital assets	15,000	-	27,110
	3,307,234	3,273,432	2,909,191
Expenses			
General government	667,882	671,469	519,458
Protection to persons and property	715,528	761,715	745,734
Transportation services	580,119	924,215	868,358
Environmental services	285,443	259,809	288,711
Health services	15,500	20,455	14,755
Recreation and cultural services	180,528	271,314	197,385
Planning and development	25,500	38,687	32,863
	2,470,500	2,947,664	2,667,264
Annual surplus	836,734	325,768	241,927
Accumulated surplus, beginning of year		5,801,163	5,559,236
Accumulated surplus, end of year (note 12)		\$ 6,126,931	\$ 5,801,163

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, 2022, with comparative figures for 2021

	Budget	Actual	Actual
	2022	2022	2021
Annual surplus	\$ 836,734	\$ 325,768	\$ 241,927
Acquisition of tangible capital assets	(678,650)	(617,948)	(933,302)
Amortization of tangible capital assets	-	472,048	462,354
Gain on disposal of tangible capital assets	-	-	(27,110)
Proceeds from disposal of tangible capital assets	-	-	27,110
Change in net financial assets	(678,650)	179,868	(229,021)
Net financial assets, beginning of year		502,637	731,658
Net financial assets, end of year		\$ 682,505	\$ 502,637

Corporation of the Township of Front of Yonge

Consolidated Statement of Cash Flows

December 31, 2022, with comparative figures for 2021

	2022	2021
Cash Provided by (used for)		
Operating activities		
Annual surplus	\$ 325,768	\$ 241,927
Items not involving cash		
Amortization of tangible capital assets (note 8)	472,048	462,354
Gain on disposal of capital assets	-	(27,110)
Change in employee future benefits liability	9,450	9,840
Change in taxes receivable	(10,545)	99,060
Change in other receivables	(150,172)	44,941
Change in accounts payable and accrued liabilities	(111,619)	30,403
Change in deferred revenues - obligatory reserve funds	(327)	327
Change in deferred grant revenues	(38,035)	7,704
	496,568	869,446
Financing activities		
Advances of debentures	-	377,634
Principal payments on debentures	(46,384)	(28,414)
Repayments of obligations under capital lease	(50,613)	(48,636)
	(96,997)	300,584
Investing activities		
Decrease (Increase) in guaranteed investment certificates	27,939	(2,369)
(Increase) in investment in The Public Sector Group of Funds bond fund	(4,512)	(4,651)
	23,427	(7,020)
Capital activities		
Acquisition of tangible capital assets (note 8)	(617,948)	(933,302)
Proceeds from disposal of tangible capital assets	-	27,110
	(617,948)	(906,192)
Increase in cash and short-term investments	(194,950)	256,818
Cash, beginning of year	454,224	197,406
Cash, end of year	\$ 259,274	\$ 454,224

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

Township of Front of Yonge Summary of Significant Accounting Policies

December 31, 2022

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 \$2,067,489.

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.

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.

Township of Front of Yonge Summary of Significant Accounting Policies

December 31, 2022

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	\$ 1,900,268	\$ 1,900,675
Supplemental Taxes	-	17,453
Total Taxation Revenues	1,900,268	1,918,128
Less: Write-offs	-	(15,757)
Net Revenue from Taxation	\$ 1,900,268	\$ 1,902,371

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.

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.

Township of Front of Yonge Summary of Significant Accounting Policies

December 31, 2022

Other Revenues (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.

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 such as parental and short-term sick leaves.

Solid Waste Landfill Closure and Post-Closure Liabilities

The Township accrues closing the solid landfill site and post-closure costs related to the site as the landfill's capacity is used. These costs include final covering and landscaping of the site, pumping of ground water and leachates from the site and ongoing environmental monitoring, site inspection and maintenance. The reported liabilities have been recognized based on management's best estimate of future expenses, long-term inflation rates and discount rates.

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

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.

Township of Front of Yonge Summary of Significant Accounting Policies

December 31, 2022

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 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.

- 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.

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.

Township of Front of Yonge Summary of Significant Accounting Policies

December 31, 2022

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.

Township of Front of Yonge Notes to Consolidated Financial Statements

December 31, 2022

1. Cash

The Township invests its cash with one or more Canadian Schedule I banks. The Township's bank deposits earned interest at rates ranging from 0.00% to 4.215% during the year.

2. Guaranteed investment certificates and accrued interest

Guaranteed investment certificates mature at various dates from August 2023 to January 2027. The interest rates range from 1.58% to 5.11%.

