
**THE CORPORATION OF
THE TOWNSHIP OF JOLY**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

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, 2022, 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, 2022, 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.

Grant Thornton LLP

North Bay, Canada
October 10, 2023

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF JULY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash (Note 4)	\$ 1,224,074	\$ 569,640
Investments (Notes 4, 5)	99,194	1,003,627
Taxes receivable	151,344	134,835
Accounts receivable	140,538	50,734
	1,615,150	1,758,836
LIABILITIES		
Accounts payable and accrued liabilities	175,861	160,810
Deferred revenue-general (Note 6)	146,970	27,448
Deferred revenue-obligatory reserve funds (Note 7)	149,153	94,882
Municipal debt (Note 8)	699,338	230,128
Employee benefits payable (Note 9)	14,348	40,676
	1,185,670	553,944
NET FINANCIAL ASSETS	429,480	1,204,892
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 11)	3,556,383	2,696,346
Inventories of supplies	58,179	66,159
Prepaid expenses	30,870	19,499
	3,645,432	2,782,004
ACCUMULATED SURPLUS (Note 12)	\$ 4,074,912	\$ 3,986,896

Contingencies (Note 2)
Contractual Obligations (Note 10)

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF JOLY
CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget 2022 <i>(see Note 15)</i>	Actual 2022	Actual 2021
REVENUE			
Property taxes	\$ 762,000	\$ 770,724	\$ 725,763
User charges	7,165	5,252	14,924
Government transfers	696,488	521,760	435,880
Restructuring net revenue <i>(Note 14)</i>	-	1,300	-
Other	70,701	120,807	89,654
TOTAL REVENUE	1,536,354	1,419,843	1,266,221
EXPENSES			
General government	438,490	456,803	328,755
Protection to persons and property	147,538	148,428	137,163
Transportation services	501,760	494,790	443,220
Environmental services	24,310	24,102	23,997
Health services	94,739	88,118	79,624
Social and family services	47,690	47,596	47,347
Recreation and cultural services	50,106	46,485	40,047
Planning and development	35,246	25,505	22,772
TOTAL EXPENSES	1,339,879	1,331,827	1,122,925
ANNUAL SURPLUS <i>(Note 12)</i>	196,475	88,016	143,296
ACCUMULATED SURPLUS, BEGINNING OF YEAR	3,986,896	3,986,896	3,843,600
ACCUMULATED SURPLUS, END OF YEAR	\$ 4,183,371	\$ 4,074,912	\$ 3,986,896

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, 2022

	Budget 2022 <i>(see Note 15)</i>	Actual 2022	Actual 2021
Annual surplus	\$ 196,475	\$ 88,016	\$ 143,296
Acquisition of tangible capital assets	(1,292,257)	(1,031,289)	(546,668)
Contributed tangible capital assets - net	-	(704)	(27,000)
Amortization of tangible capital assets	161,350	161,313	132,075
(Gain) Loss on disposal of tangible capital assets	-	(29,663)	6,887
Proceeds from disposal of tangible capital assets	38,000	40,306	60,000
Change in supplies inventories	-	7,980	(21,463)
Change in prepaid expenses	-	(11,371)	5,367
Decrease in net financial assets	(896,432)	(775,412)	(247,506)
Net financial assets, beginning of year	1,204,892	1,204,892	1,452,398
Net financial assets, end of year	\$ 308,460	\$ 429,480	\$ 1,204,892

