

CONSOLIDATED FINANCIAL REPORT

**THE CORPORATION OF THE
TOWNSHIP OF ARMSTRONG**

DISTRICT OF TIMISKAMING

YEAR ENDED DECEMBER 31, 2023

INDEX

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

	Page Number
Management's Responsibility for the Financial Statements	1
Auditors' Report	2 - 3
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Debt	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 27
Trust Funds	
- Compilation Engagement Report	28
- Statement of Financial Position, Statement of Continuity and Notes to the Financial Statements	29

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of The Corporation of the Township of Armstrong are the responsibility of the Corporation of the Township of Armstrong's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is described in Note 1 to the financial statements. 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.

The Corporation of the Township of Armstrong's management maintains a system of internal controls 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 financial statements. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Kemp Elliott & Blair LLP; independent external auditors appointed by the Corporation of the Township of Armstrong. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation of the Township of Armstrong's financial statements.



Dan Thibeault
CAO – Clerk-Treasurer

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of Armstrong:

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Armstrong, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and notes to the 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 Armstrong as at December 31, 2023, and the results of its operations, change in net debt and 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Corporation of the Township of Armstrong in accordance with the ethical requirements that are relevant to our audit of the 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 the 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 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 Corporation of the Township of Armstrong's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation of the Township of Armstrong or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 Corporation of the Township of Armstrong'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 Corporation of the Township of Armstrong's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Corporation of the Township of Armstrong to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Kemp Elliott & Blair LLP

Licensed Public Accountants
New Liskeard, Ontario
August 14, 2024

Kemp Elliott & Blair LLP

Chartered Professional Accountants

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

FINANCIAL ASSETS

	2023	2022
Cash	\$ 1,610,476	\$ 1,821,651
Short-term investments – note 7	13,090	12,739
Taxes receivable	86,887	94,642
Accounts receivable	218,346	182,882
	<u>1,928,799</u>	<u>2,111,914</u>

LIABILITIES

Accounts payable and accrued liabilities	321,847	233,054
Deferred revenue – other – note 8	148,674	184,806
Deferred revenue – obligatory reserve funds – note 9	281,495	405,716
Municipal debt – note 13	497,158	-
Asset retirement obligations – note 10	1,581,320	1,538,252
	<u>2,830,494</u>	<u>2,361,828</u>

NET DEBT

<u>(901,695)</u>	<u>(249,914)</u>
------------------	------------------

NON-FINANCIAL ASSETS

Inventories of supplies	20,346	11,297
Prepaid expenses	74,797	65,287
Tangible capital assets – note 19	8,217,350	7,504,749
	<u>8,312,493</u>	<u>7,581,333</u>

ACCUMULATED SURPLUS – note 15

\$ 7,410,798	\$ 7,331,419
--------------	--------------


Contingent liabilities – note 16

Contractual obligations and commitments – note 14

The accompanying notes form an integral part of these consolidated financial statements.

On behalf of Council:


 Mayor


 CAO - Clerk-Treasurer

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2023

REVENUES	2023 Budget (Note 12)	2023 Actual	2022 Actual
Operating revenues			
Municipal taxation	\$ 1,516,160	\$ 1,511,193	\$ 1,443,824
Water, sewer, garbage and 911 fees	596,800	593,570	596,103
User charges	136,900	124,363	142,315
Provincial grants	662,118	619,656	550,873
Federal grants	15,905	42,720	10,826
Revenue from other municipalities	31,900	38,197	23,625
Investment income	30,000	40,499	17,956
Penalties and interest on taxes	18,000	16,544	15,148
Land sales	100,000	160,000	81,000
Other	155,392	88,667	134,305
	<u>3,263,175</u>	<u>3,235,409</u>	<u>3,015,975</u>
Capital revenues			
Provincial grants	239,146	44,979	18,768
Federal grants	878,558	316,269	140,153
	<u>1,117,704</u>	<u>361,248</u>	<u>158,921</u>
Total revenues	<u>4,380,879</u>	<u>3,596,657</u>	<u>3,174,896</u>
EXPENDITURES			
General government	651,422	676,799	606,557
Protection to persons and property	374,366	338,470	355,421
Transportation services	994,390	982,947	901,135
Environmental services	798,745	782,685	727,954
Health services	237,780	234,910	220,777
Social and family services	140,500	138,962	139,072
Recreation and cultural services	318,355	311,943	304,061
Planning and development	47,985	50,562	49,292
Total expenditures	<u>3,563,543</u>	<u>3,517,278</u>	<u>3,304,269</u>
ANNUAL SURPLUS (DEFICIT)	817,336	79,379	(129,373)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	7,331,419	7,331,419	8,423,801
Adjustments related to adoption of new accounting standards – note 3	-	-	(963,009)
ACCUMULATED SURPLUS, END OF YEAR – note 15	<u>\$ 8,148,755</u>	<u>\$ 7,410,798</u>	<u>\$ 7,331,419</u>

