
**THE CORPORATION OF
THE TOWNSHIP OF JOLY**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

THE CORPORATION OF THE TOWNSHIP OF JOLY
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Independent auditor's report

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Township of Joly

Opinion

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

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

Basis for Opinion

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Township and the organizations it controls 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

North Bay, Canada
June 11, 2019

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF JULY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash (<i>Note 4</i>)	\$ 838,495	\$ 577,729
Investments (<i>Notes 4, 5</i>)	149,712	148,966
Taxes receivable	112,452	119,606
Accounts receivable	29,550	38,214
Inventories held for resale	-	46,394
	1,130,209	930,909
LIABILITIES		
Accounts payable and accrued liabilities	68,903	84,206
Deferred revenue-general (<i>Note 6</i>)	3,958	1,083
Deferred revenue-obligatory reserve funds (<i>Note 7</i>)	63,097	46,600
Municipal debt (<i>Note 8</i>)	32,166	43,250
Employee benefits payable (<i>Note 9</i>)	22,665	15,826
	190,789	190,965
NET FINANCIAL ASSETS	939,420	739,944
NON-FINANCIAL ASSETS		
Tangible capital assets - net (<i>Note 11</i>)	2,419,558	2,497,579
Inventories of supplies	18,394	10,551
Prepaid expenses	15,172	18,460
	2,453,124	2,526,590
ACCUMULATED SURPLUS (<i>Note 12</i>)	\$ 3,392,544	\$ 3,266,534
Contingencies (<i>Note 2</i>)		
Contractual Obligations (<i>Note 10</i>)		

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

THE CORPORATION OF THE TOWNSHIP OF JULY
CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget 2018 <i>(see Note 14)</i>	Actual 2018	Actual 2017
REVENUE			
Property taxes	\$ 665,000	\$ 668,833	\$ 655,911
User charges	7,200	11,213	12,626
Government transfers	335,719	335,330	325,471
Other	140,212	140,131	155,477
TOTAL REVENUE	1,148,131	1,155,507	1,149,485
EXPENSES			
General government	357,170	356,369	265,862
Protection to persons and property	132,653	127,617	129,787
Transportation services	396,920	337,841	383,769
Environmental services	22,260	22,245	21,944
Health services	72,149	71,062	63,639
Social and family services	42,460	42,438	40,990
Recreation and cultural services	43,247	40,290	39,192
Planning and development	36,278	31,635	27,120
TOTAL EXPENSES	1,103,137	1,029,497	972,303
ANNUAL SURPLUS <i>(Note 12)</i>	44,994	126,010	177,182
ACCUMULATED SURPLUS, BEGINNING OF YEAR	3,266,534	3,266,534	3,089,352
ACCUMULATED SURPLUS, END OF YEAR	\$ 3,311,528	\$ 3,392,544	\$ 3,266,534

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF JULY
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget 2018 <i>(see Note 14)</i>	Actual 2018	Actual 2017
Annual surplus	\$ 44,994	\$ 126,010	\$ 177,182
Acquisition of tangible capital assets	(86,000)	(86,838)	(146,151)
Contributed tangible capital assets	-	(6,877)	(800)
Amortization of tangible capital assets	153,029	153,196	158,012
(Gain) Loss on disposal of tangible capital assets	-	18,540	(69,212)
Proceeds from disposal of tangible capital assets	-	-	184,560
Change in supplies inventories	-	(7,843)	24,333
Change in prepaid expenses	-	3,288	(2,029)
Increase in net financial assets	112,023	199,476	325,895
Net financial assets, beginning of year	739,944	739,944	414,049
Net financial assets, end of year	\$ 851,967	\$ 939,420	\$ 739,944

