
**THE CORPORATION OF
THE TOWNSHIP OF JOLY**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

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, 2023, 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, 2023, 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.

North Bay, Canada

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF JULY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	2022 (Restated - see Note 2)
FINANCIAL ASSETS		
Cash (Note 5)	\$ 1,182,741	\$ 1,224,074
Investments (Notes 5, 6)	103,553	99,194
Taxes receivable (Note 7)	190,723	151,344
Accounts receivable	72,892	140,538
	1,549,909	1,615,150
LIABILITIES		
Accounts payable and accrued liabilities	137,299	175,861
Deferred revenue-general (Note 8)	192,140	146,970
Deferred revenue-obligatory reserve funds (Note 9)	101,419	149,153
Long-term debt (Note 10)	567,657	699,338
Employee benefits payable (Note 11)	24,385	14,348
Asset retirement obligations (Note 13)	4,358	4,174
	1,027,258	1,189,844
NET FINANCIAL ASSETS	522,651	425,306
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 15)	3,621,974	3,556,518
Inventories of supplies	38,857	58,179
Prepaid expenses	22,443	30,870
	3,683,274	3,645,567
ACCUMULATED SURPLUS (Note 16)	\$ 4,205,925	\$ 4,070,873

Contingencies (Note 3)
Contractual Obligations (Note 14)

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF JULY
CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget 2023 <i>(see Note 19)</i>	Actual 2023	Actual 2022 <i>(Restated - see Note 2)</i>
REVENUE			
Property taxes	\$ 789,860	\$ 796,499	\$ 770,724
User charges	35,148	30,364	18,087
Government transfers	530,329	526,395	521,760
Restructuring net revenue <i>(Note 18)</i>	-	325	1,300
Other	61,341	101,104	107,972
TOTAL REVENUE	1,416,678	1,454,687	1,419,843
EXPENSES			
General government	332,948	289,666	456,803
Protection to persons and property	182,294	167,197	148,428
Transportation services	553,264	602,658	494,790
Environmental services	24,751	24,441	24,102
Health services	118,762	97,993	88,118
Social and family services	50,177	49,176	47,596
Recreation and cultural services	53,364	56,416	46,680
Planning and development	28,311	32,088	25,505
TOTAL EXPENSES	1,343,871	1,319,635	1,332,022
ANNUAL SURPLUS <i>(Note 16)</i>	72,807	135,052	87,821
ACCUMULATED SURPLUS, BEGINNING OF YEAR			
As previously reported	4,074,912	4,074,912	3,986,896
Change in accounting policy <i>(Note 2)</i>	(4,039)	(4,039)	(3,844)
AS RESTATED	4,070,873	4,070,873	3,983,052
ACCUMULATED SURPLUS, END OF YEAR	\$ 4,143,680	\$ 4,205,925	\$ 4,070,873

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF JULY
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget 2023 <i>(see Note 19)</i>	Actual 2023	Actual 2022 <i>(Restated - see Note 2)</i>
Annual surplus	\$ 72,807	\$ 135,052	\$ 87,821
Acquisition of tangible capital assets	(175,510)	(275,872)	(1,031,289)
Contributed tangible capital assets - net	-	(449)	(704)
Amortization of tangible capital assets	203,153	203,153	161,332
(Gain) Loss on disposal of tangible capital assets	-	7,712	(29,663)
Proceeds from disposal of tangible capital assets	-	-	40,306
Change in supplies inventories	-	19,322	7,980
Change in prepaid expenses	-	8,427	(11,371)
Increase (decrease) in net financial assets	100,450	97,345	(775,588)
Net financial assets, beginning of year			
As previously reported	429,480	429,480	1,204,892
Change in accounting policy <i>(Note 2)</i>	(4,174)	(4,174)	(3,998)
As restated	425,306	425,306	1,200,894
Net financial assets, end of year	\$ 525,756	\$ 522,651	\$ 425,306