The accompanying notes form an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 Budget (Note 12)	2023 Actual	2022 Actual
ANNUAL SURPLUS (DEFICIT)	\$ 817,336	\$ 79,379	\$ (129,373)
Acquisition of tangible capital assets	(2,285,756)	(1,248,226)	(226,583)
Amortization of tangible capital assets	480,475	535,625	480,475
Change in prepaid expenses	-	(9,510)	(18,335)
Acquisition of inventories of supplies	-	(9,049)	(3,503)
Decrease (increase) in net debt	(987,945)	(651,781)	102,681
Net financial assets (debt), beginning of year	(249,914)	(249,914)	689,620
Adjustments related to adoption of new accounting standards – note 3	-	-	(1,042,215)
NET DEBT, END OF YEAR	\$ (1,237,859)	\$ (901,695)	\$ (249,914)

The accompanying notes form an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
OPERATIONS		
Annual surplus (deficit)	\$ 79,379	\$ (129,373)
Charges not affecting cash –		
Amortization of tangible capital assets	535,625	480,475
	<u>615,004</u>	<u>351,102</u>
Other sources (uses) of cash –		
Change in taxes receivable	7,755	(16,588)
Change in accounts receivable	(35,464)	(25,036)
Change in inventories of supplies	(9,049)	(3,503)
Change in prepaid expenses	(9,510)	(18,335)
Change in accounts payable and accrued liabilities	88,793	25,725
Change in deferred revenue – other	(36,132)	183,106
Change in deferred revenue – obligatory reserve fund	(124,221)	35,305
Change in asset retirement obligations	43,068	41,899
	<u>(74,760)</u>	<u>222,573</u>
Total cash provided by operations	<u>540,244</u>	<u>573,675</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	<u>(1,248,226)</u>	<u>(226,583)</u>
INVESTING TRANSACTIONS		
Acquisition of short-term investments	<u>(351)</u>	<u>(114)</u>
FINANCING TRANSACTIONS		
Proceeds from municipal debt	504,614	-
Repayment of municipal debt	<u>(7,456)</u>	<u>-</u>
Total provided by financing transactions	<u>497,158</u>	<u>-</u>
INCREASE (DECREASE) IN CASH	(211,175)	346,978
Cash, beginning of year	<u>1,821,651</u>	<u>1,474,673</u>
CASH, END OF YEAR	<u>\$ 1,610,476</u>	<u>\$ 1,821,651</u>
REPRESENTED BY		
Cash	<u>\$ 1,610,476</u>	<u>\$ 1,821,651</u>

The accompanying notes form an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

The Corporation of the Township of Armstrong is a Township in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act 2001, Provincial Offences Act and other related legislation.

1. **Accounting policies**

The consolidated financial statements of the Corporation of the Township of Armstrong are the representation of management and council and are prepared in accordance with generally accepted accounting principles for local government as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing.

Use of estimates

Management has made estimates and assumptions that affect the amounts reported in preparing these consolidated financial statements. Significant areas requiring the use of management estimates relate to the determination of tangible capital assets historical cost, estimated useful life and related amortization and usage, remaining life, inflation rates and discount rates related to asset retirement obligations.

Basis of consolidation

The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves and changes in investment in tangible capital assets of the Township and include the activities of all committees of Council and the following boards, municipal enterprises and utilities which are under the control of Council:

Corporation of the Township of Armstrong Public Library Board

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

Non-consolidated entities

The following local boards, joint local boards, municipal enterprises and utilities are not consolidated:

Timiskaming District Health Unit

District of Timiskaming Social Services Administration Board

Although these are joint local boards they run autonomously to provide those services mandated by the Province. The Township has no control over these programs or their financing. These joint local boards are not proportionately consolidated. The yearly requisitions of these boards are expensed by the Township in its statements.

Temiskaming Municipal Services Association

The Temiskaming Municipal Services Association provides the services of a Chief Building Officer to 21 municipalities. The operations of this organization are not proportionately consolidated into these statements because the Township does not have control. Building Permit revenues are transferred to this organization.

Accounting for school board transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these statements.

Trust funds

Trust funds and their related operations administered by the Township are not consolidated, but are reported separately on the "Trust Funds Statement of Financial Position" and "Statement of Operations".

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. Accounting policies – continued

Short-term investments

Short-term investments are recorded at cost. Investment income earned on surplus funds is reported as revenue in the period earned.

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. 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	25-50 years
Vehicles	3-20 years
Equipment	2-50 years
Roads and bridges	10-20 years
Underground networks	10-60 years

A full year of amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for use.

The Township has no capitalization threshold for land and buildings, a capitalization threshold of \$10,000 for infrastructure systems and \$2,500 for all other assets. Individual assets of lesser value may be capitalized if they are pooled, or because, collectively, they have significant value.

The Township manages and controls various works of art and historical cultural assets including buildings, artifacts, paintings and sculptures located at Township sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

Inventories of supplies

Inventories of supplies held for consumption are recorded at lower of cost or replacement cost.

Deferred revenue – other

The Township receives certain amounts pursuant to funding agreements that may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recorded as deferred revenue and are recognized as revenue in the fiscal year the eligibility criteria has been met except when stipulations are present and to the extent that the transfer give rise to an obligation that meets the definition of a liability.

Deferred revenue – obligatory reserve funds

The Township receives Federal Gas Tax funding under the authority of the Federal legislation. These funds, by their nature, are restricted in their use and until applied to specific expenses, are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. **Accounting policies – continued**

Asset retirement obligations

Asset retirement obligations represent the legal obligation associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use.

