

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

Year ended December 31, 2017

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Front of Yonge, which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Front of Yonge as at December 31, 2017 and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Brockville, Ontario

August 7, 2018

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

CORPORATION OF THE TOWNSHIP OF FRONT OF YONGE
Consolidated Statement of Financial Position

December 31, 2017, with comparative figures for 2016

	2017	2016
Financial assets		
Cash	\$ 211,980	\$ 151,597
Guaranteed investment certificates and accrued interest <i>(note 2)</i>	516,457	458,766
Investment in The Public Sector Group of Funds bond fund (market value \$245,548; 2016 - \$245,919)	264,754	258,979
Taxes receivable	271,487	269,622
Other receivables	128,723	109,338
Land held for resale	-	10,033
	1,393,401	1,258,335
Financial liabilities		
Accounts payable and accrued liabilities	199,792	178,330
Deferred grant revenues	44,450	41,031
Developer deposit	30,000	30,000
Obligation under capital lease <i>(note 4)</i>	-	14,048
Promissory note and debenture payable <i>(note 5)</i>	79,208	105,749
Employee future benefits <i>(note 6)</i>	66,390	92,220
Solid waste landfill closure and post-closure liabilities <i>(note 7)</i>	196,000	192,000
	615,840	653,378
Net financial assets	777,561	604,957
Non-financial assets		
Tangible capital assets <i>(note 8)</i>	4,533,162	4,650,771
Accumulated surplus <i>(note 9)</i>	\$ 5,310,723	\$ 5,255,728

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, 2017, with comparative figures for 2016

	Budget 2017	Actual 2017	Actual 2016
	<i>(note 11)</i>		
Revenues			
Property taxation	\$ 1,575,001	\$ 1,571,161	\$ 1,514,495
Taxation from other governments	42,100	42,801	41,588
User charges	187,385	201,089	195,477
Charges to other municipalities	47,584	48,082	32,143
Federal grants	135,000	135,151	138,102
Provincial grants	315,739	331,927	293,383
Other grants	16,000	16,000	-
Investment income	3,500	21,876	19,810
Penalties and interest on taxes	42,500	46,876	44,172
Donations	5,120	8,491	30,894
Contribution from cemetery	-	-	35,446
Gain on disposal of land held for resale	15,000	4,967	-
Gain on disposal of tangible capital assets	-	1,000	16,597
	2,384,929	2,429,421	2,362,107
Expenses			
General government	472,341	461,763	436,934
Protection to persons and property	687,423	690,922	712,417
Transportation services	570,422	816,483	715,646
Environmental services	151,100	170,340	137,049
Health services	17,220	12,030	14,368
Recreation and cultural services	153,348	166,849	131,087
Planning and development	63,737	56,039	53,192
	2,115,591	2,374,426	2,200,693
Annual surplus	\$ 269,338	54,995	161,414
Accumulated surplus, beginning of year		5,255,728	5,094,314
Accumulated surplus, end of year		\$ 5,310,723	\$ 5,255,728

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, 2017, with comparative figures for 2016

	Budget 2017	Actual 2017	Actual 2016
	<i>(note 11)</i>		
Annual surplus	\$ 269,338	\$ 54,995	\$ 161,414
Acquisition of tangible capital assets	(198,500)	(197,706)	(272,338)
Amortization of tangible capital assets	-	315,315	307,956
Gain on disposal of tangible capital assets	-	(1,000)	(16,597)
Proceeds from disposal of tangible capital assets	-	1,000	23,437
Change in net financial assets	70,838	172,604	203,872
Net financial assets, beginning of year	604,597	604,957	401,085
Net financial assets, end of year	\$ 675,795	\$ 777,561	\$ 604,957

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, 2017, with comparative figures for 2016