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, 2022 or 2021.

The credit facility bears interest at the bank's prime rate minus 0.50%. The relevant prime rate was 6.45% at December 31, 2022 (2021 - 2.45%).

Township of Front of Yonge Notes to Consolidated Financial Statements

December 31, 2022

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:

	2022	2021
Balance, beginning of the year	\$ 327	\$ -
Amounts received		
Gas tax funding	82,681	162,165
OCIF	50,000	50,000
Interest	341	327
	133,349	212,492
Amounts transferred to capital	133,349	212,165
Balance, end of the year	\$ -	\$ 327

Other deferred revenues consist of a \$23,973 of unspent grant monies from the Ministry of Municipal Affairs and Housing for Covid-19 relief and recovery operating expenses.

Township of Front of Yonge Notes to Consolidated Financial Statements

December 31, 2022

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 2% (2021 – 2%) and the Bank of Canada targeted inflation rate of 2.0% (2021 – 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.

	2022	2021
Accrued benefits obligation, beginning of year	\$ 56,690	\$ 46,850
Add: Current period benefit cost	9,450	9,840
Accrued benefits obligation, end of year	\$ 66,140	\$ 56,690

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, 2022 is \$64,700 (2021 - \$63,224).

Township of Front of Yonge Notes to Consolidated Financial Statements

December 31, 2022

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 71,735 cubic meters (2021 – 73,382 cubic meters) and the site has an estimated remaining life of more than 34 years (2021 – 34 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 estimated discount rate of 2.0%, reflecting the average cost of borrowing and target Bank of Canada inflation rate. The recorded liabilities have been determined as follows:

	2022	2021
Estimated costs to complete closure	\$ 595,000	\$ 595,000
Less: amount to be recognized in future	(431,747)	(431,747)
Recorded closure liabilities	\$ 163,253	\$ 163,253
Estimated costs to complete post-closure	\$ 440,000	\$ 440,000
Less: amount to be recognized in future	(339,253)	(339,253)
Recorded post-closure liabilities	\$ 100,747	\$ 100,747
Total solid waste landfill closure and post-closure liability	\$ 264,000	\$ 264,000

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, 2022 is \$386,481 (2021 - \$367,025) (*note 13*).

Township of Front of Yonge Notes to Consolidated Financial Statements

December 31, 2022

7. Net Long-Term Liabilities

In February 2014, 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.

In 2020, the Municipality entered into a capital lease arrangement with John Deere Financial to finance the purchase of a backhoe for road operations. The capital lease is payable in monthly payments of \$4,324, including interest at a rate of 3.99%. The imputed interest over the life of the capital lease will be \$8,696. The capital lease expires January 2023 and includes a \$1 buy-out option, which the Municipality intends to exercise.

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.

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

	Principal
2023	\$51,745
2024	48,508
2025	36,942
2026	37,699
2027	38,472
Thereafter	140,972
	\$354,339

The amount of interest relating to the above liabilities that is reported as an expense in the statement of operations is \$10,315 (2021 - \$8,379), of which \$2,186 (2021 - \$3,249) relates to interest paid on the capital lease.

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.

**Township of Front of Yonge
Notes to Consolidated Financial Statements**

December 31, 2022

8. Tangible Capital Assets

Cost	Balance, December 31, 2021	Additions (net of transfers)	Disposals / Transfers	Balance, December 31, 2022
General capital				
Land	\$ 79,938	\$ -	\$ -	\$ 79,938
Land improvements	315,970	66,006	-	381,976
Buildings	1,692,117	223,097	-	1,915,214
Machinery, furniture and equipment	418,288	30,710	-	448,998
Vehicles	2,019,451	39,890	-	2,059,341
Infrastructure				
Roads infrastructure	6,712,271	258,245	-	6,970,516
Street lighting	42,175	-	-	42,175
Capital assets under construction	-	-	-	-
Total	\$ 11,280,210	\$ 617,948	\$ -	\$ 11,898,158
Accumulated amortization	Balance, December 31, 2021	Amortization	Disposals	Balance, December 31, 2022
General capital				
Land improvements	\$ 59,311	\$ 19,108	\$ -	\$ 78,419
Buildings	787,877	49,275	-	837,152
Machinery, furniture and equipment	277,744	24,409	-	302,153
Vehicles	1,056,009	111,593	-	1,167,602
Infrastructure				
Roads infrastructure	3,787,035	265,554	-	4,052,589
Street lighting	13,708	2,109	-	15,817
Total	\$ 5,981,684	\$ 472,048	\$ -	\$ 6,453,732