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the consolidated financial statement date to the extent that all recognition criteria are met. Asset retirement obligations are only recognized when there is a legal obligation for the Township to incur costs in relation to a specific tangible capital asset, when the past transaction or event causing the liability has already occurred, when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related tangible capital asset is also recognized. Through the passage of time in subsequent reporting periods, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates.

At remediation, the Township derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the consolidated statement of operations and accumulated surplus

Revenue recognition

Government transfers (provincial and federal grants)

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. A transfer with eligibility criteria is recognized as revenue when the transfer is authorized and all eligibility criteria have been met. A transfer with or without eligibility criteria but with stipulation is recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except where and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

Taxation and related revenues

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Township is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Township determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded when they meet the definition of an asset, the tax is authorized and the taxable event has occurred. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known.

The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. **Accounting policies – continued**
Revenue recognition – continued
Fees, service charges and other revenue
 Fees, service charges and other revenue are recognized when earned.

Financial instruments

The Township recognizes its financial instruments when the municipality becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section PS 3420 Inter-entity Transactions.

At initial recognition, the municipality may irrevocably elect to subsequently measure any financial instrument at fair value. The Township has not made such an election during the year.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

2. **Prior period adjustment**
 The comparative figures have been retroactively restated to reflect transactions applicable to 2022 and prior, which were not previously recorded, or recorded at incorrect amounts. Income earned in 2022 and prior was not reported as revenues when earned. As a result, December 31, 2022 figures, presented for comparative purposes, have been restated from those previously reported as follows:

	As previously reported	Increase (decrease)	As restated
Statement of Financial Position			
Accounts receivable	\$ 99,330	\$ 83,552	\$ 182,882
Deferred revenue – other	237,593	(52,787)	184,806
Deferred revenue – obligatory reserve funds	430,303	(24,587)	405,716
Net financial assets	669,566	160,926	830,492
Accumulated surplus	8,178,928	160,926	8,339,854
Statement of Change in Net Financial Assets			
Annual deficit	(192,086)	108,139	(83,947)
Net financial assets, beginning of year	636,833	52,787	689,620
Statement of Operations			
Operating revenues			
Provincial grants	529,188	21,685	550,873
Federal grants	5,514	5,312	10,826
Other	125,526	8,779	134,305
Capital revenues			
Provincial grants	8,150	10,618	18,768
Federal grants	78,408	61,745	140,153
Annual deficit	(192,086)	108,139	(83,947)
Accumulated surplus, beginning of year	8,371,014	52,787	8,423,801
Accumulated surplus, end of year	8,178,928	160,926	8,229,854

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3. **Adoption of new accounting standards**

On January 1, 2023, the Township adopted PS 3280 Asset retirement obligations (ARO) on a modified retroactive basis. PS 3280 Asset Retirement Obligations (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

In the past, the Township reported its obligations relating to the retirement of its landfill including closure and post-closure activities provided for over the estimated remaining life of the landfill site based on usage. The Township reported its obligation related to retirement of other tangible capital assets in the period in which the asset was retired directly as an expense.

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 and replaces Section PS 3270 Solid Waste Landfill Closure and Post-Closure Liability.

As a result of the application of this accounting standard, an asset retirement obligation has been recognized as a liability, an asset retirement cost has been added to the cost of tangible capital assets and the landfill closure and post-closure liability has been removed in the consolidated statement of financial position. The asset retirement obligations represent the estimated costs of retiring assets owned by the Township.

The adoption of PS 3280 Asset Retirement Obligations (ARO) has been applied to the comparative period as follows:

	<u>2022</u>		
	As previously reported	Increase (decrease)	As restated
Statement of Financial Position			
Asset retirement obligations	\$ -	\$ 1,538,252	\$ 1,538,252
Landfill closure and post-closure liability	457,846	(457,846)	-
Tangible capital assets	7,432,778	71,971	7,504,749
Accumulated surplus	8,339,854	(1,008,435)	7,331,419
Statement of Operations			
General government	602,430	4,127	606,557
Protection to persons and property	355,275	146	355,421
Environmental services	701,067	26,887	727,954
Recreation and cultural services	289,795	14,266	304,061
Annual deficit	(83,947)	(45,426)	(129,373)
Adjustments related to adoption of new accounting standards	-	(963,009)	(963,009)
Accumulated surplus, end of year	8,339,854	(1,008,435)	7,331,419
Statement of Change in Net Debt			
Annual deficit	(83,947)	(45,426)	(129,373)
Amortization of tangible capital assets	473,240	7,235	480,475
Adjustments related to adoption of new accounting standards	-	(1,042,215)	(1,042,215)
Net financial assets (debt) end of year	830,492	(1,080,406)	(249,914)

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3. Adoption of new accounting standards – continued

Statement of Cash Flows

Annual deficit	(83,947)	(45,426)	(129,373)
Amortization of tangible capital assets	473,240	7,235	480,475
Change in landfill closure and post-closure liability	3,708	(3,708)	-
Change in asset retirement obligations	-	41,899	41,899

4. Operations of school boards

Further to note 1, the taxation levied on behalf of and due to the school boards is:

	<u>2023</u>	<u>2022</u>
	\$ 454,787	\$ 453,517

5. Contributions to joint boards

Further to note 1, the following contributions were made by the Township to these boards:

	<u>2023</u>	<u>2022</u>
Timiskaming Health Unit	\$ 57,755	\$ 53,038
District of Timiskaming Social Services Administration Board	\$ 298,500	\$ 289,779

6. Revolving line of credit

The Township has a \$300,000 business operating line negotiated with Desjardins with a balance outstanding of \$nil (2022 \$nil). Interest is at bank prime plus 1% (currently 8.2%). The Township also has a \$300,000 business operating line negotiated with Scotiabank with a balance outstanding of \$nil (2022 \$nil). Interest is at bank prime (currently 7.2%).