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF JULY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
Operating transactions		
Annual surplus	\$ 126,010	\$ 177,182
Non-cash charges to operations:		
Amortization	153,196	158,012
(Gain) Loss on disposal of tangible capital assets	18,540	(69,212)
Change in employee benefits payable	6,839	5,563
	304,585	271,545
Changes in non-cash items:		
Taxes receivable	7,154	(960)
Accounts receivable	8,664	(12,200)
Inventories held for resale	46,394	(43,287)
Accounts payable and accrued liabilities	(15,303)	28,560
Deferred revenue-general	2,875	(1,260)
Deferred revenue-obligatory reserve funds	16,497	(687)
Inventories of supplies	(7,843)	24,333
Prepaid expenses	3,288	(2,029)
	61,726	(7,530)
Cash provided by operating transactions	366,311	264,015
Capital transactions		
Acquisition of tangible capital assets	(86,838)	(146,151)
Contributed tangible capital assets	(6,877)	(800)
Proceeds from disposal of tangible capital assets	-	184,560
Cash provided by (applied to) capital transactions	(93,715)	37,609
Investing transactions		
Change in investments	(746)	(22,731)
Cash applied to investing transactions	(746)	(22,731)
Financing transactions		
Debt principal repayments	(11,084)	(10,706)
Cash applied to financing transactions	(11,084)	(10,706)
Net change in cash	260,766	268,187
Cash, beginning of year	577,729	309,542
Cash, end of year	\$ 838,495	\$ 577,729
Cash flow supplementary information:		
Cash paid for interest	\$ 1,276	\$ 1,532

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018

Management Responsibility

The consolidated financial statements of the Corporation of the Township of Joly (the "Municipality") are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of significant accounting policies is provided in Note 1. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenue, expenses and accumulated surplus balances of the reporting entity. The reporting entity is comprised of all committees of Council and the boards, joint boards and municipal enterprises for which Council is politically accountable as follows:

(i) Proportionally consolidated entities

The following joint boards and committees are proportionally consolidated:

Sundridge and District Medical Centre
 Sundridge-Strong-Joly Arena and Hall
 Joint Building Committee
 Central Almaguin Economic Development Association

Inter-organizational transactions and balances between these organizations are eliminated.

(ii) Non-consolidated entities

The following joint boards are not consolidated:

North Bay Parry Sound District Health Unit
 Parry Sound District Social Services Administration Board
 District of Parry Sound (East) Home for the Aged

(iii) Accounting for school board transactions

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

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2018

(b) Basis of Accounting

(i) Accrual basis of accounting

Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Cash

Cash includes cash on hand and balances held at financial institutions.

(iii) Investments

Investments are recorded at cost plus accrued interest.

(iv) Non-financial assets

Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of municipal services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(a) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets received as donations are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements - 20 years
Buildings - 20 to 50 years
Machinery, equipment and furniture - 5 to 20 years
Vehicles - 8 to 23 years
Roads - 8 to 75 years
Bridges - 60 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Interest related to the acquisition of capital assets is not capitalized, but is expensed in the year incurred.

(b) Inventories of supplies

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

(v) Reserves and reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Consolidated Statement of Financial Position.

THE CORPORATION OF THE TOWNSHIP OF JULY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018

- (vi) Government transfers
Government transfers are recognized in the financial statements as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Consolidated Statement of Operations as the stipulation liabilities are settled.
- (vii) Deferred revenue
Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the Consolidated Statement of Financial Position. The revenue is reported on the Consolidated Statement of Operations in the year in which it is used for the specified purpose.
- (viii) Taxation and related revenue
Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. Property tax billings are prepared by the Municipality based on assessment rolls, supplementary assessment rolls and other assessment adjustments issued by the Municipal Property Assessment Corporation ("MPAC"). Taxation revenue is initially recorded at the time assessment information is received from MPAC and is subsequently adjusted based on management's best estimate of the amount of tax revenue resulting from assessment adjustments that have not yet been received from MPAC. The Municipality is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.
- (ix) Pensions and employee benefits
The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Obligations for sick leave and employee retirement gratuities under employee benefits payable are accrued as the employees render the services necessary to earn the benefits.
- (x) 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 revenue and expenses during the period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Municipality may undertake in the future. Significant accounting estimates include valuation allowances for taxes and accounts receivable, estimated useful lives of tangible capital assets, employee benefits payable, and supplementary taxes. Actual results could differ from these estimates.