Township of Front of Yonge Notes to Consolidated Financial Statements

December 31, 2022

8. Tangible Capital Assets (continued)

	Net book value December 31, 2021	Net book value December 31, 2022
General capital		
Land	\$ 79,938	\$ 79,938
Land improvements	256,659	303,557
Buildings	904,240	1,078,062
Machinery, furniture and equipment	140,544	146,845
Vehicles	963,442	891,739
Infrastructure		
Roads infrastructure	2,925,236	2,917,927
Street lighting	28,467	26,358
Total	\$ 5,298,526	\$ 5,444,426

There were no assets under construction at year end. Of the \$617,948 of tangible capital asset additions during the year, all of which were financed with cash.

9. Commitments

- a) The Township has a one year contract for waste collection through to December 31, 2023. The annual cost of this contract is estimated at \$28,600 plus HST.
 - b) The Township has a one year contract for custodian services through to December 31, 2023. The annual cost of this contract is estimated at \$15,300.
 - c) 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.
-

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.

Township of Front of Yonge Notes to Consolidated Financial Statements

December 31, 2022

11. Government Grants

Included in government grants is \$575,793 (2021 - \$429,638) of provincial grants and \$315,653 (2021 - \$190,451) of federal grants.

12. Accumulated Surplus

a) The accumulated surplus consists of:

	2022	2021
Operating surplus (deficit)		
Operations of the municipality	\$ 284,293	\$ 134,623
Reserve and reserve funds (note 13):		
Reserves	135,000	135,000
Reserve funds	947,691	1,005,040
	1,082,691	1,140,040
Equity in Tangible capital assets		
Tangible capital assets	5,444,426	5,298,526
Long-term liabilities unfunded	(354,339)	(451,336)
	5,090,087	4,847,190
Unfunded liabilities		
Employee future benefits	(66,140)	(56,690)
Solid waste landfill closure and post-closure liabilities	(264,000)	(264,000)
	(330,140)	(320,690)
	\$ 6,126,931	\$ 5,801,163

Township of Front of Yonge Notes to Consolidated Financial Statements

December 31, 2022

13. Reserves and reserve funds

Reserve funds consist of:

	2022	2021
Reserves:		
Working capital	\$ 81,800	\$ 81,800
Uncollected taxes	53,200	53,200
	\$ 135,000	\$ 135,000
Reserve funds:		
Acquisition of capital assets:		
Roads	\$ 97,823	\$ 85,590
Fire equipment	241,315	230,807
Roads resurfacing	74,932	73,221
Information technology	806	8,787
Other equipment	31,855	31,128
Library	19,952	19,497
Landfill closure and post closure	386,481	367,025
Employee future benefits	64,700	63,224
Covid-19 fund	29,500	125,434
Federal gas tax	327	327
	\$ 947,691	\$ 1,005,040

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 \$49,844 (2021 - \$47,040) and are included as expenses in the consolidated statement of operations and accumulated surplus.

The most recent actuarial valuation was at December 31, 2022. The December 31, 2022 financial statements of OMERS report net assets available for benefits of \$124 billion and an actuarial funding deficit of \$6.7 billion.

Township of Front of Yonge Notes to Consolidated Financial Statements

December 31, 2022

15. Trust Funds

Trust funds administered by the Township amounting to \$32,874 (2021 - \$30,109) 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 2022 operating budget approved by Council on April 4, 2022.

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 20. 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:

	<u>Budget</u>
Approved budget annual surplus (deficit)	\$ -
Add: Capital expenses	678,650
Add: Net transfer to (from) reserve and reserve funds	60,174
Add: Net debt to be repaid by Township	97,910
	<hr/>
	\$ 836,734

Budget figures reported on the Consolidated Statement of Operations are based on 2021 operating and capital budgets as approved by Council on April 4, 2022 (By-law 013-2022) and includes subsequent council approved amendments. Budget figures reported in these financial statements are not subject to an audit.