7. Short-term investments

(at cost)

Guaranteed investment certificate (GIC)	<u>2023</u>	<u>2022</u>
	\$ 13,090	\$ 12,625

The GIC includes one certificate maturing in 2025 and is bearing interest at 2.75%. Due to the nature of the short-term investments, market value approximates the book value.

8. Deferred revenue – other

Deferred revenue – other consists of the following:

	December 31 2022	Funds Received (repaid)	Revenue Earned	December 31 2023
Other - THU funding	\$ 1,700	\$ -	\$ -	\$ 1,700
Provincial grant - MMP Intake 3	43,938	(15,363)	28,575	-
Provincial grant - NORDS	139,168	73,842	213,010	-
Provincial grant - OCIF	-	146,974	-	146,974
	<u>\$ 184,806</u>	<u>\$ 205,453</u>	<u>\$ 241,585</u>	<u>\$ 148,674</u>

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

9. **Deferred revenue – obligatory reserve funds**

Deferred revenue – obligatory reserve funds consist of the following:

	December 31 2022	Funds Received	Revenue Earned	December 31 2023
Federal Gas Tax	\$ 405,716	\$ 93,597	\$ 217,818	\$ 281,495

10. **Asset retirement obligations**

	2023	2022
Balance, beginning of year	\$ 1,538,252	\$ -
Opening balance adjustment	-	1,496,353
Accretion expense	43,068	41,899
Balance, end of year	\$ 1,581,320	\$ 1,538,252

The asset retirement obligation at year end is as follows:

	2023	2022
Landfill	\$ 905,471	\$ 880,809
Asbestos removal	604,806	588,33
Water wells	68,175	66,320
Fuel storage tank	2,868	2,790
Balance, end of year	\$ 1,581,320	\$ 1,538,252

The discount rate used to present value future cash outputs is 2.80% (2022 2.80%).

Landfill

Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites, regardless of site use. The main components of the landfill closure plan are final capping using selected specific layers of earthen materials based on an engineered cap design and implementation of a drainage management plan. The post-closure maintenance requirements will involve cap maintenance, installation of monitoring wells, groundwater monitoring, inspections and annual reports.

The reported liability is based on estimates and assumptions with respect to events extending over the estimated remaining useful life using the best information available to management. Future events may result in significant changes to the estimated total expense, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable. The most recent waste capacity study for the landfill site was performed in a report dated August 26, 2016.

The landfill site was established in 1974 and is owned and operated by the Township of Armstrong. The total capacity of the site is 303,000 cubic meters and is estimated to reach capacity in 2031 and currently has an estimated capacity of 97,701 cubic meters. Post-closure care is estimated to be required for 15 years from the date of site closure. The Township's asset retirement obligation was reported in the consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

10. **Asset retirement obligations – continued**

Asbestos removal

The Township owns buildings which may contain asbestos, and therefore, the Township may be legally required to perform abatement activities upon renovation or demolition of this asset. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Assumptions were made regarding the remaining useful life of the buildings that may contain materials with asbestos in order to estimate when the costs of rehabilitation would be incurred.

Water wells

The Township owns water wells and pumphouses which represents an environmental hazard upon removal and decommissioning and there are legal obligations regarding how they must be removed. Assumptions were used to quantify unit time for the summation of service costs.

Fuel storage tank

The Township rents an above ground fuel tank which represents an environmental hazard upon removal and there are legal obligations regarding how they must be removed. Assumptions were used to quantify unit time for the summary of service costs.

11. **Trust funds**

Trust funds administered by the Township amounting to \$63,420 (2022 \$61,660) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

12. **Budget**

The Budget adopted by Council was not prepared on a basis consistent with that used to report actual result according to Public Sector Accounting Standards used on the Consolidated Statement of Operations on page 5. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The actual budget is reflected in note 20. It expenses all tangible capital expenditures, does not include amortization expense, reflects proceeds of long-term debt as revenue, principal repayments of long-term debt as an expense and the full proceeds from the sale of tangible capital assets as revenue. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the financial plan adopted by Council with adjustments as follows:

	<u>2023</u>
Actual budget deficit for the year – note 20	\$ (136,693)
Add: Debt principal repayments	36,900
Investment in tangible capital assets	2,285,756
Less: Estimated amortization	(480,475)
Estimated accretion expenses	(41,899)
Proceeds from long-term debt	<u>(846,253)</u>
Budget surplus per statement of operations – page 5	<u>\$ 817,336</u>

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

13. Municipal debt

The balance of the municipal debt reported on the "Consolidated Statement of Financial Position" is made up of all the long-term liabilities, incurred by the Township and outstanding at the end of the year.