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, 2022

	2022	2021
Operating transactions		
Annual surplus	\$ 88,016	\$ 143,296
Non-cash charges to operations:		
Amortization	161,313	132,075
Contributed tangible capital assets - net	(704)	(27,000)
(Gain) Loss on disposal of tangible capital assets	(29,663)	6,887
Change in employee benefits payable	(26,328)	9,690
	192,634	264,948
Changes in non-cash items:		
Taxes receivable	(16,509)	11,507
Accounts receivable	(89,804)	(17,041)
Accounts payable and accrued liabilities	15,051	34,176
Deferred revenue-general	119,522	2,386
Deferred revenue-obligatory reserve funds	54,271	(51,137)
Inventories of supplies	7,980	(21,463)
Prepaid expenses	(11,371)	5,367
	79,140	(36,205)
Cash provided by operating transactions	271,774	228,743
Capital transactions		
Acquisition of tangible capital assets	(1,031,289)	(546,668)
Proceeds from disposal of tangible capital assets	40,306	60,000
Cash applied to capital transactions	(990,983)	(486,668)
Investing transactions		
Change in investments	904,433	(90,629)
Cash applied to investing transactions	904,433	(90,629)
Financing transactions		
Proceeds from municipal debt	571,632	249,701
Debt principal repayments	(102,422)	(27,949)
Cash provided by financing transactions	469,210	221,752
Net change in cash	654,434	(126,802)
Cash, beginning of year	569,640	696,442
Cash, end of year	\$ 1,224,074	\$ 569,640
Cash flow supplementary information:		
Cash paid for interest	\$ 17,457	\$ 2,766

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, 2022

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
Sundridge-Strong-Joly Recreation Committee
Joint Building Committee
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 JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

(b) Basis of Accounting

(i) Accrual basis of accounting

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

(ii) Cash

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

(iii) Investments

Investments are recorded at cost plus accrued interest.

(iv) Non-financial assets

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

(a) Tangible capital assets

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

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

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

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

(b) Inventories of supplies

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

(v) Reserves and reserve funds

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

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

- (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, 2022

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2022	2021
District of Parry Sound Social Services Administration Board	\$ 26,954	\$ 26,237
North Bay Parry Sound District Health Unit	8,273	8,010
District of Parry Sound (East) Home for the Aged	20,226	21,110
	\$ 55,453	\$ 55,357

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, \$95,440 of taxation was collected on behalf of school boards (2021 \$92,401).

4. RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments of \$149,153 (2021 \$94,982) are included in the cash and investment balances reported on the Consolidated Statement of Financial Position. Federal and Provincial legislation restricts how restricted cash and investments related to obligatory reserve funds, reported in Note 7, may be used.

5. INVESTMENTS

Investments are comprised of guaranteed investment certificates, bearing interest at rates ranging from .6% to 1.6% and maturing between March 18, 2023 and June 30, 2024.

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

6. DEFERRED REVENUE-GENERAL

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

	2022	2021
Balance, beginning of year:		
Sundridge and District Medical Centre	\$ 7,898	\$ 11,062
Ontario Cannabis Legalization Implementation Fund	19,000	14,000
Other	550	-
	27,448	25,062
Received during the year:		
Sundridge and District Medical Centre	38,536	28,763
Northern Ontario Resource Development Support (NORDS)	120,630	-
Ontario Cannabis Legalization Implementation Fund	-	5,000
Other	-	550
	159,166	34,313
Recognized in revenue during the year	(39,644)	(31,927)
Balance, end of year	\$ 146,970	\$ 27,448
Sundridge and District Medical Centre	\$ 7,340	\$ 7,898
Northern Ontario Resource Development Support (NORDS)	120,630	-
Ontario Cannabis Legalization Implementation Fund	19,000	19,000
Other	-	550
Balance, end of year	\$ 146,970	\$ 27,448

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

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 Community-Building funding (previously gas tax) under an agreement with the Association of Municipalities of Ontario. Legislation restricts how these funds may be used, and under certain circumstances, how these funds may be refunded.