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, 2023

	2023	2022 <i>(Restated - see Note 2)</i>
Operating transactions		
Annual surplus	\$ 135,052	\$ 87,821
Non-cash charges to operations:		
Amortization of tangible capital assets	203,153	161,332
Accretion expense on ARO liability	184	176
Contributed tangible capital assets - net	(449)	(704)
(Gain) Loss on disposal of tangible capital assets	7,712	(29,663)
Change in employee benefits payable	10,037	(26,328)
	355,689	192,634
Changes in non-cash items:		
Taxes receivable	(39,379)	(16,509)
Accounts receivable	67,646	(89,804)
Accounts payable and accrued liabilities	(38,562)	15,051
Deferred revenue-general	45,170	119,522
Deferred revenue-obligatory reserve funds	(47,734)	54,271
Inventories of supplies	19,322	7,980
Prepaid expenses	8,427	(11,371)
	14,890	79,140
Cash provided by operating transactions	370,579	271,774
Capital transactions		
Acquisition of tangible capital assets	(275,872)	(1,031,289)
Proceeds from disposal of tangible capital assets	-	40,306
Cash applied to capital transactions	(275,872)	(990,983)
Investing transactions		
Change in investments	(4,359)	904,433
Cash provided by (applied to) investing transactions	(4,359)	904,433
Financing transactions		
Proceeds from municipal debt	-	571,632
Debt principal repayments	(131,681)	(102,422)
Cash provided by (applied to) financing transactions	(131,681)	469,210
Net change in cash	(41,333)	654,434
Cash, beginning of year	1,224,074	569,640
Cash, end of year	\$ 1,182,741	\$ 1,224,074
Cash flow supplementary information:		
Cash paid for interest	\$ 23,608	\$ 17,457

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, 2023

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, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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) 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 the acquisition, construction, development or betterment of the asset, as well as any asset retirement obligations related to 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.

(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 JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 and employee retirement gratuities under employee benefits payable are accrued as the employees render the services necessary to earn the benefits.

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ix) Financial instruments

Financial instruments are classified as either fair value, amortized cost or cost.

Financial instruments classified as fair value are initially recognized at cost and subsequently carried at fair value. Financing fees and transaction costs on financial instruments measured at fair value are expensed as incurred. Unrealized gains and losses on financial assets are recognized in the Consolidated Statement of Remeasurement Gains and Losses. Once realized, remeasurement gains and losses are transferred to the Consolidated Statement of Operations. A Consolidated Statement of Remeasurement Gains and Losses has not been included as there are no matters to report therein.

Financial instruments classified as amortized cost are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. The effective interest rate method allocates interest income or interest expense over the relevant period, based on the effective interest rate. Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement, provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the Consolidated Statement of Operations.

Financial liabilities (or part of a financial liability) are removed from the Consolidated Statement of Financial Position when, and only when, they are discharged, cancelled or expire.

The Municipality's financial instruments are measured according to the following methods:

<u>Financial instrument</u>	<u>Measurement method</u>
Cash	Amortized cost
Investments	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost

THE CORPORATION OF THE TOWNSHIP OF JULY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Asset retirement obligations

A liability for an asset retirement obligation is recognized when, at the financial reporting date, all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recorded at an amount that is the best estimate of the expenditure required to retire a capital asset at the financial statement date. The liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. When an asset retirement obligation is initially recognized, a corresponding asset retirement cost is added to the carrying value of the related capital asset when it is still in productive use. This cost is amortized over the useful life of the capital asset. If the related capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

(xi) 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, estimated costs and timing of asset retirement obligations and supplementary taxes. Actual results could differ from these estimates.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of \$4,358. These estimates are subject to uncertainty because of several factors including, but not limited to estimated settlement dates, estimated costs and change in the discount rate. These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

2. CHANGE IN ACCOUNTING POLICY - ADOPTION OF NEW ACCOUNTING STANDARDS

On January 1, 2023 the Municipality adopted the following standards concurrently on a prospective basis: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*. The adoption of these standards had no impact on the opening balances.

PS 1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. This standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. This standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. This standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

2. CHANGE IN ACCOUNTING POLICY - ADOPTION OF NEW ACCOUNTING STANDARDS (Continued)

Effective January 1, 2023, the Municipality adopted PS 3280 *Asset Retirement Obligations (ARO)* on a modified retroactive basis. This standard recognizes legal obligations associated with the retirement of tangible capital assets. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and expectation of performance.