	<u>2023</u>	<u>2022</u>
A serial debenture with Ontario Infrastructure repayable in monthly (principal and interest) payments of \$6,078 with interest at 4.68% per annum and the debenture matures in December 2028. The loan relates to a new snowplow.	\$ 324,614	\$ -
A loan with Desjardins, payable in monthly installments of \$3,627 with interest at 7.74%. The final installment is due September 2028. The loan relates to office renovations.	<u>172,543</u>	<u>-</u>
	<u>\$ 497,158</u>	<u>\$ -</u>

Principal payments are due as follows:

2024	\$ 90,261
2025	95,600
2026	101,265
2027	107,289
2028	<u>102,743</u>
	<u>\$ 497,158</u>

Total interest paid during the year on the long-term debt is \$3,425 (2022 \$nil).

14. Contractual obligations and commitments

Contracts for services

The municipality has entered into contracts with third parties to provide services to the Township. The minimum anticipated payments under these contracts are as follows:

2024	\$ 8,675
2025	8,955
2026	8,955

Through its normal course of operations, the Township enters into long-term contracts for the purchase of goods and services. The future value of certain long-term contracts is unknown. Annually, the Township includes estimated payments required for the upcoming year as part of its budget to ensure that sufficient funding is available for these contracts.

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

15. **Accumulated surplus**

Reserves represent an appropriation of surplus for a specific purpose, determined by council, are non-statutory and subject to change by council at any time.

	<u>2023</u>	<u>2022</u>
Reserves and deficits		
Working capital reserve	\$ -	\$ 5,000
Gym reserve	-	12,986
Seniors program reserve	5,000	5,000
Modernization fund reserve	-	236,913
Landfill site reserve	440,096	190,170
Airport road subdivision reserve	-	175,991
Local improvements reserve	-	56,123
Federal Gas Tax rebate reserve	-	40,375
Computer equipment reserve	-	24,248
Website reserve	-	10,000
Fire equipment reserve	51,623	41,623
Cannabis legalization reserve	-	20,000
Covid Safe Restart reserve	-	32,787
Parkland development reserve	18,720	3,720
Public works equipment reserve	155,952	168,322
Water meters reserve	-	90,347
Library reserve	50,695	48,521
Water reserve	292,175	292,132
Sewer reserve	191,776	201,192
General municipal deficit	-	(367,112)
	<u>1,206,037</u>	<u>1,288,338</u>
Amounts to be recovered		
Unfinanced capital expenditures	(29,254)	-
Unfinanced municipal debt	(497,158)	-
Unfinanced asset retirement obligations	(1,581,320)	(1,538,252)
	<u>(2,107,732)</u>	<u>(1,538,252)</u>
Net debt	<u>(901,695)</u>	<u>(249,914)</u>
Non-financial assets		
Inventories of supplies	20,346	11,297
Prepaid expenses	74,797	65,287
Invested in tangible capital assets	<u>8,217,350</u>	<u>7,504,749</u>
	<u>8,312,493</u>	<u>7,581,333</u>
Accumulated surplus	<u>\$ 7,410,798</u>	<u>\$ 7,331,419</u>

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Debt for the year.

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

16. **Contingent liabilities**

Non-consolidated entities

The Township is contingently liable for the deficits and long-term debt of the non-consolidated entities.

Funding agreements

Under the terms of various funding agreements, the Township could have provincial and federal grants become repayable if it is determined that funding was applied towards ineligible costs or if other terms of the agreements were not met. At year end management is of the opinion that all conditions have been met and funding was applied towards eligible costs.

Ontario Municipal Employees Retirement Fund

All permanent, full-time employees of the Township are eligible to be members of the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Township's contributions equal the employee contributions to the plan.

As this is a multi-employer pension plan, the contributions by the Township are recognized as an expenditure. No pension liability for this type of plan is recognized in the Township's consolidated financial statements. Contributions made by the Township to OMERS for 2023 were \$73,753 (2022 \$60,167). The plan had an actuarial deficit of \$4.2 billion at the end of 2023.

Liability for vacation pay, sick pay and other post-employment benefits

Municipal employees retiring do not receive any other retirement allowance that either vests or accrues over the period of employment. Vacation pay and sick benefits do not accrue and are not vested. The Township recognizes the expenses for sick time when the event obliges the Township to pay. No other post-employment benefits are payable by the Township.

Claims and possible claims

The Township becomes involved in claims and litigation in the normal course of operations. As the outcome of these matters cannot be determined at the date of the consolidated financial statements, any settlements or awards will be recorded in the period in which they are determinable.

17. **Financial instruments**

The Township, as part of its operations, carries a number of financial instruments. It is management's opinion that the Township is not exposed to significant interest, currency, liquidity, market, other price or credit risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk is the risk of financial loss because of a counter party to a financial instrument fails to discharge its contractual obligations.

The Township manages its credit risk by establishing an allowance for doubtful accounts based on factors surrounding the credit risk of specific accounts, historical trends and other information. The Township has a significant number of customers and ratepayers which minimizes concentration of credit risk. Further, the Township has available to it a tax registration process to recover unpaid municipal taxes by way of forced transfer of properties with multi-year arrears.

