
**THE CORPORATION OF
THE TOWNSHIP OF RYERSON**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

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

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

Opinion

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

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

Basis for Opinion

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Township and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

North Bay, Canada
May 21, 2019

Chartered Professional Accountants
Licensed Public Accountants

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

	2018	2017
FINANCIAL ASSETS		
Cash (Note 4)	\$ 903,619	\$ 310,184
Investments (Note 5)	15,140	531,678
Taxes receivable (Note 6)	196,809	208,321
Accounts receivable	123,256	113,749
Inventories held for resale	1,164	869
	1,239,988	1,164,801
LIABILITIES		
Accounts payable and accrued liabilities	193,629	208,284
Deferred revenue-general (Note 7)	144	2,999
Deferred revenue-obligatory reserve funds (Note 8)	225,226	217,650
Municipal debt (Note 9)	439,054	432,532
Accrued interest on long-term debt	862	-
Tangible capital lease (Note 10)	959	1,038
Employee benefits payable (Note 11)	18,831	23,743
Landfill closure and post-closure liability (Note 12)	82,964	66,469
	961,669	952,715
NET FINANCIAL ASSETS	278,319	212,086
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 13)	4,885,157	4,630,890
Inventories of supplies	111,091	126,673
Prepaid expenses	31,673	64,738
	5,027,921	4,822,301
ACCUMULATED SURPLUS (Note 14)	\$ 5,306,240	\$ 5,034,387

Contingencies (Note 2)

APPROVED ON BEHALF OF COUNCIL:

Original Signed by Mayor _____ Mayor

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

	Budget 2018 <i>(see Note 17)</i>	Actual 2018	Actual 2017
REVENUE			
Property taxes	\$ 1,895,605	\$ 1,892,351	\$ 1,810,407
User charges	49,656	61,004	37,892
Government transfers	532,793	537,636	382,612
Shared services opening surplus redistribution <i>(Note 16)</i>	102,852	102,799	-
Other	130,286	107,100	192,311
TOTAL REVENUE	2,711,192	2,700,890	2,423,222
EXPENSES			
General government	609,605	497,050	445,829
Protection to persons and property	346,834	338,166	325,633
Transportation services	1,128,729	1,037,411	925,685
Environmental services	117,296	115,602	106,157
Health services	80,031	78,322	76,364
Social and family services	132,354	132,354	130,959
Recreation and cultural services	184,318	185,434	149,473
Planning and development	76,094	44,698	60,761
TOTAL EXPENSES	2,675,261	2,429,037	2,220,861
ANNUAL SURPLUS <i>(Note 14)</i>	35,931	271,853	202,361
ACCUMULATED SURPLUS, BEGINNING OF YEAR	5,034,387	5,034,387	4,832,026
ACCUMULATED SURPLUS, END OF YEAR	\$ 5,070,318	\$ 5,306,240	\$ 5,034,387

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, 2018

	Budget 2018 <i>(see Note 17)</i>	Actual 2018	Actual 2017
Annual surplus	\$ 35,931	\$ 271,853	\$ 202,361
Acquisition of tangible capital assets	(428,288)	(462,212)	(237,321)
Contributed tangible capital assets	-	(5,000)	-
Shared services tangible capital assets transfer - net	(117,102)	(119,244)	-
Amortization of tangible capital assets	305,213	304,767	264,716
Loss on disposal of tangible capital assets	-	27,422	32,526
Proceeds from disposal of tangible capital assets	-	-	38
Change in supplies inventories	-	15,582	(47,522)
Change in prepaid expenses	-	33,065	(10,175)
Increase (decrease) in net financial assets	(204,246)	66,233	204,623
Net financial assets, beginning of year	212,086	212,086	7,463
Net financial assets, end of year	\$ 7,840	\$ 278,319	\$ 212,086

