

CONSOLIDATED FINANCIAL REPORT

**THE CORPORATION OF THE
TOWNSHIP OF ARMSTRONG**

DISTRICT OF TIMISKAMING

YEAR ENDED DECEMBER 31, 2025

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THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

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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, 2025, 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, 2025, 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

Kemp Elliott & Blair LLP

Licensed Public Accountants
New Liskeard, Ontario
March 18, 2026

Chartered Professional Accountants

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

FINANCIAL ASSETS

| | 2025 | 2024 |
|---------------------------------|------------------|------------------|
| Cash | \$ 2,025,836 | \$ 1,663,966 |
| Short-term investments – note 5 | 13,795 | 13,450 |
| Taxes receivable | 170,508 | 113,185 |
| Accounts receivable | 88,981 | 159,683 |
| | <u>2,299,120</u> | <u>1,950,284</u> |

LIABILITIES

| | | |
|--|------------------|------------------|
| Accounts payable and accrued liabilities | 356,090 | 281,325 |
| Deferred revenue – other – note 6 | 389,477 | 333,325 |
| Deferred revenue – obligatory reserve funds – note 7 | 216,987 | 167,412 |
| Municipal debt – note 11 | 311,285 | 406,888 |
| Asset retirement obligations – note 8 | <u>1,653,850</u> | <u>1,619,272</u> |
| | <u>2,927,689</u> | <u>2,808,222</u> |

NET DEBT

| | | |
|--|------------------|------------------|
| | <u>(628,569)</u> | <u>(857,938)</u> |
|--|------------------|------------------|

NON-FINANCIAL ASSETS

| | | |
|-----------------------------------|------------------|------------------|
| Inventories of supplies | 23,032 | 26,586 |
| Prepaid expenses | 86,141 | 80,989 |
| Tangible capital assets – note 17 | <u>7,386,838</u> | <u>7,887,468</u> |
| | <u>7,496,011</u> | <u>7,995,043</u> |

ACCUMULATED SURPLUS – note 12

| | | |
|--|--------------|--------------|
| | \$ 6,867,442 | \$ 7,137,105 |
|--|--------------|--------------|

Contingent liabilities – note 14

Contractual obligations and commitments – note 13

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, 2025

| | 2025 Budget (Note 10) | 2025 Actual | 2024 Actual |
|---|-----------------------------|---------------------|---------------------|
| REVENUES | | | |
| Operating revenues | | | |
| Municipal taxation | \$ 1,649,220 | \$ 1,671,315 | \$ 1,589,984 |
| Water, sewer, and garbage | 599,200 | 597,235 | 594,307 |
| User charges | 142,330 | 151,907 | 200,745 |
| Provincial grants | 734,317 | 737,146 | 490,568 |
| Federal grants | 38,000 | 29,983 | 191,384 |
| Revenue from other municipalities | 39,105 | 67,566 | 59,995 |
| Investment income | 40,000 | 41,939 | 58,338 |
| Penalties and interest on taxes | 15,800 | 22,173 | 15,480 |
| Gain on disposal of tangible capital assets | - | 5,474 | 5,774 |
| Other | 116,729 | 197,837 | 80,958 |
| | <u>3,374,701</u> | <u>3,522,575</u> | <u>3,287,533</u> |
| Capital revenues | | | |
| Provincial grants | 404,359 | 8,230 | - |
| Federal grants | 293,248 | 34,712 | 21,434 |
| Other | - | 11,000 | - |
| | <u>697,607</u> | <u>53,942</u> | <u>21,434</u> |
| Total revenues | <u>4,072,308</u> | <u>3,576,517</u> | <u>3,308,967</u> |
| EXPENDITURES | | | |
| General government | 698,352 | 676,074 | 646,970 |
| Protection to persons and property | 408,345 | 355,420 | 349,156 |
| Transportation services | 1,027,852 | 1,178,119 | 1,060,204 |
| Environmental services | 908,145 | 822,270 | 820,428 |
| Health services | 261,041 | 258,822 | 223,764 |
| Social and family services | 150,700 | 139,977 | 121,943 |
| Recreation and cultural services | 389,719 | 398,697 | 342,273 |
| Planning and development | 41,084 | 16,801 | 17,922 |
| Total expenditures | <u>3,885,238</u> | <u>3,846,180</u> | <u>3,582,660</u> |
| ANNUAL SURPLUS (DEFICIT) | 187,070 | (269,663) | (273,693) |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | <u>7,137,105</u> | <u>7,137,105</u> | <u>7,410,798</u> |
| ACCUMULATED SURPLUS, END OF YEAR – note 12 | <u>\$ 7,324,175</u> | <u>\$ 6,867,442</u> | <u>\$ 7,137,105</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, 2025

