
**THE CORPORATION OF
THE TOWNSHIP OF RYERSON**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017

THE CORPORATION OF THE TOWNSHIP OF RYERSON

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Independent Auditor's Report

Grant Thornton LLP
Suite 200
222 McIntyre Street W
North Bay, ON
P1B 2Y8
T (705) 472-6500
F (705) 472-7760
www.GrantThornton.ca

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

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Ryerson 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 Ryerson 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
May 15, 2018

Chartered Professional Accountants
Licensed Public Accountants

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

	2017	2016
FINANCIAL ASSETS		
Cash (Note 4)	\$ 310,184	\$ 751,321
Investments (Note 5)	531,678	82,217
Taxes receivable (Note 6)	208,321	215,388
Accounts receivable	113,749	72,774
Inventories held for resale	869	1,028
	1,164,801	1,122,728
LIABILITIES		
Accounts payable and accrued liabilities	208,284	309,518
Deferred revenue-general (Note 7)	2,999	1,238
Deferred revenue-obligatory reserve funds (Note 8)	217,650	118,455
Municipal debt (Note 9)	432,532	489,622
Tangible capital lease (Note 10)	1,038	1,347
Employee benefits payable (Note 11)	23,743	23,027
Landfill closure and post-closure liability (Note 12)	66,469	172,058
	952,715	1,115,265
NET FINANCIAL ASSETS	212,086	7,463
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 14)	4,630,890	4,690,849
Inventories of supplies	126,673	79,151
Prepaid expenses	64,738	54,563
	4,822,301	4,824,563
ACCUMULATED SURPLUS (Note 15)	\$ 5,034,387	\$ 4,832,026

Contingencies (Note 2, 13)

APPROVED ON BEHALF OF COUNCIL:

Original signed by Reeve _____ Reeve

THE CORPORATION OF THE TOWNSHIP OF RYERSON
CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget 2017 <i>(see Note 17)</i>	Actual 2017	Actual 2016
REVENUE			
Property taxes	\$ 1,809,510	\$ 1,810,407	\$ 1,736,059
User charges	37,341	37,892	36,902
Government transfers	393,464	382,612	439,346
Other	106,000	192,311	110,882
TOTAL REVENUE	2,346,315	2,423,222	2,323,189
EXPENSES			
General government	430,934	445,829	446,443
Protection to persons and property	325,140	325,633	257,964
Transportation services	1,082,494	925,685	866,014
Environmental services	104,766	106,157	124,635
Health services	77,444	76,364	75,007
Social and family services	130,958	130,959	129,890
Recreation and cultural services	152,920	149,473	141,949
Planning and development	109,265	60,761	27,454
TOTAL EXPENSES	2,413,921	2,220,861	2,069,356
ANNUAL SURPLUS (DEFICIT) <i>(Note 15)</i>	(67,606)	202,361	253,833
ACCUMULATED SURPLUS, BEGINNING OF YEAR	4,832,026	4,832,026	4,578,193
ACCUMULATED SURPLUS, END OF YEAR	\$ 4,764,420	\$ 5,034,387	\$ 4,832,026

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF RYERSON
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget 2017 <i>(see Note 17)</i>	Actual 2017	Actual 2016
Annual surplus (deficit)	\$ (67,606)	\$ 202,361	\$ 253,833
Acquisition of tangible capital assets	(230,448)	(237,321)	(786,841)
Contributed tangible capital assets	-	-	(16,770)
Amortization of tangible capital assets	265,022	264,716	318,684
Loss on disposal of tangible capital assets	-	32,526	41,556
Proceeds from disposal of tangible capital assets	-	38	450
Change in supplies inventories	-	(47,522)	(10,497)
Change in prepaid expenses	-	(10,175)	12,041
Increase (decrease) in net financial assets	(33,032)	204,623	(187,544)
Net financial assets, beginning of year	7,463	7,463	195,007
Net financial assets (net debt), end of year	\$ (25,569)	\$ 212,086	\$ 7,463