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, 2018

	2018	2017
Operating transactions		
Annual surplus	\$ 271,853	\$ 202,361
Non-cash charges to operations:		
Amortization	304,767	264,716
Loss on disposal of tangible capital assets	27,422	32,526
Change in employee benefits payable	(4,912)	716
Change in landfill closure and post-closure liability	16,495	(105,589)
	615,625	394,730
Changes in non-cash items:		
Taxes receivable	11,512	7,067
Accounts receivable	(9,507)	(40,975)
Inventories held for resale	(295)	159
Accounts payable and accrued liabilities	(14,655)	(101,234)
Deferred revenue-general	(2,855)	1,761
Deferred revenue-obligatory reserve funds	7,576	99,195
Inventories of supplies	15,582	(47,522)
Prepaid expenses	33,065	(10,175)
	40,423	(91,724)
Cash provided by operating transactions	656,048	303,006
Capital transactions		
Acquisition of tangible capital assets	(462,212)	(237,321)
Contributed tangible capital assets	(5,000)	-
Shared services tangible capital assets - net	(119,244)	-
Proceeds from disposal of tangible capital assets	-	38
Cash applied to capital transactions	(586,456)	(237,283)
Investing transactions		
Change in investments	516,538	(449,461)
Cash provided by (applied to) investing transactions	516,538	(449,461)
Financing transactions		
Increase in accrued interest on long-term debt	862	-
Proceeds from municipal debt	63,612	-
Debt principal repayments	(57,090)	(57,090)
Tangible capital lease repayments	(79)	(309)
Cash provided by (applied to) financing transactions	7,305	(57,399)
Net change in cash	593,435	(441,137)
Cash, beginning of year	310,184	751,321
Cash, end of year	\$ 903,619	\$ 310,184
Cash flow supplementary information:		
Cash paid for interest	\$ 8,569	\$ 9,751

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, 2018

Management Responsibility

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
- Waste Management
- 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, 2018

(b) Basis of Accounting

(i) Accrual basis of accounting

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

(ii) Cash

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

(iii) Investments

Investments are recorded at cost plus accrued interest.

(iv) Non-financial assets

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

(a) Tangible capital assets

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

Land improvements - 20 years
Buildings - 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.

THE CORPORATION OF THE TOWNSHIP OF RYERSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018

- (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.
- (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 benefits and 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, 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, 2018

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2018	2017
District of Parry Sound Social Services Administration Board	\$ 80,012	\$ 79,854
North Bay Parry Sound District Health Unit	21,107	21,107
District of Parry Sound (East) Home for the Aged	52,342	51,105
	\$ 153,461	\$ 152,066

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, \$298,539 of taxation was collected on behalf of school boards (2017 \$307,352).

(b) The Municipality administers care and maintenance trust funds totalling \$14,795 (2017 \$14,795) 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:

	2018	2017
Unrestricted cash	\$ 678,393	\$ 92,534
Restricted cash	225,226	217,650
	\$ 903,619	\$ 310,184

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, 2018

5. INVESTMENTS

Investments are comprised of guaranteed and redeemable investment certificates bearing interest at rates ranging from 1.3% to 2.5% and maturing between September 19, 2019 and September 21, 2019.

6. TAXES RECEIVABLE

Taxes receivable are comprised of the following:

	2018	2017
Taxes receivable	\$ 198,809	\$ 210,321
Valuation allowance	(2,000)	(2,000)
	\$ 196,809	\$ 208,321

7. DEFERRED REVENUE-GENERAL

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

	2018	2017
Balance, beginning of year:		
Other deferred revenue	\$ 2,999	\$ 1,238
Received during the year:		
Other funding	144	2,999
Recognized in revenue during the year	(2,999)	(1,238)
Balance, end of year	\$ 144	\$ 2,999

THE CORPORATION OF THE TOWNSHIP OF RYERSON

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

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 and provincial Main Street revitalization funding under agreements 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, Main Street revitalization and Ontario Community Infrastructure Fund revenue recognition occurs when the Municipality has approved the expenditures for eligible operating expenditures and capital works.

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

	2018	2017
Balance, beginning of year:		
Recreational land (the Planning Act)	\$ 106,905	\$ 103,555
Building Code Act	10,375	4,486
Federal Gas Tax	49,984	10,414
Ontario Community Infrastructure Fund	50,386	-
	<u>217,650</u>	<u>118,455</u>
Received during the year:		
Recreational land (the Planning Act)	4,894	3,300
Building Code Act	1,240	5,889
Federal Gas Tax	40,387	39,234
Ontario Community Infrastructure Fund	50,000	50,000
Main Street Revitalization	38,219	-
Interest earned	5,682	2,272
	<u>140,422</u>	<u>100,695</u>
Recognized in revenue during the year	<u>(132,846)</u>	<u>(1,500)</u>
Balance, end of year	\$ 225,226	\$ 217,650
Recreational land (the Planning Act)	\$ 114,249	\$ 106,905
Building Code Act	11,615	10,375
Federal Gas Tax	4,105	49,984
Ontario Community Infrastructure Fund	56,992	50,386
Main Street Revitalization	38,265	-
Balance, end of year	\$ 225,226	\$ 217,650