In the case of payments in lieu of parkland, revenue recognition occurs when the Municipality has approved eligible expenditures for park and other public recreation purposes. Building permit revenue is recognized when applicable building expenditures are incurred. Community-Building revenue recognition occurs when the Municipality has approved the expenditures for eligible capital works. Historically, the Municipality has applied its Community-Building 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:

	2022	2021
Balance, beginning of year:		
Recreational land (the Planning Act)	\$ 4,960	\$ 2,960
Building Code Act	8,989	12,311
Community-Building	80,933	92,611
Main Street Revitalization	-	38,137
Balance, beginning of year	\$ 94,882	\$ 146,019
Received during the year:		
Recreational land (the Planning Act)	1,200	2,000
Building Code Act	33,202	-
Community-Building	19,283	37,820
Interest earned	586	502
	54,271	40,322
Repaid/repayable in the year	-	(36,313)
Recognized in revenue during the year	-	(55,146)
Balance, end of year	\$ 149,153	\$ 94,882
Recreational land (the Planning Act)	\$ 6,236	\$ 4,960
Building Code Act	42,191	8,989
Community-Building	100,726	80,933
Balance, end of year	\$ 149,153	\$ 94,882

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

8. MUNICIPAL DEBT

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

	2022	2021
Royal Bank of Canada term loan, due July 2026, repayable in monthly payments of \$4,442, including interest calculated at 2.6%. As security, the Municipality has pledged the equipment to which the loan relates.	\$ 182,235	\$ 230,128
Royal Bank of Canada term loan, due March 2027, repayable in monthly payments of \$6,981, including interest calculated at 3.72%. As security, the Municipality has pledged the equipment to which the loan relates.	328,928	-
Proportionate share of Sundridge and District Medical Centre Ontario Infrastructure and Lands Corporation amortizing debenture, due November 2052, repayable in semi-annual payments of \$47,103 including interest calculated at 4.74%	150,000	-
Proportionate share of Sundridge-Strong-Joly Arena & Hall Ontario Infrastructure and Lands Corporation amortizing debenture, due September 2027, repayable in monthly payments of \$7,329 including interest calculated at 3.79%	38,175	-
	\$ 699,338	\$ 230,128

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

	Principal	Interest
2023	\$ 131,731	\$ 23,557
2024	136,175	19,113
2025	140,773	14,515
2026	123,275	9,842
2027	30,249	6,834
2028 onwards	137,135	98,380
	\$ 699,338	\$ 172,241

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

	2022	2021
Principal payments	\$ 102,422	\$ 27,949
Interest	16,945	2,766
	\$ 119,367	\$ 30,715

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

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 \$13,211 (2021 \$40,161) 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 \$1,137 (2021 \$515) at the end of the year.

10. CONTRACTUAL OBLIGATIONS

In 2022 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 2023 to 2025. Under this agreement, services will be provided at an initial fixed annual cost of \$17,498 plus fire call-out fees, increasing by 3.5% annually.

In 2022 the Municipality also renewed its agreement to lease property from the Corporation of the Township of Strong for a period of two years commencing January 1, 2023 at an annual cost of \$15,827 plus HST.

In conjunction with the Corporation of the Township of Strong and the Corporation of the Village of Sundridge, the Municipality has the following contractual obligations at the end of the year:

- (a) W. S. Morgan Construction Limited for the renovation of the medical centre, at a cost, including change orders, of \$1,409,242 plus HST. To the end of 2022, \$1,209,304 of work under this contract had been completed. The balance of the work is expected to be completed in 2023.
- (b) ICONmedia for the supply and installation of an electronic sign at the arena, at a cost of \$35,669. To the end of 2022, \$17,835 had been paid towards this contract. The balance of the contract is expected to be completed in 2023.

