
**THE CORPORATION OF
THE TOWNSHIP OF JOLY**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

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, 2019, 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, 2019, 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 9, 2020

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF JOLY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash (Note 4)	\$ 568,067	\$ 838,495
Investments (Notes 4, 5)	872,040	149,712
Taxes receivable	117,813	112,452
Accounts receivable	36,643	29,550
	1,594,563	1,130,209
LIABILITIES		
Accounts payable and accrued liabilities	63,147	68,903
Deferred revenue-general (Note 6)	19,143	3,958
Deferred revenue-obligatory reserve funds (Note 7)	145,499	63,097
Municipal debt (Note 8)	20,508	32,166
Employee benefits payable (Note 9)	21,490	22,665
	269,787	190,789
NET FINANCIAL ASSETS	1,324,776	939,420
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 11)	2,377,243	2,419,558
Inventories of supplies	38,023	18,394
Prepaid expenses	20,878	15,172
	2,436,144	2,453,124
ACCUMULATED SURPLUS (Note 12)	\$ 3,760,920	\$ 3,392,544

Contingencies (Note 2)
Contractual Obligations (Note 10)

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

THE CORPORATION OF THE TOWNSHIP OF JOLY
CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget 2019 <i>(see Note 15)</i>	Actual 2019	Actual 2018
REVENUE			
Property taxes	\$ 675,475	\$ 678,196	\$ 668,833
User charges	6,980	7,209	11,213
Government transfers	347,316	546,856	335,330
Restructuring net revenue <i>(Note 14)</i>	-	1,467	-
Other	65,265	107,415	140,131
TOTAL REVENUE	1,095,036	1,341,143	1,155,507
EXPENSES			
General government	351,410	323,158	356,369
Protection to persons and property	134,030	137,298	127,617
Transportation services	410,580	305,745	337,841
Environmental services	22,640	22,399	22,245
Health services	78,287	71,595	71,062
Social and family services	43,220	43,221	42,438
Recreation and cultural services	45,862	44,625	40,290
Planning and development	26,732	24,726	31,635
TOTAL EXPENSES	1,112,761	972,767	1,029,497
ANNUAL SURPLUS (DEFICIT) <i>(Note 12)</i>	(17,725)	368,376	126,010
ACCUMULATED SURPLUS, BEGINNING OF YEAR	3,392,544	3,392,544	3,266,534
ACCUMULATED SURPLUS, END OF YEAR	\$ 3,374,819	\$ 3,760,920	\$ 3,392,544

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF JOLY
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget 2019 <i>(see Note 15)</i>	Actual 2019	Actual 2018
Annual surplus (deficit)	\$ (17,725)	\$ 368,376	\$ 126,010
Acquisition of tangible capital assets	(81,550)	(123,519)	(86,838)
Contributed tangible capital assets - net	-	(1,467)	(6,877)
Amortization of tangible capital assets	150,933	151,095	153,196
(Gain) Loss on disposal of tangible capital assets	-	(15,834)	18,540
Proceeds from disposal of tangible capital assets	-	32,040	-
Change in supplies inventories	-	(19,629)	(7,843)
Change in prepaid expenses	-	(5,706)	3,288
Increase in net financial assets	51,658	385,356	199,476
Net financial assets, beginning of year	939,420	939,420	739,944
Net financial assets, end of year	\$ 991,078	\$ 1,324,776	\$ 939,420