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

17. **Financial instruments – continued**

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Township manages exposure through its normal operating and financing activities. The Township is exposed to interest rate risk primarily through its floating interest rate bank indebtedness, fixed rate GIC and credit facilities.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Township is exposed to this risk mainly in respect of its receipt of funds from its customers and ratepayers, and other related sources, and accounts payable.

The Township manages the liquidity risk resulting from its accounts payable by maintaining cash and investing in other liquid assets.

18. **Segmented information**

The Corporation of the Township of Armstrong is a diversified municipal government institution that provides a wide range of services to its citizens, including General Government Services, Protection Services, Transportation Services, Environmental Services, Health Services, Social and Family Services, Recreational and Cultural Services and Planning and Development Services. Service areas were created for the purpose of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these service areas. Departments disclosed in the segmented information, along with the services they provide, are as follows:

General Government Services

General government services consists of departments that are responsible for adopting bylaws; adopting administrative policy; levying taxes; acquiring, disposing and managing municipal assets; ensuring effective financial management; monitoring performance and ensuring that high quality municipal service standards are met.

Protection Services

Protection services consists of departments that are responsible for the enforcement of laws, prevention of crime, and maintenance of peace, order, and security by protecting life, property and the environment through the provision of emergency response, thus ensuring safe homes and safe communities.

Transportation Services

Transportation services consists of departments that are responsible for the delivery of municipal public works services related to planning, design, construction, cleaning, repair, snow removal and signage of roadway systems.

Environmental Services

Environmental services include water, sewer, garbage and recycling services. Water and sewer services include the operation and distribution of water and networking of sewer mains and the wetlands. The garbage and recycling services group are responsible for the delivery of municipal services including garbage collection and recycling.

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

18. **Segmented information – continued**

Health Services

The Township funds a range of public health services through the Timiskaming Health Unit and provides ambulance services through the District Social Services Administration Board. The Township also provides cemetery services.

Social and Family Services

The Township funds a range of family and social services through the District Social Services Administration Board which includes social housing, childcare and general assistance.

Recreation and Cultural Services

Recreation and cultural services consists of departments that are responsible for providing, facilitating the development of, and maintaining high quality parks, recreational facilities, and cultural services.

Planning and Development Services

Planning and development services consists of departments that are responsible for preparing land use plans, bylaws and policies for sustainable development of the Township and for reviewing and approving new development.

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

18. Segmented information – continued

Revenues	General					Recreation and Cultural Services	Planning and Development Services	Total 2023	Total 2022
	Government Services	Protection Services	Transportation Services	Environmental Services	Health Services				
Operating revenues	\$ 1,511,193	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,511,193	\$ 1,443,824
Municipal taxation	-	9,222	-	584,348	-	-	-	593,570	596,103
Water, sewer, garbage and 911 fees	2,341	19,271	-	31,493	14,393	44,569	12,296	124,363	142,315
User charges	362,800	-	213,010	36,708	-	2,817	4,321	619,656	550,873
Provincial grants	-	-	33,384	-	-	9,336	-	42,720	10,826
Federal grants	-	29,200	6,392	-	-	2,605	-	38,197	23,625
Revenue from other municipalities	40,499	-	-	-	-	-	-	40,499	17,956
Investment income	16,544	-	-	-	-	-	-	16,544	15,148
Penalties and interest on taxes	-	-	-	-	-	-	-	160,000	81,000
Land sales	18,952	22,508	22,607	13,777	-	10,823	-	88,667	134,305
Other	1,952,329	80,201	275,393	666,326	14,393	70,150	176,617	3,235,409	3,015,975
Capital revenues	37,957	-	-	-	-	7,022	-	44,979	18,768
Provincial grants	73,145	-	-	98,497	-	144,627	-	316,269	140,153
Federal grants	2,063,431	80,201	275,393	764,823	14,393	221,799	176,617	3,596,657	3,174,896
Total revenues	421,550	65,016	262,998	245,625	5,933	149,440	-	1,150,562	957,801
Expenditures	3,425	-	-	-	-	-	-	3,425	-
Wages and benefits	191,810	54,725	466,176	155,007	10,143	125,680	48,178	1,051,719	1,090,483
Long-term debt interest	21,077	209,266	-	131,615	-	-	-	361,958	376,868
Materials	6,400	150	-	26,595	-	12,839	-	45,984	44,946
Contracted services	-	-	11,750	-	217,293	-	-	368,005	353,696
Rents and financial expenses	32,537	9,313	242,023	223,843	1,541	23,894	2,384	535,625	480,475
External transfers	676,799	338,470	982,947	782,685	234,910	311,943	50,562	3,517,278	3,304,269
Amortization	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 1,386,632	\$ (258,269)	\$ (707,554)	\$ (17,862)	\$ (220,517)	\$ (138,962)	\$ (90,144)	\$ 79,379	\$ (129,373)

Annual surplus (deficit) \$ 1,386,632 \$ (258,269) \$ (707,554) \$ (17,862) \$ (220,517) \$ (138,962) \$ (90,144) \$ 79,379 \$ (129,373)