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

Further to Note 1(a)(ii), the following contributions were made by the Municipality to these boards:

	2018	2017
District of Parry Sound Social Services Administration Board	\$ 25,819	\$ 25,484
North Bay Parry Sound District Health Unit	8,421	8,421
District of Parry Sound (East) Home for the Aged	16,488	15,359
	\$ 50,728	\$ 49,264

The Municipality is contingently liable for its share, if any, of the accumulated deficits as at the end of the year for these boards. The Municipality's share of the accumulated surpluses (or deficits) of these boards has not been determined at this time.

The Municipality is also contingently liable for its share, if any, of the long-term liabilities issued by other municipalities for these boards. The Municipality's share of these long-term liabilities has not been determined at this time.

3. TRANSACTIONS ON BEHALF OF OTHERS

During the year, \$96,208 of taxation was collected on behalf of school boards (2017 \$98,124).

4. RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments of \$63,097 (2017 \$46,600) are included in the cash and investment balances reported on the Consolidated Statement of Financial Position. Federal and Provincial legislation restricts how restricted cash and investments related to obligatory reserve funds, reported in Note 7, may be used.

5. INVESTMENTS

Investments are comprised of guaranteed investment certificates, bearing interest at .5% and maturing between February 20, 2019 and June 16, 2019.

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018

6. DEFERRED REVENUE-GENERAL

Details of the deferred revenue reported on the Consolidated Statement of Financial Position are as follows:

	2018	2017
Balance, beginning of year:		
Sundridge and District Medical Centre	\$ 233	\$ 1,069
Central Almaguin Economic Development Association	-	1,203
Other	850	71
	<u>1,083</u>	<u>2,343</u>
Received during the year:		
Sundridge and District Medical Centre	33,737	30,029
Central Almaguin Economic Development Association	15,775	57
Other	975	850
	<u>50,487</u>	<u>30,936</u>
Recognized in revenue during the year	<u>(47,612)</u>	<u>(32,196)</u>
Balance, end of year	\$ 3,958	\$ 1,083
Sundridge and District Medical Centre	\$ -	\$ 233
Central Almaguin Economic Development Association	2,983	-
Other	975	850
Balance, end of year	\$ 3,958	\$ 1,083

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2018

7. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

The Municipality receives payments in lieu of parkland under the Planning Act, building permit revenue under the Building Code Act and federal gas tax funding under an agreement with the Association of Municipalities of Ontario. Legislation restricts how these funds may be used, and under certain circumstances, how these funds may be refunded.

In the case of payments in lieu of parkland, revenue recognition occurs when the Municipality has approved eligible expenditures for park and other public recreation purposes. Building permit revenue is recognized when applicable building expenditures are incurred. Gas tax revenue recognition occurs when the Municipality has approved the expenditures for eligible capital works. Historically, the Municipality has applied its gas tax funding to local road and bridge improvements.

Details of the deferred revenue-obligatory reserve funds reported on the Consolidated Statement of Financial Position are as follows:

	2018	2017
Balance, beginning of year:		
Recreational land (the Planning Act)	\$ 2,100	\$ 2,100
Building Code Act	3,862	2,328
Federal Gas Tax	40,638	42,859
Balance, beginning of year	\$ 46,600	\$ 47,287
Received during the year:		
Building Code Act	-	1,534
Federal Gas Tax	18,091	17,575
Interest earned	251	204
	18,342	19,313
Recognized in revenue during the year	(1,845)	(20,000)
Balance, end of year	\$ 63,097	\$ 46,600
Recreational land (the Planning Act)	\$ 2,116	\$ 2,100
Building Code Act	2,017	3,862
Federal Gas Tax	58,964	40,638
Balance, end of year	\$ 63,097	\$ 46,600