The accompanying notes are an integral part of these financial statements

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

	2017	2016
Operating transactions		
Annual surplus	\$ 202,361	\$ 253,833
Non-cash charges to operations:		
Amortization	264,716	318,684
Loss on disposal of tangible capital assets	32,526	41,556
Change in employee benefits payable	716	(3,945)
Change in landfill closure and post-closure liability	(105,589)	2,115
	394,730	612,243
Changes in non-cash items:		
Taxes receivable	7,067	52,437
Accounts receivable	(40,975)	42,544
Inventories held for resale	159	134
Accounts payable and accrued liabilities	(101,234)	110,901
Deferred revenue-general	1,761	82
Deferred revenue-obligatory reserve funds	99,195	(26,351)
Inventories of supplies	(47,522)	(10,497)
Prepaid expenses	(10,175)	12,041
	(91,724)	181,291
Cash provided by operating transactions	303,006	793,534
Capital transactions		
Acquisition of tangible capital assets	(237,321)	(786,841)
Contributed tangible capital assets	-	(16,770)
Proceeds from disposal of tangible capital assets	38	450
Cash applied to capital transactions	(237,283)	(803,161)
Investing transactions		
Change in investments	(449,461)	210,936
Cash provided by (applied to) investing transactions	(449,461)	210,936
Financing transactions		
Proceeds from municipal debt	-	175,400
Debt principal repayments	(57,090)	(96,541)
Tangible capital lease repayments	(309)	(302)
Cash provided by (applied to) financing transactions	(57,399)	78,557
Net change in cash	(441,137)	279,866
Cash, beginning of year	751,321	471,455
Cash, end of year	\$ 310,184	\$ 751,321
Cash flow supplementary information:		
Cash paid for interest	\$ 9,751	\$ 9,618

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF RYERSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2017

The consolidated financial statements of the Corporation of the Township of Ryerson (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 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:

- Fire
- TRI R
- Arena and Community Centre
- Library
- Building Committee
- 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.

(iv) Trust funds

Trust funds administered by the Municipality are not included in these consolidated financial statements, but are reported separately on the trust funds financial statements.

THE CORPORATION OF THE TOWNSHIP OF RYERSON

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) Investments

Investments are recorded at cost plus accrued interest.

(iii) 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 - 10 to 40 years
Machinery, equipment and furniture - 3 to 25 years
Vehicles - 5 to 25 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.

Estimated closure and post-closure expenses for active landfill sites as well as the land occupied by the sites and related land improvements are amortized annually on the basis of capacity used during the year as a percentage of the estimated total capacity of the landfill site.

Works of art and historical treasures owned by the Municipality are not included in the tangible capital assets of the Municipality. The Municipality owns a number of historical artifacts housed in the Municipality's museum.

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.

(iv) 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 RYERSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2017

- (v) 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.
- (vi) 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.
- (vii) 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.
- (viii) 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 benefits and retirement gratuities under employee benefits payable are accrued as the employees render the services necessary to earn the benefits.
- (ix) 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, solid waste landfill closure and post-closure liabilities and supplementary taxes. Actual results could differ from these estimates.

THE CORPORATION OF THE TOWNSHIP OF RYERSON

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	\$ 79,854	\$ 79,692
North Bay Parry Sound District Health Unit	21,107	21,107
District of Parry Sound (East) Home for the Aged	51,105	50,198
	\$ 152,066	\$ 150,997

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

(a) During the year, \$307,352 of taxation was collected on behalf of school boards (2016 \$324,295).

(b) The Municipality administers care and maintenance trust funds totalling \$14,795 (2016 \$14,695) which are funded by the sale of cemetery interment rights and markers. These funds are invested and earnings derived therefrom are used to perform maintenance at the Municipality's cemetery. The trust funds are not included in these consolidated financial statements, as they are being held in trust for the benefit of others.

4. CASH

Cash is comprised of:

	2017	2016
Unrestricted cash	\$ 92,534	\$ 632,866
Restricted cash	217,650	118,455
	\$ 310,184	\$ 751,321

Federal and Provincial legislation restricts how restricted cash related to obligatory reserve funds, reported in Note 8, may be used.

THE CORPORATION OF THE TOWNSHIP OF RYERSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2017

5. INVESTMENTS

Investments are comprised of guaranteed and redeemable investment certificates bearing interest at rates ranging from 1.2% to 2.0% and maturing between July 11, 2018 and October 20, 2018.

6. TAXES RECEIVABLE

Taxes receivable are comprised of the following:

	2017	2016
Taxes receivable	\$ 210,321	\$ 217,388
Valuation allowance	(2,000)	(2,000)
	\$ 208,321	\$ 215,388

7. 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:		
Other deferred revenue	\$ 1,238	\$ 1,156
Received during the year:		
Other funding	2,999	1,363
Recognized in revenue during the year	(1,238)	(1,281)
Balance, end of year	\$ 2,999	\$ 1,238