| | 2025 Budget (Note 10) | 2025 Actual | 2024 Actual |
|--|-----------------------------|---------------------|---------------------|
| ANNUAL SURPLUS (DEFICIT) | \$ 187,070 | \$ (269,663) | \$ (273,693) |
| Acquisition of tangible capital assets | (841,350) | (62,895) | (240,213) |
| Amortization of tangible capital assets | 560,190 | 555,791 | 560,190 |
| Gain on disposal of tangible capital assets | - | (5,474) | (5,774) |
| Proceeds from disposal of tangible capital assets | - | 13,208 | 15,679 |
| Change in prepaid expenses | - | (5,152) | (6,192) |
| Consumption (acquisition) of inventories of supplies | - | 3,554 | (6,240) |
| Decrease (increase) in net debt | (94,090) | 229,369 | 43,757 |
| Net debt, beginning of year | (857,938) | (857,938) | (901,695) |
| NET DEBT, END OF YEAR | \$ (952,028) | \$ (628,569) | \$ (857,938) |

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, 2025

| | 2025 | 2024 |
|--|---------------------|---------------------|
| OPERATIONS | | |
| Annual deficit | \$ (269,663) | \$ (273,693) |
| Charges not affecting cash – | | |
| Amortization of tangible capital assets | 555,791 | 560,190 |
| Accretion expense | 34,578 | 37,952 |
| Gain on disposal of tangible capital assets | (5,474) | (5,774) |
| | <u>315,232</u> | <u>318,675</u> |
| Other sources (uses) of cash – | | |
| Change in taxes receivable | (57,323) | (26,298) |
| Change in accounts receivable | 70,702 | 58,663 |
| Change in inventories of supplies | 3,554 | (6,240) |
| Change in prepaid expenses | (5,152) | (6,192) |
| Change in accounts payable and accrued liabilities | 74,765 | (33,149) |
| Change in deferred revenue – other | 56,152 | 177,278 |
| Change in deferred revenue – obligatory reserve fund | 49,575 | (114,083) |
| | <u>192,273</u> | <u>49,979</u> |
| Total cash provided by operations | <u>507,505</u> | <u>368,654</u> |
| CAPITAL TRANSACTIONS | | |
| Acquisition of tangible capital assets | (62,895) | (240,213) |
| Proceeds from sale of tangible capital assets | 13,208 | 15,679 |
| | <u>(49,687)</u> | <u>(224,534)</u> |
| INVESTING TRANSACTIONS | | |
| Acquisition of short-term investments | (345) | (360) |
| FINANCING TRANSACTIONS | | |
| Repayment of municipal debt | (95,603) | (90,270) |
| INCREASE IN CASH | 361,870 | 53,490 |
| Cash, beginning of year | <u>1,663,966</u> | <u>1,610,476</u> |
| CASH, END OF YEAR | <u>\$ 2,025,836</u> | <u>\$ 1,663,966</u> |
| REPRESENTED BY | | |
| Cash | <u>\$ 2,025,836</u> | <u>\$ 1,663,966</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, 2025

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:

Northeastern Public Health

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 and Planner to 21 municipalities. The operations of this organization are not proportionately consolidated into these statements because the Township does not have control. Fees for building inspection and planning services 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, 2025

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 funding from the Canada Community Building Fund 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, 2025

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.