	2017	2016
Cash provided by (used for)		
Operating activities		
Annual surplus	\$ 54,995	\$ 161,414
Items not involving cash:		
Amortization of tangible capital assets	315,315	307,956
Gain on disposal of tangible capital assets	(1,000)	(16,597)
Gain on disposal of land held for resale	(4,967)	–
Increase (decrease) in Employee future benefits	(25,830)	7,190
Increase (decrease) in solid waste landfill closure and post-closure liabilities	4,000	(4,000)
Change in non-cash working capital:		
Increase in taxes receivable	(1,865)	(47,656)
Increase in other receivables	(19,385)	(46,996)
Increase in accounts payable and accrued liabilities	21,462	33,417
Increase (decrease) in deferred grant revenues	3,419	(615)
Decrease in deferred revenues – obligatory federal gasoline tax reserve fund	–	(4,354)
	346,144	389,759
Financing activities		
Principal payments on obligations under capital leases	(14,048)	(32,102)
Principal payments on promissory note	(16,465)	(13,518)
Principal payments on debenture	(10,076)	(9,793)
	(40,589)	(55,413)
Investing activities		
Increase in guaranteed investment certificates and accrued interest	(57,691)	(41,004)
Increase in investment in The Public Sector Group of Funds bond fund	(5,775)	(5,923)
	(63,466)	(46,927)
Capital activities		
Acquisition of tangible capital assets	(197,706)	(272,338)
Proceeds from disposal of tangible capital assets	1,000	23,437
Proceeds from disposal of land held for resale	15,000	–
	(181,706)	(248,901)
Increase in cash	60,383	38,518
Cash, beginning of year	151,597	113,079
Cash, end of year	\$ 211,980	\$ 151,597

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, 2017

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, 2017

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, 2017

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 2200 Related Party Disclosures

In March 2015, as part of the CPA Canada Public Sector Accounting Handbook Revisions Release No. 42, the Public Sector Accounting Board (PSAB) issued a new standard, PS 2200 Related Party Disclosures.

This new Section defines related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

This section is effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted.

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

PS 3210 Assets

In June 2015, new PS 3210 Assets was included in the DPA Canada Public Sector Accounting Handbook (PSA HB). The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts. The main features of this standard are as follows:

Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.

Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation, and voluntary contributions.

The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.

A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset, if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.

CORPORATION OF THE TOWNSHIP OF FRONT OF YONGE

Notes to Consolidated Financial Statements

Year ended December 31, 2017

1. Significant accounting policies (continued)

Recent accounting pronouncements (continued)

PS 3210 Assets (continued)

A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries.

An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

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

PS 3320 Contingent Assets

In June 2015, new PS 3320 Contingent Assets 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:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.

Passing legislation that has retroactive application after the financial statement date cannot create an existing condition or situation at the financial statement date.

Elected or public sector entity officials announcing public sector entity intentions after the financial statement date cannot create an existing condition or situation at the financial statement date.

Disclosure should include existence, nature, and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the bases for any estimates of extent made.

When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

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

PS 3380 Contractual Rights

In June 2015, new PS3380 Contractual Rights was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). This new Section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Standard are as follows:

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

CORPORATION OF THE TOWNSHIP OF FRONT OF YONGE

Notes to Consolidated Financial Statements

Year ended December 31, 2017

1. Significant accounting policies (continued)

Recent accounting pronouncements (continued)

PS 3380 Contractual Rights (continued)

Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.

Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

Disclosure should include descriptions about nature, extent, and timing.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

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

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.

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.

CORPORATION OF THE TOWNSHIP OF FRONT OF YONGE

Notes to Consolidated Financial Statements

Year ended December 31, 2017

2. Guaranteed investment certificates and accrued interest

Guaranteed investment certificates mature at various dates from August 2018 to November 2022. The interest rates range from 1.65% to 2.75%.

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, 2017 or 2016.

The credit facility bears interest at the bank's prime rate minus 0.05%. The relevant prime rate was 3.2% at December 31, 2017 (2016 2.7%).

4. Obligation under capital lease

The amount of interest relating to the capital lease obligation that is included as an expense in the statement of operations is \$245 (2016 - \$2,198).

5. Promissory note and debenture payable

	2017	2016
Debenture payable	\$ 79,208	\$ 89,284
Promissory note payable to Ontario Infrastructure and Lands corporation	-	16,465
	\$ 79,208	\$ 105,749

(a) 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.

(b) Principal is due on the above liabilities as follows:

2018	\$	10,368
2019		10,669
2020		10,978
2021		11,297
2022		11,625
Thereafter		24,271
	\$	79,208

(c) The amount of interest relating to the above liabilities that is reported as an expense in the statement of operations is \$2,549 (2016 - \$3,088).