THE CORPORATION OF THE TOWNSHIP OF RYERSON

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

8. 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, federal gas tax funding under an agreement with the Association of Municipalities of Ontario, and Ontario Community Infrastructure Fund funding under an agreement with the Ministry of Infrastructure. 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 Ontario Community Infrastructure Fund revenue recognition occurs when the Municipality has approved the expenditures for eligible capital works. Historically, the Municipality has applied its gas tax and infrastructure 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)	\$ 103,555	\$ 102,996
Building Code Act	4,486	1,957
Federal Gas Tax	10,414	39,853
	<u>118,455</u>	<u>144,806</u>
Received during the year:		
Recreational land (the Planning Act)	3,300	-
Building Code Act	5,889	2,529
Federal Gas Tax	39,234	38,551
Ontario Community Infrastructure Fund	50,000	-
Interest earned	2,272	569
	<u>100,695</u>	<u>41,649</u>
Recognized in revenue during the year	<u>(1,500)</u>	<u>(68,000)</u>
Balance, end of year	\$ 217,650	\$ 118,455
Recreational land (the Planning Act)	\$ 106,905	\$ 103,555
Building Code Act	10,375	4,486
Federal Gas Tax	49,984	10,414
Ontario Community Infrastructure Fund	50,386	-
Balance, end of year	\$ 217,650	\$ 118,455

THE CORPORATION OF THE TOWNSHIP OF RYERSON

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

9. 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
Ontario Infrastructure and Lands Corporation serial debenture, due February 2025, repayable in monthly payments of \$3,296 plus interest calculated at 1.98%. As security the Municipality has pledged future Provincial funding	\$ 283,442	\$ 322,992
Ontario Infrastructure and Lands Corporation serial debenture, due June 2026, repayable in monthly payments of \$8,770 plus interest calculated at 2.27%. As security the Municipality has pledged future Provincial funding	149,090	166,630
	\$ 432,532	\$ 489,622

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

	Principal	Interest
2018	\$ 57,090	\$ 8,537
2019	57,090	7,356
2020	57,090	6,193
2021	57,090	4,994
2022	57,090	3,812
2023 onwards	147,082	4,699
	\$ 432,532	\$ 35,591

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

	2017	2016
Principal payments	\$ 57,090	\$ 96,541
Interest	9,719	9,578
	\$ 66,809	\$ 106,119

THE CORPORATION OF THE TOWNSHIP OF RYERSON

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

10. TANGIBLE CAPITAL LEASE

The Municipality leases equipment in conjunction with the other contributing municipalities of the Armour, Ryerson and Burk's Falls Memorial Arena and Community Centre. This liability is accounted for on the Consolidated Statement of Financial Position at the present value of future minimum lease payments, using a discount rate of 2.66%. Future minimum lease payments are as follows:

	2017	2016
2017	\$ -	\$ 342
2018	342	342
2019	342	342
2020	342	342
2021	57	57
Total minimum lease payments	1,083	1,425
Less amount representing interest	(45)	(78)
Present value of future minimum capital lease payments	\$ 1,038	\$ 1,347

Interest of \$32 (2016 \$40) relating to capital lease obligations has been reported on the Consolidated Statement of Operations.

11. 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 \$23,403 (2016 \$23,027) at the end of the year.
- (b) Under the retirement gratuity policy of the Joint Building Committee, 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 \$340 (2016 NIL) at the end of the year.

THE CORPORATION OF THE TOWNSHIP OF RYERSON

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

12. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final cover and landscaping of the landfill site, management of groundwater and leachates, and ongoing environmental monitoring and site inspection. Estimated expenditures related to the closure and subsequent maintenance of this site are recognized in the financial statements over the operating life of the site, in proportion to its utilized capacity.

The Township of Armour, the Village of Burk's Falls and the Township of Ryerson jointly operate a landfill site through the TRI R Committee. In 2017 an application to expand the site capacity by an additional 27,700 cubic metres was approved.

The liability for the landfill site is recorded at \$265,876 (2016 \$688,233) and represents the present value of closure and post-closure costs for 100% of the original approved site area and 8% of the newly-approved 27,700 cubic metre area, using an estimated long-term borrowing rate of 3.08% (2016 2.02%) and inflation rate of 1.6% (2016 1.6%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$445,664 (2016 \$688,233), leaving an amount to be recognized of \$179,788 (2016 NIL). The estimated remaining capacity of the approved site is 25,516 cubic metres (2016 NIL), estimated to be filled in 17 years. Post-closure care is estimated to be required for a period of 25 years.

The closure and post-closure liability is calculated from a number of factors which are themselves estimates, each of which can be made using different methodologies yielding highly variable results. As a result of the approval of additional site capacity in the year, and changes made in the underlying factors, the estimated liability has been reduced by \$422,357 in the year.

The Municipality has recognized \$66,469 (2016 \$172,058) in the financial statements related to its proportionate share of this liability.