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

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. **Operations of school boards**

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

| | <u>2025</u> | <u>2024</u> |
|--|-------------|-------------|
| | \$ 465,338 | \$ 457,880 |

3. **Contributions to joint boards**

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

| | <u>2025</u> | <u>2024</u> |
|--|-------------|-------------|
| Northeastern Public Health | \$ 63,070 | \$ 60,642 |
| District of Timiskaming Social Services Administration Board | \$ 318,445 | \$ 262,984 |

4. **Revolving line of credit**

The Township has a \$300,000 business operating line negotiated with Desjardins with a balance outstanding of \$nil (2024 \$nil). Interest is at bank prime plus 1% (currently 5.45%).

5. **Short-term investments**

(at cost)

Guaranteed investment certificate (GIC)

| | <u>2025</u> | <u>2024</u> |
|--|-------------|-------------|
| | \$ 13,795 | \$ 13,450 |

The GIC includes one certificate maturing in May 2028 and is bearing interest at 2.85%. Due to the nature of the short-term investments, market value approximates the book value.

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

6. **Deferred revenue – other**

Deferred revenue – other consists of the following:

| | December 31 2024 | Funds received | Utilization of funds | December 31 2025 |
|-------------------------|---------------------|-------------------|-------------------------|---------------------|
| Municipal taxation | \$ 7,373 | \$ - | \$ 1,227 | \$ 6,146 |
| Provincial grant - EASE | - | 46,348 | - | 46,348 |
| Provincial grant - OCIF | 325,952 | 204,527 | 193,496 | 336,983 |
| | <u>\$ 333,325</u> | <u>\$ 250,875</u> | <u>\$ 194,723</u> | <u>\$ 389,477</u> |

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

Deferred revenue – obligatory reserve funds consist of the following:

| | December 31 2024 | Funds received | Utilization of funds | December 31 2025 |
|----------------------|---------------------|-------------------|-------------------------|---------------------|
| Federal grant - CCBF | <u>\$ 167,412</u> | <u>\$ 84,287</u> | <u>\$ 34,712</u> | <u>\$ 216,987</u> |

8. **Asset retirement obligations**

| | 2025 | 2024 |
|----------------------------|---------------------|---------------------|
| Balance, beginning of year | \$ 1,619,272 | \$ 1,581,320 |
| Accretion expense | 34,578 | 37,952 |
| Balance, end of year | <u>\$ 1,653,850</u> | <u>\$ 1,619,272</u> |

The asset retirement obligation at year end is as follows:

| | 2025 | 2024 |
|----------------------|---------------------|---------------------|
| Landfill | \$ 946,673 | \$ 927,202 |
| Asbestos removal | 632,327 | 619,321 |
| Water wells | 71,851 | 69,812 |
| Fuel storage tank | 2,999 | 2,937 |
| Balance, end of year | <u>\$ 1,653,850</u> | <u>\$ 1,619,272</u> |

The discount rate used to present value future cash outputs is 2.1% (2024 2.4%).

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 CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

8. **Asset retirement obligations – continued**

Landfill – continued

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 January 2026.

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 2040 and currently has a remaining estimated capacity of 34,885 cubic meters. Post-closure care is estimated to be required for 25 years from the date of site closure. The Township's asset retirement obligation was reported in the consolidated financial statements.

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.

9. **Trust funds**

Trust funds administered by the Township amounting to \$68,841 (2024 \$65,547) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

10. **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 18. 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.