As a result of applying PS 3280, the asset retirement obligation and related tangible capital assets have been restated as follows:

	As Previously Reported	Adjustments	As Restated
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Tangible capital assets - net	\$ 3,556,383	\$ 135	\$ 3,556,518
Asset retirement obligations liability	-	4,174	4,174
Accumulated surplus	4,074,912	(4,039)	4,070,873
CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS			
Total expenses	1,331,827	195	1,332,022
Annual surplus	88,016	(195)	87,821
Accumulated surplus, beginning of year	3,986,896	(3,844)	3,983,052
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS			
Annual surplus	88,016	(195)	87,821
Amortization of tangible capital assets	161,313	19	161,332
Decrease in net financial assets	(775,412)	(176)	(775,588)
Net financial assets, beginning of year	1,204,892	(3,998)	1,200,894
CONSOLIDATED STATEMENT OF CASH FLOWS			
Annual surplus	88,016	(195)	87,821
Amortization of tangible capital assets	161,313	19	161,332
Accretion expense on ARO liability	-	176	176

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

3. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2023	2022
District of Parry Sound Social Services Administration Board	\$ 27,976	\$ 26,954
North Bay Parry Sound District Health Unit	9,160	8,273
District of Parry Sound (East) Home for the Aged	20,963	20,226
	\$ 58,099	\$ 55,453

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.

4. TRANSACTIONS ON BEHALF OF OTHERS

During the year, \$96,965 of taxation was collected on behalf of school boards (2022 - \$95,440).

5. RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments of \$101,419 (2022 - \$149,153) 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 9, may be used.

6. INVESTMENTS

Investments are comprised of guaranteed investment certificates, bearing interest at rates ranging from 1.6% to 3.0% and maturing between March 18, 2024 and June 30, 2024.

7. TAXES RECEIVABLE

Taxes receivable are comprised of the following:

	2023	2022
Taxes and amounts added for collection purposes-current year	\$ 118,437	\$ 102,499
Taxes and amounts added for collection purposes-previous year	45,003	25,166
Taxes and amounts added for collection purposes-prior years	10,700	11,339
Penalties and interest	16,583	12,340
	\$ 190,723	\$ 151,344

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

8. DEFERRED REVENUE-GENERAL

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

	2023	2022
Balance, beginning of year:		
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
	146,970	27,448
Received during the year:		
Sundridge and District Medical Centre	39,215	38,536
Northern Ontario Resource Development Support (NORDS)	58,857	120,630
	98,072	159,166
Recognized in revenue during the year	(52,902)	(39,644)
Balance, end of year	\$ 192,140	\$ 146,970
Sundridge and District Medical Centre	\$ 5,966	\$ 7,340
Northern Ontario Resource Development Support (NORDS)	167,174	120,630
Ontario Cannabis Legalization Implementation Fund	19,000	19,000
Balance, end of year	\$ 192,140	\$ 146,970

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

9. 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:

	2023	2022
Balance, beginning of year:		
Recreational land (the Planning Act)	\$ 6,236	\$ 4,960
Building Code Act	42,191	8,989
Community-Building	100,726	80,933
Balance, beginning of year	\$ 149,153	\$ 94,882
Received during the year:		
Recreational land (the Planning Act)	-	1,200
Building Code Act	19,447	33,202
Community-Building	20,121	19,283
Interest earned	2,654	586
	42,222	54,271
Recognized in revenue during the year	(89,956)	-
Balance, end of year	\$ 101,419	\$ 149,153
Recreational land (the Planning Act)	\$ 6,506	\$ 6,236
Building Code Act	61,638	42,191
Community-Building	33,275	100,726
Balance, end of year	\$ 101,419	\$ 149,153

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

10. LONG-TERM DEBT

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

	2023	2022
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.	\$ 133,125	\$ 182,235
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.	256,172	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%	147,662	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%	30,698	38,175
	\$ 567,657	\$ 699,338

(b) Future estimated principal and interest payments on long-term debt are as follows:

	Principal	Interest
2024	\$ 136,174	\$ 19,114
2025	140,772	14,516
2026	123,320	9,843
2027	30,258	6,835
2028	2,955	6,466
2029 onwards	134,178	91,914
	\$ 567,657	\$ 148,688

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

	2023	2022
Principal payments	\$ 131,681	\$ 102,422
Interest	19,372	16,945
	\$ 151,053	\$ 119,367

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2023

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 \$22,197 (2022 - \$13,211) 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 \$2,188 (2022 - \$1,137) at the end of the year.

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

12. FINANCIAL INSTRUMENTS

Risks arising from financial instruments and risk management

The Municipality is exposed to various risks through its financial instruments.

Credit risk

Credit risk is the risk of financial loss to the Municipality if a debtor fails to honour its contractual obligations. The Municipality is exposed to this risk as a result of its cash, investments and accounts receivable. The carrying amounts of these financial assets on the Consolidated Statement of Financial Position represent the maximum credit risk of the Municipality as at the reporting date.

