
**THE CORPORATION OF
THE TOWNSHIP OF JOLY**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017

THE CORPORATION OF THE TOWNSHIP OF JOLY
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Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Joly which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statements of operations and accumulated surplus, 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 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 Joly as at December 31, 2017, and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

North Bay, Canada
October 10, 2018

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF JULY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash <i>(Note 4)</i>	\$ 577,729	\$ 309,542
Investments <i>(Note 5)</i>	148,966	126,235
Taxes receivable	119,606	118,646
Accounts receivable	38,214	26,014
Inventories held for resale	46,394	3,107
	930,909	583,544
LIABILITIES		
Accounts payable and accrued liabilities	84,206	55,646
Deferred revenue-general <i>(Note 6)</i>	1,083	2,343
Deferred revenue-obligatory reserve funds <i>(Note 7)</i>	46,600	47,287
Municipal debt <i>(Note 8)</i>	43,250	53,956
Employee benefits payable <i>(Note 10)</i>	15,826	10,263
	190,965	169,495
NET FINANCIAL ASSETS	739,944	414,049
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>(Note 12)</i>	2,497,579	2,623,988
Inventories of supplies	10,551	34,884
Prepaid expenses	18,460	16,431
	2,526,590	2,675,303
ACCUMULATED SURPLUS <i>(Note 13)</i>	\$ 3,266,534	\$ 3,089,352

Contingencies *(Notes 2, 11)*

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, 2017

	Budget 2017 <i>(see Note 15)</i>	Actual 2017	Actual 2016
REVENUE			
Property taxes	\$ 648,595	\$ 655,911	\$ 619,752
User charges	12,560	12,626	12,624
Government transfers	328,870	325,471	268,970
Other	75,710	155,477	74,011
TOTAL REVENUE	1,065,735	1,149,485	975,357
EXPENSES			
General government	274,820	265,862	253,983
Protection to persons and property	135,730	129,787	100,054
Transportation services	447,415	383,769	439,509
Environmental services	22,060	21,944	21,555
Health services	75,266	63,639	64,984
Social and family services	41,000	40,990	40,399
Recreation and cultural services	41,971	39,192	42,059
Planning and development	27,034	27,120	23,964
TOTAL EXPENSES	1,065,296	972,303	986,507
ANNUAL SURPLUS (DEFICIT) <i>(Note 13)</i>	439	177,182	(11,150)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	3,089,352	3,089,352	3,100,502
ACCUMULATED SURPLUS, END OF YEAR	\$ 3,089,791	\$ 3,266,534	\$ 3,089,352

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, 2017

	Budget 2017 <i>(see Note 15)</i>	Actual 2017	Actual 2016
Annual surplus (deficit)	\$ 439	\$ 177,182	\$ (11,150)
Acquisition of tangible capital assets	(150,000)	(146,151)	(50,157)
Contributed tangible capital assets	-	(800)	-
Amortization of tangible capital assets	157,958	158,012	164,947
(Gain) Loss on disposal of tangible capital assets	-	(69,212)	10,902
Proceeds from disposal of tangible capital assets	-	184,560	36
Change in supplies inventories	-	24,333	1,203
Change in prepaid expenses	-	(2,029)	573
Increase in net financial assets	8,397	325,895	116,354
Net financial assets, beginning of year	414,049	414,049	297,695
Net financial assets, end of year	\$ 422,446	\$ 739,944	\$ 414,049

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF JOLY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
Operating transactions		
Annual surplus (deficit)	\$ 177,182	\$ (11,150)
Non-cash charges to operations:		
Amortization	158,012	164,947
(Gain) Loss on disposal of tangible capital assets	(69,212)	10,902
Change in employee benefits payable	5,563	(11,999)
	271,545	152,700
Changes in non-cash items:		
Taxes receivable	(960)	(5,718)
Accounts receivable	(12,200)	95,846
Inventories held for resale	(43,287)	2,204
Accounts payable and accrued liabilities	28,560	(144,634)
Deferred revenue-general	(1,260)	1,081
Deferred revenue-obligatory reserve funds	(687)	17,936
Inventories of supplies	24,333	1,203
Prepaid expenses	(2,029)	573
	(7,530)	(31,509)
Cash provided by operating transactions	264,015	121,191
Capital transactions		
Acquisition of tangible capital assets	(146,151)	(50,157)
Contributed tangible capital assets	(800)	-
Proceeds from disposal of tangible capital assets	184,560	36
Cash provided by (applied to) capital transactions	37,609	(50,121)
Investing transactions		
Change in investments	(22,731)	(703)
Cash applied to investing transactions	(22,731)	(703)
Financing transactions		
Debt principal repayments	(10,706)	(10,376)
Cash applied to financing transactions	(10,706)	(10,376)
Net change in cash	268,187	59,991
Cash, beginning of year	309,542	249,551
Cash, end of year	\$ 577,729	\$ 309,542
Cash flow supplementary information:		
Cash paid for interest	\$ 1,532	\$ 1,860