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

11. TANGIBLE CAPITAL ASSETS

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

2022							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 19,093	\$ 299,383	\$ 227,383	\$ 663,364	\$ 3,957,213	\$ 11,340	\$ 5,177,776
Additions and betterments	35,100	130,290	19,985	388,832	404,806	52,276	1,031,289
Contributed assets	371	-	-	-	415	-	786
Disposals and writedowns	-	(29,841)	(9,226)	(215,374)	(73,716)	-	(328,157)
Transfer between classes	-	-	-	-	313	(313)	-
BALANCE, END OF YEAR	54,564	399,832	238,142	836,822	4,289,031	63,303	5,881,694
ACCUMULATED AMORTIZATION							
Balance, beginning of year	882	214,752	193,762	359,996	1,712,038	-	2,481,430
Annual amortization	1,018	5,615	5,625	39,739	109,316	-	161,313
Accumulated amortization - contributed assets	82	-	-	-	-	-	82
Amortization disposals	-	(24,946)	(9,227)	(215,374)	(67,967)	-	(317,514)
BALANCE, END OF YEAR	1,982	195,421	190,160	184,361	1,753,387	-	2,325,311
TANGIBLE CAPITAL ASSETS-NET	\$ 52,582	\$ 204,411	\$ 47,982	\$ 652,461	\$ 2,535,644	\$ 63,303	\$ 3,556,383
2021							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 13,324	\$ 298,389	\$ 220,891	\$ 556,711	\$ 3,918,189	\$ 648	\$ 5,008,152
Additions and betterments	5,769	1,543	8,507	277,095	243,062	10,692	546,668
Contributed assets	-	-	-	-	27,000	-	27,000
Disposals and writedowns	-	(549)	(2,015)	(170,442)	(231,038)	-	(404,044)
BALANCE, END OF YEAR	19,093	299,383	227,383	663,364	3,957,213	11,340	5,177,776
ACCUMULATED AMORTIZATION							
Balance, beginning of year	747	210,863	185,736	447,377	1,841,789	-	2,686,512
Annual amortization	135	4,365	10,041	29,857	87,677	-	132,075
Amortization disposals	-	(476)	(2,015)	(117,238)	(217,428)	-	(337,157)
BALANCE, END OF YEAR	882	214,752	193,762	359,996	1,712,038	-	2,481,430
TANGIBLE CAPITAL ASSETS-NET	\$ 18,211	\$ 84,631	\$ 33,621	\$ 303,368	\$ 2,245,175	\$ 11,340	\$ 2,696,346

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

12. ACCUMULATED SURPLUS

The 2022 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
COVID-19 funding	25,775	(25,775)	-
Capital	910,660	(130,101)	780,559
Airport proceeds	136,396	-	136,396
Medical Centre	4,484	-	4,484
Arena	7,833	200	8,033
	1,260,666	(155,676)	1,104,990
OTHER			
Consolidated tangible capital assets	2,696,346	860,037	3,556,383
General operating surplus (deficit) -			
Municipality	302,438	(280,758)	21,680
Medical Centre	(7,103)	104,333	97,230
Arena	3,007	612	3,619
Almaguin Community Economic Development	2,346	2,350	4,696
Unfunded amounts -			
Municipal debt	(230,128)	(469,210)	(699,338)
Employee benefits payable	(40,676)	26,328	(14,348)
	\$ 3,986,896	\$ 88,016	\$ 4,074,912

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

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, 2022

13. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2022

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 770,724	\$ 770,724
User charges	1,000	701	-	-	788	-	1,963	800	-	5,252
Government transfers -										
Canada	-	-	-	-	-	-	(1,391)	9,874	-	8,483
Ontario	3,212	500	100,000	-	105,077	-	50,851	2,045	250,700	512,385
Other municipalities	-	892	-	-	-	-	-	-	-	892
Restructuring net revenue	-	-	-	-	-	-	-	1,300	-	1,300
Gain (loss) on disposal of capital assets	-	-	33,751	-	(307)	-	(3,781)	-	-	29,663
Other	11,666	13,720	8,290	-	11,317	-	9,654	-	36,497	91,144
TOTAL REVENUE	15,878	15,813	142,041	-	116,875	-	57,296	14,019	1,057,921	1,419,843
EXPENSES										
Salaries, wages and benefits	228,960	12,708	143,730	-	15,672	-	18,631	11,778	-	431,479
Long-term debt charges (interest)	-	-	15,535	-	916	-	494	-	-	16,945
Materials	55,396	2,910	167,747	-	6,008	-	16,376	1,822	-	250,259
Contracted services	152,826	132,122	16,089	24,102	47,595	-	5,170	11,818	-	389,722
Rents and financial expenses	17,678	428	-	-	2,983	-	468	4	-	21,561
External transfers	232	-	-	-	12,680	47,596	40	-	-	60,548
Amortization	1,711	260	151,689	-	2,264	-	5,306	83	-	161,313
TOTAL EXPENSES	456,803	148,428	494,790	24,102	88,118	47,596	46,485	25,505	-	1,331,827
ANNUAL SURPLUS (DEFICIT)	\$ (440,925)	\$ (132,615)	\$ (352,749)	\$ (24,102)	\$ 28,757	\$ (47,596)	\$ 10,811	\$ (11,486)	\$ 1,057,921	\$ 88,016