The Municipality holds its cash and investments with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation ("CDIC"). The CDIC insurance is up to \$100,000 per deposit account.

Accounts receivable are primarily due from other levels of government. Credit risk is mitigated by the financial solvency of the governments. The amounts outstanding at year-end were as follows:

2023				
	Current	Past Due	Indeterminate Due Date	TOTAL
Federal	\$ 51,029	\$ -	\$ -	\$ 51,029
Provincial	8,427	-	-	8,427
Other municipalities	6,057	-	2,626	8,683
Other	4,601	152	-	4,753
Valuation allowance	-	-	-	-
Net receivables	\$ 70,114	\$ 152	\$ 2,626	\$ 72,892
2022				
	Current	Past Due	Indeterminate Due Date	TOTAL
Federal	\$ 60,194	\$ -	\$ -	\$ 60,194
Provincial	65,982	-	-	65,982
Other municipalities	-	-	5,412	5,412
Other	6,142	-	2,808	8,950
Valuation allowance	-	-	-	-
Net receivables	\$ 132,318	\$ -	\$ 8,220	\$ 140,538

There have been no significant changes from the previous year in exposure to credit risk or policies, procedures and methods used to measure the risk.

THE CORPORATION OF THE TOWNSHIP OF JULY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

12. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they become due. The Municipality is exposed to this risk with respect to its accounts payable and accrued liabilities and long-term debt. The Municipality maintains sufficient cash balances to meet its obligations, and does not believe it is subject to significant liquidity risk.

The table below sets out the payable dates of the Municipality's accounts payable and accrued liabilities. This includes ratepayer deposits on account which have an indeterminate payable date as they are settled when the related taxes are levied. The long-term debt repayment schedule is disclosed in Note 10.

2023					
	Within 6 months	6 months to 1 year	1 to 5 years	Indeterminate payable date	TOTAL
Accounts payable and accrued liabilities	\$ 111,990	\$ 16,384	\$ -	\$ 8,925	\$ 137,299

2022					
	Within 6 months	6 months to 1 year	1 to 5 years	Indeterminate payable date	TOTAL
Accounts payable and accrued liabilities	\$ 147,239	\$ 23,635	\$ -	\$ 4,987	\$ 175,861

There have been no significant changes from the previous year in exposure to liquidity risk or policies, procedures and methods used to measure the risk.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk. The Municipality is not exposed to significant currency or equity risk as it does not transact materially in foreign currency or hold equity financial instruments. It is primarily exposed to interest rate risk.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Municipality is exposed to interest rate risk on its interest-bearing investments and long-term debt. Fixed-rate instruments subject the Municipality to a fair value risk.

There have been no significant changes from the prior year in exposure to market risk or the policies, procedures and methods used to measure the risk.

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

13. ASSET RETIREMENT OBLIGATIONS

The Municipality has recorded asset retirement obligations as of the January 1, 2023 implementation date on a modified retroactive basis.

In the past, the Municipality reported its obligations related to the retirement of tangible capital assets in the period the asset was retired directly as an expense. New standard PS 3280 *Asset Retirement Obligations (ARO)* requires the recognition of the liability in full when the legal obligation arose. The liability is initially recorded at the estimated present value of future cash flows for the removal and disposal of designated substances, and subsequently adjusted as the result of revisions to the estimated cost of the obligation (arising from a change in cost, timing, inflation, discount rate, or change in the legal obligation), for accretion of the discounted liability and for activities that occurred to settle all or part of the obligation. When initially recording this obligation, the estimated present value of future cash flows for removal and disposal costs for assets in use are capitalized to the carrying amount of the associated assets, and amortized in the same manner as the underlying asset. Subsequent revisions to the estimated cost are also capitalized and amortized as part of the asset. Accretion of the discounted liability due to the passage of time is recorded as an in-year expense.

The Municipality has recorded a liability relating to designated substances, such as asbestos, in the Sundridge-Strong-Joly arena, which represents the Municipality's share of the total discounted future cash flows for removal and disposal using an estimated long-term borrowing rate of 4.4% (2022 - 4.4%) and inflation rate of 2.6% (2022 - 2.6%).