Township of Front of Yonge Notes to Consolidated Financial Statements

December 31, 2022

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

During 2022 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	
	2022	2021	2022	2021
Property taxes	\$ 703,043	\$ 724,794	\$ 1,336,293	\$ 1,302,191
Payments in lieu of taxes	4,375	4,878	23,778	22,616
Ending balance	\$ 707,418	\$ 729,672	\$ 1,360,071	\$ 1,324,807

18. Expenses by Object

The following is a summary of the expenses by object:

	Budget 2022	Actual 2022	Actual 2021
Salaries, wages and benefits	\$ 818,420	\$ 826,255	\$ 784,085
Materials and supplies	599,663	612,499	451,126
Contracted services	1,011,719	995,567	932,347
Rents and financial services	11,903	12,502	9,556
Transfer payments	28,795	28,793	27,796
Amortization of tangible capital assets	-	472,048	462,354
	\$ 2,470,500	\$ 2,947,664	\$ 2,667,264

Township of Front of Yonge Notes to Consolidated Financial Statements

December 31, 2022

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, 2022

20. Segmented Information (continued)

2022	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreational and Cultural Services	Planning and Development	Total
Revenues								
Property taxation	\$ 1,902,371	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,902,371
Taxation from other governments	45,958	-	-	-	-	-	-	45,958
User charges	54,436	90,067	6,860	108,902	21,171	10,820	8,155	300,401
Charges to other municipalities	-	35,228	-	-	-	-	-	35,228
Federal grants	166,056	-	82,881	-	-	66,916	-	315,653
Provincial grants	71,232	290,715	100,658	63,288	-	49,900	-	575,793
Investment income	48,126	-	-	-	-	-	-	48,126
Penalties and interest on taxes	33,000	-	-	-	-	-	-	33,000
Donations and fundraising	-	5,210	-	-	-	11,692	-	16,902
Gain on sale of land held for sale	-	-	-	-	-	-	-	-
Total Revenue	\$ 2,321,179	\$ 421,220	\$ 190,189	\$ 172,190	\$ 21,171	\$ 139,328	\$ 8,155	\$ 3,273,432
Expenses								
Wages and benefits	\$ 390,800	\$ 104,451	\$ 283,637	\$ -	\$ -	\$ 47,367	\$ -	\$ 826,255
Materials and supplies	113,520	91,924	253,332	17,046	-	136,323	354	612,499
Contracted services	153,683	464,003	35,754	230,739	20,455	52,600	38,333	995,567
Rent and financial services	2,188	6,011	4,303	-	-	-	-	12,502
Transfer payments	-	28,793	-	-	-	-	-	28,793
Amortization of tangible capital assets	11,278	66,533	347,189	12,024	-	35,024	-	472,048
Total Expenses	\$ 671,469	\$ 761,715	\$ 924,215	\$ 259,809	\$ 20,455	\$ 271,314	\$ 38,687	\$ 2,947,664

Corporation of the Township of Front of Yonge

Notes to Consolidated Financial Statements

December 31, 2021

20. Segmented Information (continued)

2021	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreational and Cultural Services	Planning and Development	Total
Revenues								
Property taxation	\$ 1,846,897	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,846,897
Taxation from other governments	44,180	-	-	-	-	-	-	44,180
User charges	36,254	84,819	6,747	114,215	5,623	10,166	10,290	268,114
Charges to other municipalities	-	34,099	-	-	-	-	-	34,099
Federal grants	28,286	-	162,165	-	-	-	-	190,451
Provincial grants	60,811	283,489	50,652	34,686	-	-	-	429,638
Investment income	24,480	-	-	-	-	-	-	24,480
Penalties and interest on taxes	36,038	-	-	-	-	-	-	36,038
Donations and fundraising	-	7,674	-	-	-	510	-	8,184
Gain on sale of land held for sale	-	8,405	18,705	-	-	-	-	27,110
Total Revenue	\$ 2,076,946	\$ 418,485	\$ 238,269	\$ 148,901	\$ 5,623	\$ 10,676	\$ 10,290	\$ 2,909,191
Expenses								
Wages and benefits	\$ 363,590	\$ 95,493	\$ 276,655	\$ -	\$ -	\$ 48,347	\$ -	\$ 784,085
Materials and supplies	79,778	91,015	185,974	28,044	-	64,731	1,584	451,126
Contracted services	67,629	473,014	44,512	249,973	14,755	51,185	31,279	932,347
Rent and financial services	2,455	2,716	4,385	-	-	-	-	9,556
Transfer payments	-	27,796	-	-	-	-	-	27,796
Amortization of tangible capital assets	6,006	55,700	356,832	10,694	-	33,122	-	462,354
Total Expenses	\$ 519,458	\$ 745,734	\$ 868,358	\$ 288,711	\$ 14,755	\$ 197,385	\$ 32,863	\$ 2,667,264