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, 2019

	2019	2018
Operating transactions		
Annual surplus	\$ 368,376	\$ 126,010
Non-cash charges to operations:		
Amortization	151,095	153,196
Contributed tangible capital assets - net	(1,467)	(6,877)
(Gain) Loss on disposal of tangible capital assets	(15,834)	18,540
Change in employee benefits payable	(1,175)	6,839
	500,995	297,708
Changes in non-cash items:		
Taxes receivable	(5,361)	7,154
Accounts receivable	(7,093)	8,664
Inventories held for resale	-	46,394
Accounts payable and accrued liabilities	(5,756)	(15,303)
Deferred revenue-general	15,185	2,875
Deferred revenue-obligatory reserve funds	82,402	16,497
Inventories of supplies	(19,629)	(7,843)
Prepaid expenses	(5,706)	3,288
	54,042	61,726
Cash provided by operating transactions	555,037	359,434
Capital transactions		
Acquisition of tangible capital assets	(123,519)	(86,838)
Proceeds from disposal of tangible capital assets	32,040	-
Cash applied to capital transactions	(91,479)	(86,838)
Investing transactions		
Change in investments	(722,328)	(746)
Cash applied to investing transactions	(722,328)	(746)
Financing transactions		
Debt principal repayments	(11,658)	(11,084)
Cash applied to financing transactions	(11,658)	(11,084)
Net change in cash	(270,428)	260,766
Cash, beginning of year	838,495	577,729
Cash, end of year	\$ 568,067	\$ 838,495
Cash flow supplementary information:		
Cash paid for interest	\$ 1,072	\$ 1,276

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, 2019

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
 Almaguin Community Economic Development

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 JULY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

(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, 2019

- (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, 2019

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2019	2018
District of Parry Sound Social Services Administration Board	\$ 26,102	\$ 25,819
North Bay Parry Sound District Health Unit	8,297	8,421
District of Parry Sound (East) Home for the Aged	16,882	16,488
	\$ 51,281	\$ 50,728

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, \$93,436 of taxation was collected on behalf of school boards (2018 \$96,208).

4. RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments of \$145,499 (2018 \$63,097) 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 redeemable investment certificates, bearing interest at rates ranging from .5% to 2.0% and maturing between February 20, 2020 and October 23, 2020.

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

6. DEFERRED REVENUE-GENERAL

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

	2019	2018
Balance, beginning of year:		
Sundridge and District Medical Centre	\$ -	\$ 233
Central Almaguin Economic Development Association	2,983	-
Other	975	850
	<u>3,958</u>	<u>1,083</u>
Received during the year:		
Sundridge and District Medical Centre	34,712	33,737
Central Almaguin Economic Development Association	4,202	15,775
Ontario Cannabis Legalization Implementation Fund	15,000	-
Other	550	975
	<u>54,464</u>	<u>50,487</u>
Recognized in revenue during the year	<u>(39,279)</u>	<u>(47,612)</u>
Balance, end of year	\$ 19,143	\$ 3,958
Sundridge and District Medical Centre	\$ 3,593	\$ -
Central Almaguin Economic Development Association	-	2,983
Ontario Cannabis Legalization Implementation Fund	15,000	-
Other	550	975
Balance, end of year	\$ 19,143	\$ 3,958

THE CORPORATION OF THE TOWNSHIP OF JULY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

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 and provincial Main Street revitalization funding under agreements 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 and Main Street revitalization 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:

	2019	2018
Balance, beginning of year:		
Recreational land (the Planning Act)	\$ 2,116	\$ 2,100
Building Code Act	2,017	3,862
Federal Gas Tax	58,964	40,638
Balance, beginning of year	\$ 63,097	\$ 46,600
Received during the year:		
Recreational land (the Planning Act)	800	-
Building Code Act	5,557	-
Federal Gas Tax	36,873	18,091
Main Street Revitalization	37,914	-
Interest earned	1,258	251
	82,402	18,342
Recognized in revenue during the year	-	(1,845)
Balance, end of year	\$ 145,499	\$ 63,097
Recreational land (the Planning Act)	\$ 2,949	\$ 2,116
Building Code Act	7,574	2,017
Federal Gas Tax	96,872	58,964
Main Street Revitalization	38,104	-
Balance, end of year	\$ 145,499	\$ 63,097

THE CORPORATION OF THE TOWNSHIP OF JULY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

8. MUNICIPAL DEBT

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

	2019	2018
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.	\$ 20,508	\$ 32,166

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

	Principal		Interest	
2020	\$	12,132	\$	598
2021		8,376		126
	\$	20,508	\$	724

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

	2019		2018	
Principal payments	\$	11,658	\$	11,084
Interest		1,072		1,276
	\$	12,730	\$	12,360

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 \$21,217 (2018 \$22,415) 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 \$273 (2018 \$250) at the end of the year.