The continuity of the asset retirement obligations reported on the Consolidated Statement of Financial Position is shown below:

	2023	2022
Balance, beginning of year - as previously reported	\$ -	\$ -
Adjustment due to change in accounting policy	4,174	3,998
Increase in liability due to accretion (the passage of time)	184	176
Balance, end of year	\$ 4,358	\$ 4,174

14. CONTRACTUAL OBLIGATIONS

In 2023 the Municipality extended its agreement with the Corporation of the Village of South River and the Corporation of the Township of Machar regarding the provision of fire services for an initial annual retainer of \$26,210 for 2023, increasing by 2.75% annually thereafter.

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 conjunction with the Corporation of the Township of Strong and the Corporation of the Village of Sundridge, in 2023 the Municipality contracted Black & McDonald Limited to replace the arena's ammonia/brine chiller and bucket float as a cost of \$112,930 plus HST. This work is expected to commence in 2024.

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

15. TANGIBLE CAPITAL ASSETS

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

2023							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 54,564	\$ 400,680	\$ 238,142	\$ 836,822	\$ 4,289,031	\$ 63,303	\$ 5,882,542
Additions and betterments	-	41,451	19,300	-	201,052	14,069	275,872
Contributed assets	(227)	-	-	915	-	-	688
Disposals and writedowns	-	(13,378)	(3,800)	-	(179,631)	-	(196,809)
Transfer between classes	-	61,488	1,815	-	-	(63,303)	-
BALANCE, END OF YEAR	54,337	490,241	255,457	837,737	4,310,452	14,069	5,962,293
ACCUMULATED AMORTIZATION							
Balance, beginning of year	1,982	196,134	190,160	184,361	1,753,387	-	2,326,024
Annual amortization	1,891	7,810	7,401	50,253	135,798	-	203,153
Accumulated amortization - contributed assets	(46)	-	-	285	-	-	239
Amortization disposals	-	(6,336)	(3,131)	-	(179,630)	-	(189,097)
BALANCE, END OF YEAR	3,827	197,608	194,430	234,899	1,709,555	-	2,340,319
TANGIBLE CAPITAL ASSETS-NET	\$ 50,510	\$ 292,633	\$ 61,027	\$ 602,838	\$ 2,600,897	\$ 14,069	\$ 3,621,974

2022

Restated - see Note 2

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 19,093	\$ 300,231	\$ 227,383	\$ 663,364	\$ 3,957,213	\$ 11,340	\$ 5,178,624
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	400,680	238,142	836,822	4,289,031	63,303	5,882,542
ACCUMULATED AMORTIZATION							
Balance, beginning of year	882	215,446	193,762	359,996	1,712,038	-	2,482,124
Annual amortization	1,018	5,634	5,625	39,739	109,316	-	161,332
Accumulated Amortization - contributed assets	82	-	-	-	-	-	82
Amortization disposals	-	(24,946)	(9,227)	(215,374)	(67,967)	-	(317,514)
BALANCE, END OF YEAR	1,982	196,134	190,160	184,361	1,753,387	-	2,326,024
TANGIBLE CAPITAL ASSETS-NET	\$ 52,582	\$ 204,546	\$ 47,982	\$ 652,461	\$ 2,535,644	\$ 63,303	\$ 3,556,518

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

16. ACCUMULATED SURPLUS

The 2023 continuity of accumulated surplus reported on the Consolidated Statement of Financial Position is as follows:

	Balance Beginning of Year <i>(Restated - see Note 2)</i>	Annual Surplus (Deficit)	Balance End of Year
RESERVES AND RESERVE FUNDS			
Working funds	\$ 175,518	\$ -	\$ 175,518
Capital	780,559	(44,618)	735,941
Airport proceeds	136,396	-	136,396
Medical Centre	4,484	81,937	86,421
Arena	8,033	(4,794)	3,239
	1,104,990	32,525	1,137,515
OTHER			
Consolidated tangible capital assets	3,556,518	65,456	3,621,974
General operating surplus -			
Municipality	21,680	1,893	23,573
Medical Centre	97,230	(89,830)	7,400
Arena	3,619	6,448	10,067
Almaguin Community Economic Development	4,696	(2,900)	1,796
Unfunded amounts -			
Long-term debt	(699,338)	131,681	(567,657)
Employee benefits payable	(14,348)	(10,037)	(24,385)
Asset retirement obligations	(4,174)	(184)	(4,358)
	\$ 4,070,873	\$ 135,052	\$ 4,205,925

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

17. 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.