The Municipality has reserves of \$110,590 (2016 \$121,243) related to the TRI R operations that could be used to fund this liability.

13. 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.

THE CORPORATION OF THE TOWNSHIP OF RYERSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2017

14. 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	Construction in Progress	TOTAL
COST							
Balance, beginning of year	\$ 422,436	\$ 1,124,752	\$ 1,320,021	\$ 674,157	\$ 8,547,852	\$ 3,840	\$ 12,093,058
Additions and betterments	7,906	1,320	19,263	-	206,912	1,920	237,321
Disposals and writedowns	(65,561)	(294)	(89,699)	-	(291,929)	-	(447,483)
BALANCE, END OF YEAR	364,781	1,125,778	1,249,585	674,157	8,462,835	5,760	11,882,896
ACCUMULATED AMORTIZATION							
Balance, beginning of year	167,763	564,512	501,250	361,241	5,807,443	-	7,402,209
Annual amortization	6,547	28,496	60,208	43,661	125,804	-	264,716
Amortization disposals	(65,561)	(294)	(81,335)	-	(267,729)	-	(414,919)
BALANCE, END OF YEAR	108,749	592,714	480,123	404,902	5,665,518	-	7,252,006
TANGIBLE CAPITAL ASSETS-NET	\$ 256,032	\$ 533,064	\$ 769,462	\$ 269,255	\$ 2,797,317	\$ 5,760	\$ 4,630,890
2016							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Construction in Progress	TOTAL
COST							
Balance, beginning of year	\$ 394,447	\$ 1,084,086	\$ 1,029,208	\$ 677,722	\$ 8,532,707	\$ 8,923	\$ 11,727,093
Additions and betterments	27,989	43,268	292,238	2,776	416,730	3,840	786,841
Contributed assets	-	-	-	-	16,770	-	16,770
Disposals and writedowns	-	(2,602)	(10,348)	(6,341)	(418,355)	-	(437,646)
Transfer between classes	-	-	8,923	-	-	(8,923)	-
BALANCE, END OF YEAR	422,436	1,124,752	1,320,021	674,157	8,547,852	3,840	12,093,058
ACCUMULATED AMORTIZATION							
Balance, beginning of year	148,466	538,129	455,406	319,552	6,017,612	-	7,479,165
Annual amortization	19,297	27,975	52,957	46,904	171,551	-	318,684
Amortization disposals	-	(1,592)	(7,113)	(5,215)	(381,720)	-	(395,640)
BALANCE, END OF YEAR	167,763	564,512	501,250	361,241	5,807,443	-	7,402,209
TANGIBLE CAPITAL ASSETS-NET	\$ 254,673	\$ 560,240	\$ 818,771	\$ 312,916	\$ 2,740,409	\$ 3,840	\$ 4,690,849

Included in tangible capital assets are leased tangible capital assets with a cost of \$1,563 (2016 \$1,563) and accumulated amortization of \$391 (2016 \$234).

THE CORPORATION OF THE TOWNSHIP OF RYERSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2017

15. 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	\$ 275,566	\$ (30,000)	\$ 245,566
Capital funds	-	76,676	76,676
Election	6,000	3,000	9,000
Fire	79,735	8,725	88,460
Roads	177,434	(17,040)	160,394
Waste disposal and recycling	121,243	(10,653)	110,590
Hazardous waste	2,343	(2,343)	-
Cemetery	7,176	-	7,176
Arena	24,489	(1,803)	22,686
Library	9,211	3	9,214
Fire Department	5,398	1,968	7,366
	708,595	28,533	737,128
OTHER			
Consolidated tangible capital assets	4,690,849	(59,959)	4,630,890
General operating surplus -			
Municipality	117,809	70,032	187,841
Library	827	1,483	2,310
Unfunded amounts -			
Municipal debt	(489,622)	57,090	(432,532)
Tangible capital leases	(1,347)	309	(1,038)
Employee benefits payable	(23,027)	(716)	(23,743)
Landfill closure and post-closure liability	(172,058)	105,589	(66,469)
	\$ 4,832,026	\$ 202,361	\$ 5,034,387

THE CORPORATION OF THE TOWNSHIP OF RYERSON

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

16. 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 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, library services and cultural services such as museums.