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, 2017

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, 2017

(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 JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2017

- (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, 2017

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2017	2016
District of Parry Sound Social Services Administration Board	\$ 25,484	\$ 25,449
North Bay Parry Sound District Health Unit	8,421	8,421
District of Parry Sound (East) Home for the Aged	15,359	14,826
	\$ 49,264	\$ 48,696

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, \$98,124 of taxation was collected on behalf of school boards (2016 \$104,813).

4. CASH

Cash is comprised of:

	2017	2016
Unrestricted cash	\$ 531,129	\$ 262,255
Restricted cash	46,600	47,287
	\$ 577,729	\$ 309,542

Federal and Provincial legislation restricts how restricted cash 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, 2018 and June 16, 2018.

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2017

6. DEFERRED REVENUE-GENERAL

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

	2017	2016
Balance, beginning of year:		
Sundridge and District Medical Centre	\$ 1,069	\$ 1,133
Central Almaguin Economic Development Association	1,203	58
Other	71	71
	<u>2,343</u>	<u>1,262</u>
Received during the year:		
Sundridge and District Medical Centre	30,029	31,875
Central Almaguin Economic Development Association	57	8,657
Other	850	-
	<u>30,936</u>	<u>40,532</u>
Recognized in revenue during the year	<u>(32,196)</u>	<u>(39,451)</u>
Balance, end of year	\$ 1,083	\$ 2,343
Sundridge and District Medical Centre	\$ 233	\$ 1,069
Central Almaguin Economic Development Association	-	1,203
Other	850	71
Balance, end of year	\$ 1,083	\$ 2,343

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2017

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:

	2017	2016
Balance, beginning of year:		
Recreational land (the Planning Act)	\$ 2,100	\$ 2,100
Building Code Act	2,328	1,795
Federal Gas Tax	42,859	25,456
Balance, beginning of year	\$ 47,287	\$ 29,351
Received during the year:		
Building Code Act	1,534	533
Federal Gas Tax	17,575	17,269
Interest earned	204	134
	19,313	17,936
Recognized in revenue during the year	(20,000)	-
Balance, end of year	\$ 46,600	\$ 47,287
Recreational land (the Planning Act)	\$ 2,100	\$ 2,100
Building Code Act	3,862	2,328
Federal Gas Tax	40,638	42,859
Balance, end of year	\$ 46,600	\$ 47,287

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2017

8. MUNICIPAL DEBT

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

	2017	2016
Loan payable, due September 2018, repayable in monthly payments of \$1,020, including interest calculated at 3.12%. As security, the Municipality has pledged the equipment to which the loan relates.	\$ 43,250	\$ 53,956

(b) In September 2018, the loan was renewed at 3.99% for 3 years with monthly blended payments of \$1,061. Future estimated principal and interest payments on the municipal debt are as follows:

	Principal	Interest
2018	\$ 10,148	\$ 1,192
2019	11,620	1,110
2020	12,092	638
2021	9,390	157
	\$ 43,250	\$ 3,097

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

	2017	2016
Principal payments	\$ 10,706	\$ 10,376
Interest	1,532	1,860
	\$ 12,238	\$ 12,236

9. CREDIT FACILITY AGREEMENT

The Municipality has credit facility agreement with the Royal Bank of Canada of \$100,000 (2016 \$100,000) which was unused at the end of the year. As security, the Municipality has pledged its revenue.

10. 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 \$15,599 (2016 \$10,263) 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 \$227 (2016 NIL) at the end of the year.

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2017

11. CONTINGENCIES

The Municipality is involved from time to time in litigation, which arises in the normal course of business. With respect to outstanding claims, the Municipality believes that insurance coverage is adequate, and that no material exposure exists on the eventual settlement of such litigation. Therefore, no provision has been made in the accompanying financial statements.