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018

8. MUNICIPAL DEBT

(a) The balance of the municipal debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2018	2017
Loan payable, due September 2021, repayable in monthly payments of \$1,061, including interest calculated at 3.99%. As security, the Municipality has pledged the equipment to which the loan relates.	\$ 32,166	\$ 43,250

(b) Future estimated principal and interest payments on the municipal debt are as follows:

	Principal	Interest
2019	\$ 11,658	\$ 1,072
2020	12,132	598
2021	8,376	126
	\$ 32,166	\$ 1,796

(c) Total charges for the year for municipal debt which are reported in the financial statements are as follows:

	2018	2017
Principal payments	\$ 11,084	\$ 10,706
Interest	1,276	1,532
	\$ 12,360	\$ 12,238

9. EMPLOYEE BENEFITS PAYABLE

(a) Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and qualifying employees may become entitled to a cash payment when they leave the Municipality's employment. The sick leave benefit liability estimates the use of accumulated sick leave prior to retirement, as well as any lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The liability for these accumulated days amounted to \$22,415 (2017 \$15,599) at the end of the year.

(b) Under the retirement gratuity policy, qualifying employees are entitled to a payout, upon retirement, based on length of service and rate of pay. The retirement gratuity liability estimates the lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The liability for the retirement gratuity is estimated at \$250 (2017 \$227) at the end of the year.

10. CONTRACTUAL OBLIGATIONS

In 2018 the Municipality agreed to lease property from the Corporation of the Township of Strong for a one-year term commencing January 1, 2019 at cost of \$14,161.

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2018

11. TANGIBLE CAPITAL ASSETS

The tangible capital assets of the Municipality by major asset class are outlined below.

2018							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 11,753	\$ 288,840	\$ 210,692	\$ 541,222	\$ 3,890,190	\$ -	\$ 4,942,697
Additions and betterments	-	-	7,651	-	77,508	1,679	86,838
Contributed assets	-	-	-	-	6,877	-	6,877
Disposals and writedowns	-	-	(4,923)	-	(120,392)	-	(125,315)
BALANCE, END OF YEAR	11,753	288,840	213,420	541,222	3,854,183	1,679	4,911,097
ACCUMULATED AMORTIZATION							
Balance, beginning of year	372	196,959	134,175	373,269	1,740,343	-	2,445,118
Annual amortization	58	6,824	19,138	31,117	96,059	-	153,196
Amortization disposals	-	-	(2,462)	-	(104,313)	-	(106,775)
BALANCE, END OF YEAR	430	203,783	150,851	404,386	1,732,089	-	2,491,539
TANGIBLE CAPITAL ASSETS-NET	\$ 11,323	\$ 85,057	\$ 62,569	\$ 136,836	\$ 2,122,094	\$ 1,679	\$ 2,419,558
2017							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 90,480	\$ 337,840	\$ 242,523	\$ 499,685	\$ 3,858,730	\$ -	\$ 5,029,258
Additions and betterments	3,297	-	456	50,799	91,599	-	146,151
Contributed assets	800	-	-	-	-	-	800
Disposals and writedowns	(82,824)	(49,000)	(32,287)	(9,262)	(60,139)	-	(233,512)
BALANCE, END OF YEAR	11,753	288,840	210,692	541,222	3,890,190	-	4,942,697
ACCUMULATED AMORTIZATION							
Balance, beginning of year	314	222,966	136,382	344,391	1,701,217	-	2,405,270
Annual amortization	58	7,313	19,347	34,057	97,237	-	158,012
Amortization disposals	-	(33,320)	(21,554)	(5,179)	(58,111)	-	(118,164)
BALANCE, END OF YEAR	372	196,959	134,175	373,269	1,740,343	-	2,445,118
TANGIBLE CAPITAL ASSETS-NET	\$ 11,381	\$ 91,881	\$ 76,517	\$ 167,953	\$ 2,149,847	\$ -	\$ 2,497,579