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

13. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2021

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 725,763	\$ 725,763
User charges	3,100	2,800	-	-	10	-	5,914	3,100	-	14,924
Government transfers -										
Canada	-	-	50,000	-	-	-	200	7,337	-	57,537
Ontario	4,202	608	50,000	-	32,040	-	851	3,094	286,434	377,229
Other municipalities	-	1,114	-	-	-	-	-	-	-	1,114
Loss on disposal of capital assets	-	-	(6,814)	-	(12)	-	(61)	-	-	(6,887)
Other	9,594	7,412	32,646	-	8,669	-	7,793	174	30,253	96,541
TOTAL REVENUE	16,896	11,934	125,832	-	40,707	-	14,697	13,705	1,042,450	1,266,221
EXPENSES										
Salaries, wages and benefits	215,121	4,462	144,876	-	16,136	-	18,596	10,247	-	409,438
Long-term debt charges (interest)	128	-	2,638	-	-	-	-	-	-	2,766
Materials	39,678	1,593	171,619	-	5,849	-	13,400	2,253	-	234,392
Contracted services	48,493	130,689	4,931	23,997	41,652	-	3,335	9,637	-	262,734
Rents and financial expenses	17,112	159	312	-	1,574	-	55	-	-	19,212
External transfers	1,000	-	-	-	13,055	47,347	349	557	-	62,308
Interfunctional adjustments	-	-	-	-	271	-	(271)	-	-	-
Amortization	7,223	260	118,844	-	1,087	-	4,583	78	-	132,075
TOTAL EXPENSES	328,755	137,163	443,220	23,997	79,624	47,347	40,047	22,772	-	1,122,925
ANNUAL SURPLUS (DEFICIT)	\$ (311,859)	\$ (125,229)	\$ (317,388)	\$ (23,997)	\$ (38,917)	\$ (47,347)	\$ (25,350)	\$ (9,067)	\$ 1,042,450	\$ 143,296

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

14. RESTRUCTURING NET REVENUE

In 2019 the Municipality entered into a joint services agreement for Almaguin Community Economic Development ("ACED"). The agreement included 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.

The Corporation of the Municipality of Magnetawan withdrew from the agreement effective June 9, 2022 and the Corporation of the Municipality of Powassan withdrew effective December 31, 2022. The assets, liabilities and surplus at the time of withdrawal were retained by ACED.

In 2022 the Municipality recorded net revenue of \$1,300 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
ADOPTED BUDGET:	
Decrease in general municipal operating surplus	\$ (302,438)
Decrease in reserves and reserve funds	(150,672)
Decrease in joint board general operating surplus	(1,042)
ADJUSTMENTS:	
Acquisition of tangible capital assets	1,292,257
Amortization of tangible capital assets	(161,350)
Proceeds on disposal of tangible capital assets	(38,000)
Increase in long-term debt	(442,280)
ANNUAL SURPLUS	\$ 196,475

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2022

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, 2022. The results of this valuation disclosed total actuarial liabilities of \$130,306 million with respect to benefits accrued for service with actuarial assets at that date of \$123,628 million indicating an actuarial deficit of \$6,678 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 2022 was \$23,055 (2021 \$23,557) 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 \$184,317 (2021 \$166,632) 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.