(d) The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

CORPORATION OF THE TOWNSHIP OF FRONT OF YONGE

Notes to Consolidated Financial Statements

Year ended December 31, 2017

6. 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% (2016 – 4%) and the Bank of Canada targeted inflation rate of 2.0% (2016 – 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.

	2017	2016
Accrued benefits obligation, beginning of year	\$ 92,220	\$ 85,030
Add: Current period benefit cost	80	7,190
Less: Benefits paid during the year	(25,910)	–
Accrued benefits obligation, end of year	\$ 66,390	\$ 92,220

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, 2017 is \$37,340 (2016 - \$36,549) (note 10).

7. 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 top soil 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 78,350 cubic meters (2016 – 83,800 cubic meters) and the site has an estimated remaining life of more than 31 years (2016 – 33 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 4.9% (2016 – 4.6%) and the Bank of Canada targeted inflation rate of 2.0% (2016 – 2.0%). The recorded liabilities have been determined as follows:

	2017			2016
	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	843,000
Recorded liabilities	\$ 125,000	\$ 71,000	\$ 196,000	\$ 192,000

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, 2017 is \$311,486 (2016 - \$284,602) (note 10).

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

Year ended December 31, 2017

8. Tangible capital assets

Cost	Balance December 31, 2016	Additions and transfers	Disposals	Balance December 31, 2017
General capital:				
Land	\$ 79,938	\$ -	\$ -	\$ 79,938
Land improvements	38,126	20,933	-	59,059
Buildings	1,364,807	2,003	-	1,366,810
Machinery, furniture and equipment	346,188	-	-	346,188
Vehicles	1,256,177	21,802	(162,405)	1,440,384
Vehicles under capital lease	202,405	-	202,405	-
Roads infrastructure	5,604,126	151,696	-	5,755,822
Street lighting	42,175	-	-	42,175
Capital assets under construction	-	1,272	-	1,272
Total	\$ 8,933,924	\$ 197,706	\$ 40,000	\$ 9,091,648

Accumulated Amortization	Balance December 31, 2016	Additions and transfers	Disposals	Balance December 31, 2017
General capital:				
Land improvements	\$ 14,296	\$ 2,716	\$ -	\$ 17,012
Buildings	599,855	31,062	-	630,917
Machinery, furniture and equipment	161,653	23,839	-	185,492
Vehicles	867,653	47,436	(34,217)	949,306
Vehicles under capital lease	60,723	13,494	74,217	-
Roads infrastructure	2,575,828	194,659	-	2,770,487
Street lighting	3,163	2,109	-	5,272
Total	\$ 4,283,171	\$ 315,315	\$ 40,000	\$ 4,558,486

	Net book value December 31, 2016	Net book value December 31, 2017
General capital:		
Land	\$ 79,938	\$ 79,938
Land improvements	23,830	42,047
Buildings	764,952	735,893
Machinery, furniture and equipment	184,535	160,696
Vehicles	388,524	491,078
Vehicles under capital lease	141,682	-
Roads infrastructure	3,028,298	2,985,335
Street lighting	39,012	36,903
Capital assets under construction	-	1,272
Total	\$ 4,650,771	\$ 4,533,162

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

Year ended December 31, 2017

9. Accumulated surplus

The accumulated surplus consists of the following:

	2017	2016
Operating surplus (deficit):		
Operations of the municipality	\$ 211,068	\$ 147,226
Library board	-	(1,169)
	<u>211,068</u>	<u>146,057</u>
Reserve and reserve funds (note 10):		
Reserves	107,200	107,200
Reserve funds	800,891	745,684
	<u>908,091</u>	<u>852,884</u>
Land held for resale	-	10,033
Equity in Tangible capital assets		
Tangible capital assets	4,533,162	4,650,771
Obligations under capital leases unfunded	-	(14,048)
Long-term liabilities unfunded	(79,208)	(105,749)
	<u>4,453,954</u>	<u>4,530,974</u>
Unfunded liabilities:		
Employee future benefits	(66,390)	(92,220)
Solid waste landfill closure and post-closure liabilities	(196,000)	(192,000)
	<u>(262,390)</u>	<u>(284,220)</u>
	<u>\$ 5,310,723</u>	<u>\$ 5,255,728</u>

10. Reserves and reserve funds

Reserves and reserve funds consist of the following:

	2017	2016
Reserves:		
Working capital	\$ 54,000	\$ 54,000
Uncollected taxes	53,200	53,200
Total reserves	<u>\$ 107,200</u>	<u>\$ 107,200</u>
Reserve funds:		
Acquisition of capital assets:		
- roads	\$ 45,286	\$ 42,356
- fire equipment	311,363	296,883
- roads resurfacing	37,773	27,123
- information technology	12,770	12,499
- other equipment	28,389	27,787
- library	13,080	11,577
Landfill closure and post-closure costs	311,486	284,602
Payne children bursary fund	3,404	6,308
Employee future benefits	37,340	36,549
Total reserve funds	<u>\$ 800,891</u>	<u>\$ 745,684</u>

CORPORATION OF THE TOWNSHIP OF FRONT OF YONGE

Notes to Consolidated Financial Statements

Year ended December 31, 2017

11. Budget

The budget data presented in these consolidated financial statements is based upon the 2017 operating budget approved by Council on April 18, 2017.

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 16. 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	\$	–
Add: Capital expenses		198,500
Debt principal payments		50,588
Net transfer to reserve and reserve funds		20,250
Budget annual surplus, per statement of operations	\$	269,338

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

During 2017 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	
	2017	2016	2017	2016
Property taxes	\$ 810,067	\$ 849,516	\$ 1,202,937	\$ 1,197,821
Payments in lieu of taxes	5,545	5,865	27,099	20,723
	\$ 815,612	\$ 855,381	\$ 1,230,036	\$ 1,218,544

13. Expenses by object

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

	2017	2016
Wages and benefits	\$ 690,838	\$ 674,730
Materials and supplies	474,478	419,638
Contracted services	844,834	764,268
Rents and financial services	25,197	10,960
Transfer payments	23,764	23,141
Amortization	315,315	307,956
	\$ 2,374,426	\$ 2,200,693

CORPORATION OF THE TOWNSHIP OF FRONT OF YONGE

Notes to Consolidated Financial Statements

Year ended December 31, 2017

14. 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 \$40,412 (2016 - \$37,738) and are included as expenses in the consolidated statement of operations.

The most recent actuarial valuation was at December 31, 2017 and the December 31, 2017 financial statements of OMERS report net assets of \$95 billion and an actuarial funding deficit of \$5.4 billion.

15. Trust Fund

Trust funds administered by the Municipality amounting to \$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.

16. 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
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Year ended December 31, 2017

16. 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

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16. Segmented information (continued):

2016	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	Total
Revenues								
Property taxation	\$1,514,495	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,514,495
Taxation from other governments	41,588	-	-	-	-	-	-	41,588
User charges	19,167	49,760	2,175	93,114	6,698	12,643	11,920	195,477
Charges to other municipalities	-	31,493	-	-	-	650	-	32,143
Federal grants	-	-	88,100	-	-	-	-	88,100
Provincial grants	207,022	-	25,000	39,776	-	71,587	-	343,385
Investment income	19,810	-	-	-	-	-	-	19,810
Penalties and interest on taxes	44,172	-	-	-	-	-	-	44,172
Donations	150	1,570	-	-	-	29,174	-	30,894
Contribution from cemetery (note 2)	-	-	-	-	35,446	-	-	35,446
Gain on disposal of tangible capital assets	-	16,597	-	-	-	-	-	16,597
	\$1,846,404	\$99,420	\$115,275	\$132,890	\$ 42,144	\$ 114,054	\$ 11,920	\$2,362,107
Expenses								
Wages and benefits	\$ 336,960	\$ 83,388	\$216,524	\$ 9,063	\$ -	\$ 28,795	\$ -	\$ 674,730
Materials and supplies	56,461	84,000	183,863	10,613	2,721	66,994	14,986	419,638
Contracted services	34,869	470,577	74,820	115,877	11,647	18,272	38,206	764,268
Rent and financial services	2,022	2,783	8,852	(2,697)	-	-	-	10,960
Transfer payments	-	23,141	-	-	-	-	-	23,141
	430,312	663,889	484,059	132,856	14,368	114,061	53,192	1,892,737
Amortization	6,622	48,528	231,587	4,193	-	17,026	-	307,956
	\$ 436,934	\$ 712,417	\$715,646	\$137,049	\$ 14,368	\$131,087	\$ 53,192	\$2,200,693