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

17. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT *(Continued)*

FOR THE YEAR ENDED DECEMBER 31, 2023

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 796,499	\$ 796,499
User charges	1,405	23,222	-	-	120	-	4,017	1,600	-	30,364
Government transfers -										
Canada	-	-	89,956	-	-	-	336	5,460	-	95,752
Ontario	-	496	112,313	-	48,943	-	851	2,921	264,300	429,824
Other municipalities	-	819	-	-	-	-	-	-	-	819
Restructuring net revenue	-	-	-	-	-	-	-	325	-	325
Loss on disposal of capital assets	(669)	-	(6,843)	-	-	-	(200)	-	-	(7,712)
Other	12,038	2,898	6,572	-	14,414	-	9,143	-	63,751	108,816
TOTAL REVENUE	12,774	27,435	201,998	-	63,477	-	14,147	10,306	1,124,550	1,454,687
EXPENSES										
Salaries, wages and benefits	171,054	21,530	166,861	-	14,389	-	22,901	11,632	-	408,367
Long-term debt charges (interest)	-	-	11,010	-	7,068	-	1,294	-	-	19,372
Materials	34,611	4,019	219,417	-	5,815	-	18,483	1,694	-	284,039
Contracted services	61,542	140,694	15,844	24,441	52,956	-	7,113	18,685	-	321,275
Rents and financial expenses	19,872	543	-	-	1,649	-	123	-	-	22,187
External transfers	65	-	-	-	11,762	49,176	55	-	-	61,058
Amortization	2,522	411	189,526	-	4,354	-	6,263	77	-	203,153
Accretion of ARO liability	-	-	-	-	-	-	184	-	-	184
TOTAL EXPENSES	289,666	167,197	602,658	24,441	97,993	49,176	56,416	32,088	-	1,319,635
ANNUAL SURPLUS (DEFICIT)	\$ (276,892)	\$ (139,762)	\$ (400,660)	\$ (24,441)	\$ (34,516)	\$ (49,176)	\$ (42,269)	\$ (21,782)	\$ 1,124,550	\$ 135,052

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

17. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2022
(Restated - see Note 2)

	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	13,536	-	-	788	-	1,963	800	-	18,087
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	885	8,290	-	11,317	-	9,654	-	36,497	78,309
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	-	5,325	83	-	161,332
Accretion of ARO liability	-	-	-	-	-	-	176	-	-	176
TOTAL EXPENSES	456,803	148,428	494,790	24,102	88,118	47,596	46,680	25,505	-	1,332,022
ANNUAL SURPLUS (DEFICIT)	\$ (440,925)	\$ (132,615)	\$ (352,749)	\$ (24,102)	\$ 28,757	\$ (47,596)	\$ 10,616	\$ (11,486)	\$ 1,057,921	\$ 87,821

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

18. 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 Township of Ryerson withdrew from the agreement effective December 31, 2023, and the Municipality of Magnetawan and the Municipality of Powassan withdrew in 2022. The assets, liabilities and surplus at the time of these withdrawals were retained by ACED.

The Municipality recorded net revenue of \$325 (2022 - \$2,600) as a result of this restructuring. The value of the tangible assets received is recorded as a contributed asset in Note 15.

19. 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. For unbudgeted items (amortization of tangible capital assets and asset retirement obligation accretion), the actual amounts for 2023 were used to adjust the reported budgeted amounts. A reconciliation of the adopted and reported budgets is presented below.

	Budget
<hr/>	
ADOPTED BUDGET:	
Decrease in general municipal operating surplus	\$ -
Increase in reserves and reserve funds	81,588
Decrease in joint board general operating surplus	(102,669)
ADJUSTMENTS:	
Acquisition of tangible capital assets	175,510
Amortization of tangible capital assets	(203,153)
Accretion of asset retirement obligations	(184)
Long-term debt principal repayments	121,715
<hr/>	
ANNUAL SURPLUS	\$ 72,807

THE CORPORATION OF THE TOWNSHIP OF JOLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

20. 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, 2023. The results of this valuation disclosed total actuarial liabilities of \$136,185 million with respect to benefits accrued for service with actuarial assets at that date of \$131,983 million indicating an actuarial deficit of \$4,202 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 2023 was \$21,939 (2022 - \$23,055) for current service and is included as an expense on the Consolidated Statement of Operations.

21. RELATED PARTY TRANSACTIONS

During the normal course of operations, the Municipality purchased goods in the amount of \$146,016 (2022 - \$184,317) from a company owned by a Councilor. These transactions are recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

22. COMPARATIVE FIGURES

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