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

19. **Schedule of tangible capital assets**

2023

	Opening Cost Dec 31, 2022	Additions	Transfers	Ending Cost Dec 31, 2023	Opening Accumulated Amortization		Ending Accumulated Amortization		Net Assets Dec 31, 2023
					Dec 31, 2022	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	
General									
Land	\$ 494,062	\$ -	\$ -	\$ 494,062	\$ -	\$ -	\$ -	\$ -	\$ 494,062
Land improvements	342,009	-	-	342,009	237,021	9,504	246,525	246,525	95,484
Buildings	1,404,019	609,668	50,975	2,064,662	1,057,143	40,832	1,097,975	1,097,975	966,687
Vehicles	773,442	-	-	773,442	561,032	23,510	584,542	584,542	188,900
Equipment	1,498,576	490,305	(34,170)	1,954,711	1,046,332	99,045	1,145,377	1,145,377	809,334
Infrastructure									
Roads	6,963,922	-	55,463	7,019,385	5,617,227	170,068	5,787,295	5,787,295	1,232,090
Bridges and culverts	547,479	-	-	547,479	503,997	9,987	513,984	513,984	33,495
Underground networks	7,651,030	42,555	45,635	7,739,220	3,301,814	182,679	3,484,493	3,484,493	4,254,727
Assets under construction	154,776	105,698	(117,903)	142,571	-	-	-	-	142,571
Total	\$ 19,829,315	\$ 1,248,226	\$ -	\$ 21,077,541	\$ 12,324,566	\$ 535,625	\$ 12,860,191	\$ 12,860,191	\$ 8,217,350

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

19. **Schedule of tangible capital assets - continued**

	2022		2021		Ending Cost Dec 31, 2022	2021		Ending Accumulated Amortization Dec 31, 2022	Net Assets Dec 31, 2022
	Opening Cost Dec 31, 2021	Additions	Opening Accumulated Amortization Dec 31, 2021	Current Amortization Dec 31, 2021					
General									
Land	\$ 494,062	\$ -	\$ -	\$ -	\$ 494,062	\$ -	\$ -	\$ -	\$ 494,062
Land improvements	342,009	-	227,516	9,505	342,009	227,516	237,021	104,988	104,988
Buildings	1,404,019	-	1,029,675	27,468	1,404,019	1,029,675	1,057,143	346,876	346,876
Vehicles	720,501	52,941	532,032	29,000	773,442	532,032	561,032	212,410	212,410
Equipment	1,479,710	18,866	993,719	52,613	1,498,576	993,719	1,046,332	452,244	452,244
Infrastructure									
Roads	6,963,922	-	5,448,267	168,960	6,963,922	5,448,267	5,617,227	1,346,695	1,346,695
Bridges and culverts	547,479	-	494,010	9,987	547,479	494,010	503,997	43,482	43,482
Underground networks	7,651,030	-	3,118,872	182,942	7,651,030	3,118,872	3,301,814	4,349,216	4,349,216
Assets under construction	-	154,776	-	-	154,776	-	-	-	154,776
Total	\$ 19,602,732	\$ 226,583	\$ 11,844,091	\$ 480,475	\$ 19,829,315	\$ 11,844,091	\$ 12,324,566	\$ 7,504,749	\$ 7,504,749

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

20. **Budgeting**

The Township budgets to determine an appropriate tax rate based on all budgeted revenues and expenditures.

The consolidated statement of operations on page 5 has been modified here to exclude amortization and accretion expenses and to include tangible capital asset expenditures and the principal repayments on long-term debt.

This modified statement of operations (budget based) is consistent with the budget format used and is presented here with the 2023 budget.

REVENUES	2023	2023	2022
	Budget	Actual	Actual
Operating revenues			
Municipal taxation	\$ 1,516,160	\$ 1,511,193	\$ 1,443,824
Water, sewer, garbage and 911 fees	596,800	593,570	596,103
User charges	136,900	124,363	142,315
Provincial grants	662,118	619,656	550,873
Federal grants	15,905	42,720	10,826
Revenue from other municipalities	31,900	38,197	23,625
Investment income	30,000	40,499	17,956
Penalties and interest on taxes	18,000	16,544	15,148
Proceeds from sale of land	100,000	160,000	81,000
Other	155,392	88,667	134,305
	<u>3,263,175</u>	<u>3,235,409</u>	<u>3,015,975</u>
Capital revenues			
Provincial grants	239,146	44,979	18,768
Federal grants	878,558	316,269	140,153
Proceeds from municipal debt	846,253	504,614	-
	<u>1,963,957</u>	<u>865,862</u>	<u>158,921</u>
Total revenues	<u>5,227,132</u>	<u>4,101,271</u>	<u>3,174,896</u>
 EXPENDITURES			
Operating expenditures			
General government	640,120	640,778	595,255
Protection to persons and property	358,200	329,007	339,255
Transportation services	776,900	749,972	687,148
Environmental services	557,200	532,247	486,409
Health services	237,000	233,369	219,997
Social and family services	140,500	138,962	139,072
Recreation and cultural services	285,649	275,120	271,353
Planning and development	45,600	48,178	46,907
	<u>3,041,169</u>	<u>2,947,633</u>	<u>2,785,396</u>
Capital expenditures	2,285,756	1,248,226	226,583
Municipal debt repayments	36,900	7,457	-
Total expenditures	<u>5,363,825</u>	<u>4,203,316</u>	<u>3,011,979</u>
Surplus (deficit) - full budget based	<u>\$ (136,693)</u>	<u>\$ (102,045)</u>	<u>\$ 162,917</u>

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

21. Water – Schedule of operations

This statement is not prepared according to PSAB. It is operational. It excludes amortization, includes capital revenue and expenses, and includes proceeds and repayment of long-term debt.