THE CORPORATION OF THE TOWNSHIP OF RYERSON

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

9. MUNICIPAL DEBT

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

	2018	2017
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	\$ 243,892	\$ 283,442
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	131,550	149,090
Proportionate share of Fire Department Ontario Infrastructure and Lands Corporation amortizing debenture, due July 2028, repayable in monthly payments of \$15,703 including interest calculated at 2.97%. Secured by future Provincial funding	63,612	-
	\$ 439,054	\$ 432,532

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

	Principal	Interest
2019	\$ 62,641	\$ 9,204
2020	62,807	7,875
2021	62,978	6,505
2022	63,154	5,147
2023	63,336	3,785
2024 onwards	124,138	4,918
	\$ 439,054	\$ 37,434

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

	2018	2017
Principal payments	\$ 57,090	\$ 57,090
Interest	9,399	9,719
	\$ 66,489	\$ 66,809

THE CORPORATION OF THE TOWNSHIP OF RYERSON

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

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 Karl Crozier 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:

	2018	2017
2018	\$ -	\$ 342
2019	456	342
2020	456	342
2021	76	57
Total minimum lease payments	988	1,083
Less amount representing interest	(29)	(45)
Present value of future minimum capital lease payments	\$ 959	\$ 1,038

Interest of \$32 (2017 \$32) 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 \$17,978 (2017 \$23,403) 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 \$853 (2017 \$340) at the end of the year.

THE CORPORATION OF THE TOWNSHIP OF RYERSON

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

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 \$271,969 (2017 \$265,876) and represents the present value of closure and post-closure costs for 100% of the original approved site area and 13% of the 27,700 cubic metre area, using an estimated long-term borrowing rate of 3.29% (2017 3.08%) and inflation rate of 1.6% (2017 1.6%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$439,275 (2017 \$445,664), leaving an amount to be recognized of \$167,306 (2017 \$179,788). The estimated remaining capacity of the approved site is 23,976 cubic metres (2017 25,516), estimated to be filled in 16 years. Post-closure care is estimated to be required for a period of 25 years.

The Municipality has recognized \$82,964 (2017 \$66,469) in the financial statements related to its proportionate share of this liability.

The Municipality has reserves of \$109,066 (2017 \$110,590) related to the TRI R operations that could be used to fund this liability.

THE CORPORATION OF THE TOWNSHIP OF RYERSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018

13. TANGIBLE CAPITAL ASSETS

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

2018							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Construction in Progress	TOTAL
COST							
Balance, beginning of year	\$ 364,781	\$ 1,125,778	\$ 1,249,585	\$ 674,157	\$ 8,462,835	\$ 5,760	\$ 11,882,896
Additions and betterments	83,145	13,788	14,083	113,469	191,943	45,784	462,212
Contributed assets	5,000	-	-	-	-	-	5,000
Shared services assets - redistribution	31,088	164,153	24,584	457	-	(221)	220,061
Disposals and writedowns	(152)	(791)	(2,978)	(21,205)	(224,651)	-	(249,777)
Transfer between classes	1,920	-	-	-	-	(1,920)	-
BALANCE, END OF YEAR	485,782	1,302,928	1,285,274	766,878	8,430,127	49,403	12,320,392
ACCUMULATED AMORTIZATION							
Balance, beginning of year	108,749	592,714	480,123	404,902	5,665,518	-	7,252,006
Annual amortization	6,719	33,050	60,652	44,951	159,395	-	304,767
Shared services accumulated amortization - redistribution	18,550	73,089	9,988	(810)	-	-	100,817
Amortization disposals	(98)	(791)	(2,978)	(16,964)	(201,524)	-	(222,355)
BALANCE, END OF YEAR	133,920	698,062	547,785	432,079	5,623,389	-	7,435,235
TANGIBLE CAPITAL ASSETS-NET	\$ 351,862	\$ 604,866	\$ 737,489	\$ 334,799	\$ 2,806,738	\$ 49,403	\$ 4,885,157
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

Included in tangible capital assets are leased tangible capital assets with a cost of \$2,083 (2017 \$1,563) and accumulated amortization of \$729 (2017 \$391).