THE CORPORATION OF THE TOWNSHIP OF JULY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018

12. ACCUMULATED SURPLUS

The 2018 continuity of accumulated surplus reported on the Consolidated Statement of Financial Position is as follows:

	Balance Beginning of Year	Annual Surplus (Deficit)	Balance End of Year
RESERVES AND RESERVE FUNDS			
Working funds	\$ 175,518	\$ -	\$ 175,518
Capital	352,919	254,700	607,619
Airport proceeds	136,396	-	136,396
Medical Centre	4,484	-	4,484
Arena	2,039	200	2,239
	671,356	254,900	926,256
OTHER			
Consolidated tangible capital assets	2,497,579	(78,021)	2,419,558
General operating surplus (deficit) -			
Municipality	148,448	(53,464)	94,984
Medical Centre	4,040	(276)	3,764
Arena	3,167	2,202	5,369
Central Almaguin Economic Development Association	4,230	(4,536)	(306)
Unfunded amounts -			
Municipal debt	(43,250)	11,084	(32,166)
Employee benefits payable	(15,826)	(6,839)	(22,665)
Medical Centre capital	(3,210)	960	(2,250)
	\$ 3,266,534	\$ 126,010	\$ 3,392,544

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2018

13. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT

The Municipality and its Boards and Committees provide a wide range of services to its citizens. The schedule of segment disclosure provides a breakdown of the annual surplus (deficit) reported on the Consolidated Statement of Operations by major reporting segment. The segments correspond to the major functional categories used in the Municipality's Financial Information Return, which include the following activities:

General Government

This segment includes Council, Clerk's Department, and Treasury. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues relating to governance, strategic planning and service delivery.

Protection to Persons and Property

This segment includes fire, police, building inspection, and bylaw enforcement. Police services are provided by the Ontario Provincial Police under contract.

Transportation Services

Transportation services include roadway systems, airport services and winter control.

Environmental Services

This segment includes solid waste management.

Health Services

This segment includes cemeteries, ambulance services as well as payments to the district health unit.

Social and Family Services

This segment consists primarily of payments made to the district social services administration board and home for the aged for the provision of social services such as childcare, social housing, general assistance and assistance to the elderly.

Recreation and Culture

This segment includes parks, recreation programs, recreation facilities and library services.

Planning and Development

This segment includes activities related to planning, zoning and economic development.

Unallocated Amounts

Items are recorded as unallocated amounts when there is no reasonable basis for allocating them to a segment. Major items included in this category are property taxation and related penalty and interest charges, and the municipality's annual Ontario Municipal Partnership Fund unconditional grant.

In the preparation of segmented financial information, some allocation of expenses is made. This generally includes charges of administrative time to specific segments.

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018

13. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2018

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 668,833	\$ 668,833
User charges	1,552	300	-	-	-	-	5,161	4,200	-	11,213
Government transfers -										
Canada	-	-	-	-	-	-	-	12,792	-	12,792
Ontario	-	489	50,000	-	33,971	-	851	-	230,400	315,711
Other municipalities	-	2,896	-	-	-	-	-	3,931	-	6,827
Loss on disposal of capital assets	-	-	(18,540)	-	-	-	-	-	-	(18,540)
Other	82,213	13,721	9,944	-	10,669	-	9,985	848	31,291	158,671
TOTAL REVENUE	83,765	17,406	41,404	-	44,640	-	15,997	21,771	930,524	1,155,507
EXPENSES										
Salaries, wages and benefits	193,362	8,015	84,871	-	15,114	-	19,894	15,631	-	336,887
Long-term debt charges (interest)	1,276	-	-	-	-	-	-	-	-	1,276
Materials	102,802	867	120,850	-	5,810	-	12,393	5,079	-	247,801
Contracted services	39,575	118,120	1,535	22,245	38,398	-	2,788	10,617	-	233,278
Rents and financial expenses	3,437	300	-	-	1,516	-	34	308	-	5,595
External transfers	105	-	-	-	8,921	42,438	-	-	-	51,464
Amortization	15,812	315	130,585	-	1,303	-	5,181	-	-	153,196
TOTAL EXPENSES	356,369	127,617	337,841	22,245	71,062	42,438	40,290	31,635	-	1,029,497
ANNUAL SURPLUS (DEFICIT)	\$ (272,604)	\$ (110,211)	\$ (296,437)	\$ (22,245)	\$ (26,422)	\$ (42,438)	\$ (24,293)	\$ (9,864)	\$ 930,524	\$ 126,010