	<u>2023</u>	<u>2022</u>
Revenue		
Water user fees	\$ 313,549	\$ 312,923
Other water services	1,056	11,919
Federal grants – capital	<u>65,027</u>	<u>13,773</u>
Total revenue	<u>379,632</u>	<u>338,615</u>
Expenditures		
Salaries and benefits	144,323	117,718
Materials, supplies and utilities	99,714	86,795
Administration services – internal charge	16,000	16,000
Property taxes – internal charge	11,970	11,546
Capital expenditures	<u>107,582</u>	<u>13,775</u>
Total expenditures	<u>379,589</u>	<u>245,834</u>
Annual surplus	43	92,781
Reserve, beginning of year	<u>292,132</u>	<u>199,351</u>
Reserve, end of year	<u>\$ 292,175</u>	<u>\$ 292,132</u>

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

22. Sewer – Schedule of operations

This statement is not prepared according to PSAB. It is operational. It excludes amortization, includes capital revenue and expenses, and includes proceeds and repayment of long-term debt.

	<u>2023</u>	<u>2022</u>
Revenue		
Sewer user fees	\$ 159,869	\$ 159,554
Other sewer fees	12,770	8,500
Federal grants – capital	<u>33,470</u>	<u>9,182</u>
Total revenue	<u>206,109</u>	<u>177,236</u>
Expenditures		
Salaries and benefits	50,134	48,073
Materials, supplies and utilities	52,819	52,700
Administration services – internal charge	9,600	8,600
Capital expenditures	<u>102,972</u>	<u>9,043</u>
Total expenditures	<u>215,525</u>	<u>118,416</u>
Annual surplus (deficit)	(9,416)	58,820
Reserve, beginning of year	<u>201,192</u>	<u>142,372</u>
Reserve, end of year	<u>\$ 191,776</u>	<u>\$ 201,192</u>

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

23. Library – Schedule of operations

This statement is not prepared according to PSAB. It is operational. It excludes amortization, includes capital revenue and expenses, and includes proceeds and repayment of long-term debt.

	2023 Budget	2023	2022
Revenue			
Provincial grants	\$ 2,817	\$ 2,817	\$ 2,817
Grants from other municipalities	2,700	2,605	-
Contribution from the Township of Armstrong	73,343	73,343	62,074
Other income	3,432	5,915	12,613
Total revenue	<u>82,292</u>	<u>84,680</u>	<u>77,504</u>
Expenditures			
Salaries and benefits	60,900	58,701	58,625
Office and other	1,452	946	839
Capital expenses	-	-	4,554
Books, videos and subscriptions	5,400	4,677	4,517
Program and other supplies	5,500	1,417	972
Insurance	2,500	2,081	1,803
Telephone	3,100	3,540	2,085
Administration services – internal charge	2,400	2,400	2,400
Janitorial and maintenance	5,650	4,509	3,620
Miscellaneous	3,590	4,235	2,106
Total expenditures	<u>91,027</u>	<u>82,506</u>	<u>81,521</u>
Annual surplus (deficit)	(8,200)	2,174	(4,017)
Reserve, beginning of year	<u>48,521</u>	<u>48,521</u>	<u>52,538</u>
Reserve, end of year	<u>\$ 40,321</u>	<u>\$ 50,695</u>	<u>\$ 48,521</u>

COMPILATION ENGAGEMENT REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation
of the TOWNSHIP OF ARMSTRONG:

On the basis of information provided by management, we have compiled the statement of financial position of the TRUST FUNDS of the Corporation of the TOWNSHIP OF ARMSTRONG as at December 31, 2023 and the statement of continuity for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Kemp Elliott & Blair LLP

Licensed Public Accountants
New Liskeard, Ontario
August 14, 2024

Kemp Elliott & Blair LLP

Chartered Professional Accountants

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

PERPETUAL CARE CEMETERY TRUST FUNDS

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	2023	2022
FINANCIAL ASSETS		
Short-term investments	\$ 63,420	\$ 61,660
FUND BALANCE	\$ 63,420	\$ 61,660

STATEMENT OF CONTINUITY

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
Fund balance, beginning of year	\$ 61,660	\$ 59,134
Capital receipts	1,760	2,526
Fund balance, end of year	\$ 63,420	\$ 61,660

NOTES TO THE FINANCIAL STATEMENTS

1. **Basis of accounting**

The accompanying compiled financial information has been prepared on the historical cost basis, reflecting cash transactions with the addition of:

- short-term investments recorded at cost plus accrued income
- amounts due to/from the Township of Armstrong as at the reporting date

2. **Interest**

Interest earned by the Perpetual Care Cemetery Trust Funds is recorded as revenue by the Township and is not reflected in this statement.