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 RYERSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2017

16. 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,810,407	\$ 1,810,407
User charges	1,457	78	-	7,441	-	-	26,236	2,680	-	37,892
Government transfers -										
Canada	-	102	-	-	-	-	1,058	26,501	-	27,661
Ontario	-	2,327	-	23,194	-	-	4,572	-	304,700	334,793
Other municipalities	-	18,898	-	-	-	-	647	613	-	20,158
Writedown of landfill closure and post-closure liability	-	-	-	105,589	-	-	-	-	-	105,589
Gain (loss) on disposal of capital assets	(8,364)	-	(24,200)	-	-	-	38	-	-	(32,526)
Other	500	39,228	3,592	10,721	246	-	10,119	-	54,842	119,248
TOTAL REVENUE (LOSS)	(6,407)	60,633	(20,608)	146,945	246	-	42,670	29,794	2,169,949	2,423,222
EXPENSES										
Salaries, wages and benefits	293,536	119,048	369,710	58,219	-	-	67,334	42,046	-	949,893
Long-term debt charges (interest)	-	-	9,719	-	-	-	32	-	-	9,751
Materials	64,643	30,410	308,481	18,861	24	-	47,492	11,232	-	481,143
Contracted services	76,805	160,174	20,298	19,979	55,031	-	9,811	5,616	-	347,714
Rents and financial expenses	2,189	2,347	3,233	450	-	-	3,076	308	-	11,603
External transfers	2,898	39	-	-	21,107	130,959	-	1,038	-	156,041
Interfunctional adjustments	(600)	100	-	-	-	-	-	500	-	-
Amortization	6,358	13,515	214,244	8,648	202	-	21,728	21	-	264,716
TOTAL EXPENSES	445,829	325,633	925,685	106,157	76,364	130,959	149,473	60,761	-	2,220,861
ANNUAL SURPLUS (DEFICIT)	\$ (452,236)	\$ (265,000)	\$ (946,293)	\$ 40,788	\$ (76,118)	\$ (130,959)	\$ (106,803)	\$ (30,967)	\$ 2,169,949	\$ 202,361

THE CORPORATION OF THE TOWNSHIP OF RYERSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2017

16. 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,736,059	\$ 1,736,059
User charges	1,040	596	-	6,630	-	-	26,670	1,966	-	36,902
Government transfers -										
Canada	-	38	68,000	-	-	-	592	15,096	-	83,726
Ontario	-	4,102	25,000	17,177	-	-	4,709	-	284,306	335,294
Other municipalities	606	19,073	-	-	-	-	647	-	-	20,326
Loss on disposal of capital assets	-	(676)	(36,635)	(4,227)	-	-	(18)	-	-	(41,556)
Other	-	19,240	73,539	6,773	307	-	7,955	-	44,624	152,438
TOTAL REVENUE	1,646	42,373	129,904	26,353	307	-	40,555	17,062	2,064,989	2,323,189
EXPENSES										
Salaries, wages and benefits	303,648	89,612	323,534	66,855	-	-	62,566	18,423	-	864,638
Long-term debt charges (interest)	-	47	9,531	-	-	-	40	-	-	9,618
Materials	51,686	29,973	251,526	13,219	-	-	45,214	4,247	-	395,865
Contracted services	81,715	121,665	26,522	22,973	53,698	-	9,640	4,514	-	320,727
Rents and financial expenses	1,363	1,291	671	589	-	-	2,381	270	-	6,565
External transfers	1,893	19	-	-	21,107	129,890	350	-	-	153,259
Interfunctional adjustments	(100)	100	-	-	-	-	-	-	-	-
Amortization	6,238	15,257	254,230	20,999	202	-	21,758	-	-	318,684
TOTAL EXPENSES	446,443	257,964	866,014	124,635	75,007	129,890	141,949	27,454	-	2,069,356
ANNUAL SURPLUS (DEFICIT)	\$ (444,797)	\$ (215,591)	\$ (736,110)	\$ (98,282)	\$ (74,700)	\$ (129,890)	\$ (101,394)	\$ (10,392)	\$ 2,064,989	\$ 253,833

THE CORPORATION OF THE TOWNSHIP OF RYERSON

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

17. 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	\$ (117,808)
Increase in reserves and reserve funds	27,061
Increase in board and joint board general operating surplus	315
ADJUSTMENTS:	
Acquisition of tangible capital assets	230,448
Amortization of tangible capital assets	(265,022)
Long-term debt repayment	57,090
Tangible capital lease repayment	310
ANNUAL DEFICIT	\$ (67,606)

18. 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 \$57,114 (2016 \$52,574) for current service and is included as an expense on the Consolidated Statement of Operations.

19. RELATED PARTY TRANSACTIONS

During the normal course of operations, the Municipality purchased services in the amount of \$3,790 (2016 \$2,331) from a company owned by the son of 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.

20. COMPARATIVE FIGURES

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