THE CORPORATION OF THE TOWNSHIP OF RYERSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018

14. ACCUMULATED SURPLUS

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

	Balance Beginning of Year	Annual Surplus (Deficit)	Balance End of Year
RESERVES AND RESERVE FUNDS			
Working funds	\$ 245,566	\$ -	\$ 245,566
Capital funds	76,676	26,308	102,984
Election	9,000	(8,799)	201
Fire	88,460	4,818	93,278
Roads	160,394	26,441	186,835
Waste disposal and recycling	110,590	(1,524)	109,066
Cemetery	7,176	-	7,176
Arena	22,686	2,862	25,548
Library	9,214	1,420	10,634
Fire Department	7,366	195	7,561
	737,128	51,721	788,849
OTHER			
Consolidated tangible capital assets	4,630,890	254,267	4,885,157
General operating surplus -			
Municipality	187,841	(15,211)	172,630
Library	2,310	(1,133)	1,177
Unfunded amounts -			
Municipal debt	(432,532)	(6,522)	(439,054)
Tangible capital leases	(1,038)	79	(959)
Employee benefits payable	(23,743)	5,147	(18,596)
Landfill closure and post-closure liability	(66,469)	(16,495)	(82,964)
	\$ 5,034,387	\$ 271,853	\$ 5,306,240

THE CORPORATION OF THE TOWNSHIP OF RYERSON

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

15. 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, 2018

15. 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,892,351	\$ 1,892,351
User charges	255	100	1,100	20,817	-	-	34,332	4,400	-	61,004
Government transfers -										
Canada	-	-	87,563	-	-	-	1,501	30,762	-	119,826
Ontario	1,952	1,045	45,283	25,650	-	-	5,164	-	319,600	398,694
Other municipalities	-	11,023	-	-	-	-	593	7,500	-	19,116
Shared services opening surplus redistribution	-	(4,396)	-	2,655	-	-	103,698	842	-	102,799
Loss on disposal of capital assets	-	(4,241)	(23,127)	-	-	-	(54)	-	-	(27,422)
Other	2,092	49,195	7,349	6,360	346	-	7,920	1,500	59,760	134,522
TOTAL REVENUE (LOSS)	4,299	52,726	118,168	55,482	346	-	153,154	45,004	2,271,711	2,700,890
EXPENSES										
Salaries, wages and benefits	329,038	105,468	399,454	62,430	-	-	81,100	25,052	-	1,002,542
Long-term debt charges (interest)	-	862	8,537	-	-	-	32	-	-	9,431
Materials	56,173	29,841	368,868	18,167	-	-	64,598	14,125	-	551,772
Contracted services	98,988	186,800	9,965	24,080	56,513	-	11,962	4,123	-	392,431
Rents and financial expenses	1,465	2,494	210	1,292	-	-	1,754	428	-	7,643
External transfers	6,490	-	-	-	21,607	132,354	-	-	-	160,451
Interfunctional adjustments	(667)	-	-	-	-	-	-	667	-	-
Amortization	5,563	12,701	250,377	9,633	202	-	25,988	303	-	304,767
TOTAL EXPENSES	497,050	338,166	1,037,411	115,602	78,322	132,354	185,434	44,698	-	2,429,037
ANNUAL SURPLUS (DEFICIT)	\$ (492,751)	\$ (285,440)	\$ (919,243)	\$ (60,120)	\$ (77,976)	\$ (132,354)	\$ (32,280)	\$ 306	\$ 2,271,711	\$ 271,853

THE CORPORATION OF THE TOWNSHIP OF RYERSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018

15. 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, 2018

16. SHARED SERVICES OPENING SURPLUS REDISTRIBUTION

In 2018 the Township of Armour, the Village of Burk's Falls and the Township of Ryerson renegotiated their proportionate contributions to the fire, waste management, arena, library and economic development shared services. As a result of the redistribution, the Municipality recorded a net increase in its surplus of \$102,799 in 2018.

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	\$ (187,841)
Increase in reserves and reserve funds	51,020
Decrease in board and joint board general operating surplus	(807)
ADJUSTMENTS:	
Acquisition of tangible capital assets	428,288
Amortization of tangible capital assets	(305,213)
Increase in long-term debt	(52,792)
Tangible capital lease repayment	424
Shared services opening surplus redistribution	102,852
ANNUAL SURPLUS	\$ 35,931

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, 2018. The results of this valuation disclosed total actuarial liabilities of \$100,081 million with respect to benefits accrued for service with actuarial assets at that date of \$95,890 million indicating an actuarial deficit of \$4,191 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2018 was \$61,221 (2017 \$57,114) for current service and is included as an expense on the Consolidated Statement of Operations.