12. TANGIBLE CAPITAL ASSETS

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

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
2016							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 90,480	\$ 337,999	\$ 239,275	\$ 499,685	\$ 3,861,968	\$ -	\$ 5,029,407
Additions and betterments	-	1,410	3,559	-	45,188	-	50,157
Disposals and writedowns	-	(1,569)	(311)	-	(48,426)	-	(50,306)
BALANCE, END OF YEAR	90,480	337,840	242,523	499,685	3,858,730	-	5,029,258
ACCUMULATED AMORTIZATION							
Balance, beginning of year	257	215,663	116,895	307,395	1,639,481	-	2,279,691
Annual amortization	57	7,805	19,612	36,996	100,477	-	164,947
Amortization disposals	-	(502)	(125)	-	(38,741)	-	(39,368)
BALANCE, END OF YEAR	314	222,966	136,382	344,391	1,701,217	-	2,405,270
TANGIBLE CAPITAL ASSETS-NET	\$ 90,166	\$ 114,874	\$ 106,141	\$ 155,294	\$ 2,157,513	\$ -	\$ 2,623,988

THE CORPORATION OF THE TOWNSHIP OF JULY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2017

13. ACCUMULATED SURPLUS

The 2017 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	296,859	56,060	352,919
Airport proceeds	-	136,396	136,396
Medical Centre	-	4,484	4,484
Arena	1,839	200	2,039
	474,216	197,140	671,356
OTHER			
Consolidated tangible capital assets	2,623,988	(126,409)	2,497,579
General operating surplus (deficit) -			
Municipality	55,235	93,213	148,448
Medical Centre	4,468	(428)	4,040
Arena	(1,689)	4,856	3,167
Central Almaguin Economic Development Association	1,523	2,707	4,230
Unfunded amounts -			
Municipal debt	(53,956)	10,706	(43,250)
Employee benefits payable	(10,263)	(5,563)	(15,826)
Medical Centre capital	(4,170)	960	(3,210)
	\$ 3,089,352	\$ 177,182	\$ 3,266,534

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2017

14. 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, 2017

14. 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, 2017

14. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2016

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 619,752	\$ 619,752
User charges	1,640	902	6,115	-	-	-	3,967	-	-	12,624
Government transfers -										
Canada	-	20	-	-	27	-	183	7,454	679	8,363
Ontario	-	286	24,612	-	31,938	-	851	-	195,400	253,087
Other municipalities	-	4,120	-	-	-	-	73	3,327	-	7,520
Loss on disposal of capital assets	-	-	(9,685)	-	-	-	(1,217)	-	-	(10,902)
Other	12,592	12,118	13,090	-	10,210	-	9,879	83	26,941	84,913
TOTAL REVENUE	14,232	17,446	34,132	-	42,175	-	13,736	10,864	842,772	975,357
EXPENSES										
Salaries, wages and benefits	169,094	8,684	129,134	-	11,643	-	16,920	9,126	-	344,601
Long-term debt charges (interest)	1,860	-	-	-	-	-	-	-	-	1,860
Materials	32,562	1,477	154,451	-	4,216	-	16,040	1,432	-	210,178
Contracted services	32,186	89,328	13,110	21,555	38,002	-	3,899	12,859	-	210,939
Rents and financial expenses	1,819	250	375	-	1,490	-	31	247	-	4,212
External transfers	650	-	-	-	8,421	40,399	-	300	-	49,770
Amortization	15,812	315	142,439	-	1,212	-	5,169	-	-	164,947
TOTAL EXPENSES	253,983	100,054	439,509	21,555	64,984	40,399	42,059	23,964	-	986,507
ANNUAL SURPLUS (DEFICIT)	\$ (239,751)	\$ (82,608)	\$ (405,377)	\$ (21,555)	\$ (22,809)	\$ (40,399)	\$ (28,323)	\$ (13,100)	\$ 842,772	\$ (11,150)

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2017

15. 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	\$ (55,230)
Increase in municipal reserves and reserve funds	56,060
Decrease in joint board general operating surplus and reserves	(4,103)
ADJUSTMENTS:	
Acquisition of tangible capital assets	150,000
Amortization of tangible capital assets	(157,958)
Change in long-term debt	10,710
Change in Medical Centre unfinanced capital	960
ANNUAL SURPLUS	\$ 439

16. 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, 2017. The results of this valuation disclosed total actuarial liabilities of \$94,431 million with respect to benefits accrued for service with actuarial assets at that date of \$89,028 million indicating an actuarial deficit of \$5,403 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 2017 was \$15,918 (2016 \$9,675) for current service and is included as an expense on the Consolidated Statement of Operations.

17. RELATED PARTY TRANSACTIONS

During the normal course of operations, the Municipality purchased goods in the amount of \$68,000 (2016 \$62,626) from a company owned by a Councillor. All related party transactions are recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

18. COMPARATIVE FIGURES

Certain prior year figures presented for comparative purposes have been reclassified to conform to the presentation adopted for the current year.