10. CONTRACTUAL OBLIGATIONS

In 2019 the Municipality extended its agreement with the Corporation of the Village of Sundridge and the Corporation of the Township of Strong regarding the provision of fire services for the period 2020 to 2022. Under this agreement, services will be provided at an initial fixed annual cost of \$16,250 plus fire call-out fees, increasing by 2% annually.

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

11. TANGIBLE CAPITAL ASSETS

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

2019							
	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	\$ 213,420	\$ 541,222	\$ 3,854,183	\$ 1,679	\$ 4,911,097
Additions and betterments	-	1,184	5,188	40,929	76,218	-	123,519
Contributed assets	1,571	-	-	-	-	-	1,571
Disposals and writedowns	-	(1,052)	(636)	(25,000)	(39,935)	-	(66,623)
Transfer between classes	-	-	1,679	-	-	(1,679)	-
BALANCE, END OF YEAR	13,324	288,972	219,651	557,151	3,890,466	-	4,969,564
ACCUMULATED AMORTIZATION							
Balance, beginning of year	430	203,783	150,851	404,386	1,732,089	-	2,491,539
Annual amortization	77	6,871	19,435	33,675	91,037	-	151,095
Accumulated amortization - contributed assets	104	-	-	-	-	-	104
Amortization disposals	-	(820)	(636)	(25,000)	(23,961)	-	(50,417)
BALANCE, END OF YEAR	611	209,834	169,650	413,061	1,799,165	-	2,592,321
TANGIBLE CAPITAL ASSETS-NET	\$ 12,713	\$ 79,138	\$ 50,001	\$ 144,090	\$ 2,091,301	\$ -	\$ 2,377,243
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

THE CORPORATION OF THE TOWNSHIP OF JULY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

12. ACCUMULATED SURPLUS

The 2019 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	607,619	142,654	750,273
Airport proceeds	136,396	-	136,396
Medical Centre	4,484	-	4,484
Arena	2,239	200	2,439
	926,256	142,854	1,069,110
OTHER			
Consolidated tangible capital assets	2,419,558	(42,315)	2,377,243
General operating surplus (deficit) -			
Municipality	94,984	259,019	354,003
Medical Centre	3,764	(477)	3,287
Arena	5,369	(4,804)	565
Central Almaguin Economic Development Association	(306)	306	-
Unfunded amounts -			
Municipal debt	(32,166)	11,658	(20,508)
Employee benefits payable	(22,665)	1,175	(21,490)
Medical Centre capital	(2,250)	960	(1,290)
	\$ 3,392,544	\$ 368,376	\$ 3,760,920

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2019

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 unconditional grants such as the Municipality's annual Ontario Municipal Partnership Fund 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, 2019

13. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2019

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 678,196	\$ 678,196
User charges	1,827	225	-	-	-	-	5,157	-	-	7,209
Government transfers -										
Canada	-	-	-	-	-	-	171	7,987	-	8,158
Ontario	-	677	50,000	-	31,119	-	1,202	565	450,900	534,463
Other municipalities	-	223	-	-	-	-	-	4,012	-	4,235
Restructuring net revenue	-	-	-	-	-	-	-	1,467	-	1,467
Gain (loss) on disposal of capital										
Assets	-	-	15,916	-	-	-	(82)	-	-	15,834
Other	12,026	7,864	4,777	-	10,766	-	10,351	1,377	44,420	91,581
TOTAL REVENUE	13,853	8,989	70,693	-	41,885	-	16,799	15,408	1,173,516	1,341,143
EXPENSES										
Salaries, wages and benefits	188,694	5,260	67,780	-	12,144	-	20,340	7,109	-	301,327
Long-term debt charges (interest)	1,072	-	-	-	-	-	-	-	-	1,072
Materials	46,684	332	108,239	-	5,418	-	14,950	2,976	-	178,599
Contracted services	52,565	131,159	1,475	22,399	42,394	-	3,694	14,221	-	267,907
Rents and financial expenses	17,760	232	-	-	1,516	-	264	300	-	20,072
External transfers	671	-	-	-	8,797	43,221	6	-	-	52,695
Interfunctional adjustments	(100)	-	-	-	-	-	-	100	-	-
Amortization	15,812	315	128,251	-	1,326	-	5,371	20	-	151,095
TOTAL EXPENSES	323,158	137,298	305,745	22,399	71,595	43,221	44,625	24,726	-	972,767
ANNUAL SURPLUS (DEFICIT)	\$ (309,305)	\$ (128,309)	\$ (235,052)	\$ (22,399)	\$ (29,710)	\$ (43,221)	\$ (27,826)	\$ (9,318)	\$ 1,173,516	\$ 368,376

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

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, 2019

14. RESTRUCTURING NET REVENUE

In 2019 the Municipality entered into a joint services agreement for Almaguin Community Economic Development ("ACED"). The agreement took effect in October 2019, and includes the following independent organizations:

- The Corporation of the Township of Perry;
- The Municipal Corporation of the Township of Armour;
- The Corporation of the Township of Ryerson;
- The Corporation of the Village of Sundridge;
- The Almaguin Highlands Chamber of Commerce;
- The Corporation of the Municipality of Magnetawan;
- The Corporation of the Municipality of the Village of Burk's Falls;
- The Corporation of the Township of Strong;
- The Corporation of the Village of South River;
- The Corporation of the Municipality of Powassan;
- The Corporation of the Township of Joly.

ACED assumed the operating responsibilities of the Central Almaguin Economic Development Association and of the Burk's Falls and Area Community Economic Development. In addition, the tangible capital assets of the Burk's Falls and Area Community Economic Development were transferred to ACED at no cost.

The Municipality recorded net revenue of \$1,467 as a result of this restructuring. The value of the tangible assets received is recorded as a contributed asset in Note 11.

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
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ADOPTED BUDGET:	
Decrease in general municipal operating surplus	\$ (94,990)
Increase in reserves and reserve funds	142,855
Decrease in joint board general operating surplus	(8,827)
ADJUSTMENTS:	
Acquisition of tangible capital assets	81,550
Amortization of tangible capital assets	(150,933)
Long-term debt repayment	11,660
Reduction in Medical Centre unfinanced capital	960
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ANNUAL DEFICIT	\$ (17,725)

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2019

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, 2019. The results of this valuation disclosed total actuarial liabilities of \$107,687 million with respect to benefits accrued for service with actuarial assets at that date of \$104,290 million indicating an actuarial deficit of \$3,397 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 2019 was \$14,177 (2018 \$16,348) 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 \$91,903 (2018 \$56,241) 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.

18. SUBSEQUENT EVENTS

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

On May 12, 2020 the Municipality announced that it would waive interest on current taxes for the period April 30, 2020 to June 26, 2020. As a result, the Municipality expects a decrease of interest revenue of approximately \$1,600. The Municipality expects that some of its taxpayers will face additional financial pressures that may impact their ability to make their tax payments on a timely basis.

On March 17, 2020 the Municipality's shared recreational facility was closed to the general public and recreational programs and facility rentals were cancelled until further notice. The Municipality is anticipating a temporary reduction in the facility's workforce, and currently estimates a reduction in salaries and benefits expense of \$3,000 for 2020. It also expects a reduction in rentals and user fees of approximately \$500 per month as a result of these closures and cancellations.

The Municipality has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Municipality for future periods.