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018

13. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2017

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 655,911	\$ 655,911
User charges	2,543	450	4,003	-	-	-	5,630	-	-	12,626
Government transfers -										
Canada	-	38	20,000	-	-	-	167	1,260	685	22,150
Ontario	-	452	50,000	-	30,865	-	851	-	211,300	293,468
Other municipalities	-	4,457	-	-	-	-	-	5,396	-	9,853
Gain on disposal of capital assets	-	-	69,212	-	-	-	-	-	-	69,212
Other	10,664	18,483	13,578	-	10,175	-	10,719	30	22,616	86,265
TOTAL REVENUE	13,207	23,880	156,793	-	41,040	-	17,367	6,686	890,512	1,149,485
EXPENSES										
Salaries, wages and benefits	175,730	17,795	90,454	-	9,222	-	17,738	2,427	-	313,366
Long-term debt charges (interest)	1,532	-	-	-	-	-	-	-	-	1,532
Materials	36,163	1,565	156,347	-	3,983	-	12,995	1,556	-	212,609
Contracted services	34,385	109,530	1,268	21,944	39,511	-	3,194	23,020	-	232,852
Rents and financial expenses	1,739	572	289	-	1,244	-	44	117	-	4,005
External transfers	501	10	-	-	8,421	40,990	5	-	-	49,927
Amortization	15,812	315	135,411	-	1,258	-	5,216	-	-	158,012
TOTAL EXPENSES	265,862	129,787	383,769	21,944	63,639	40,990	39,192	27,120	-	972,303
ANNUAL SURPLUS (DEFICIT)	\$ (252,655)	\$ (105,907)	\$ (226,976)	\$ (21,944)	\$ (22,599)	\$ (40,990)	\$ (21,825)	\$ (20,434)	\$ 890,512	\$ 177,182

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2018

14. BUDGET FIGURES

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the adopted and reported budgets is presented below.

	Budget
ADOPTED BUDGET:	
Decrease in general municipal operating surplus	\$ (148,440)
Increase in municipal reserves and reserve funds	254,700
Decrease in joint board general operating surplus and reserves	(7,197)
ADJUSTMENTS:	
Acquisition of tangible capital assets	86,000
Amortization of tangible capital assets	(153,029)
Change in long-term debt	12,000
Change in Medical Centre unfinanced capital	960
ANNUAL SURPLUS	\$ 44,994

15. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2018. The results of this valuation disclosed total actuarial liabilities of \$100,081 million with respect to benefits accrued for service with actuarial assets at that date of \$95,890 million indicating an actuarial deficit of \$4,191 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2018 was \$16,348 (2017 \$15,918) for current service and is included as an expense on the Consolidated Statement of Operations.

16. RELATED PARTY TRANSACTIONS

During the normal course of operations, the Municipality purchased goods in the amount of \$56,241 (2017 \$68,000) from a company owned by a Councillor. These transactions are recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

In addition, in 2018 the Municipality received a donation of goods and services in the amount of \$6,877 from a company owned by a Councillor. This donation is recorded at its fair value, which is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.