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

10. **Budget - continued**

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>2025</u> |
| Actual budget deficit for the year – note 18 | \$ (36,225) |
| Add: Debt principal repayments | 95,600 |
| Investment in tangible capital assets | 841,350 |
| Less: Estimated amortization | (560,190) |
| Estimated accretion expenses | (37,952) |
| Proceeds from municipal debt | <u>(115,513)</u> |
| Budget surplus per statement of operations – page 5 | <u>\$ 187,070</u> |

11. **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>2025</u> | <u>2024</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 snow plow. | \$ 203,785 | \$ 265,611 |
| 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>107,500</u> | <u>141,277</u> |
| | <u>\$ 311,285</u> | <u>\$ 406,888</u> |

Principal payments are due as follows:

| | |
|------|-------------------|
| 2026 | \$ 101,265 |
| 2027 | 107,289 |
| 2028 | <u>102,731</u> |
| | <u>\$ 311,285</u> |

Total interest paid during the year on the long-term debt is \$20,866 (2024 \$26,200).

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

12. 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>2025</u> | <u>2024</u> |
|---|---------------------|---------------------|
| Reserves, surpluses and deficits | | |
| Seniors program reserve | \$ 2,880 | \$ 2,880 |
| Fire equipment reserve | 82,795 | 82,795 |
| Parkland development reserve | 3,100 | 13,166 |
| Public works equipment reserve | 45,000 | 20,000 |
| Library reserve | 56,205 | 49,293 |
| Water reserve | 418,645 | 345,027 |
| Sewer reserve | 235,229 | 206,742 |
| Landfill site reserve | 440,096 | 440,096 |
| General municipal surplus | 67,418 | 31,876 |
| | <u>1,351,368</u> | <u>1,191,875</u> |
| Amounts to be recovered | | |
| Unfinanced capital expenditures | (14,802) | (23,653) |
| Unfinanced municipal debt | (311,285) | (406,888) |
| Unfinanced asset retirement obligations | (1,653,850) | (1,619,272) |
| | <u>(1,979,937)</u> | <u>(2,049,813)</u> |
| Net debt | <u>(628,569)</u> | <u>(857,938)</u> |
| Non-financial assets | | |
| Inventories of supplies | 23,032 | 26,586 |
| Prepaid expenses | 86,141 | 80,989 |
| Invested in tangible capital assets | 7,386,838 | 7,887,468 |
| | <u>7,496,011</u> | <u>7,995,043</u> |
| Accumulated surplus | <u>\$ 6,867,442</u> | <u>\$ 7,137,105</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, 2025

13. **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:

| | |
|------|-----------|
| 2026 | \$ 83,424 |
| 2027 | 71,873 |
| 2028 | 71,873 |
| 2029 | 71,873 |
| 2030 | 64,593 |

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.

14. **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 2025 were \$83,593 (2024 \$72,798). The plan had an actuarial deficit of \$1.3 billion at the end of 2025.

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.

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

15. **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.

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.

16. **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.

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

16. **Segmented information – continued**

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.

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, 2025

16. Segmented information – continued

| Revenues | General | | | | | Recreation and Cultural Services | Planning and Development Services | Total 2025 | Total 2024 |
|--|---------------------|---------------------|-------------------------|------------------------|-----------------|----------------------------------|-----------------------------------|--------------|--------------|
| | Government Services | Protection Services | Transportation Services | Environmental Services | Health Services | | | | |
| Operating revenues | \$ 1,671,315 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,671,315 | \$ 1,589,984 |
| Municipal taxation | - | - | - | 597,235 | - | - | - | 597,235 | 594,307 |
| Water, sewer and garbage | 2,840 | 25,836 | - | 33,362 | 22,694 | 58,910 | 8,265 | 151,907 | 200,745 |
| User charges | 423,200 | - | 257,056 | 8,668 | - | 46,841 | 1,381 | 737,146 | 490,568 |
| Provincial grants | - | - | 21,039 | - | - | 8,944 | - | 29,983 | 191,384 |
| Federal grants | - | 36,500 | 26,610 | - | - | 4,456 | - | 67,566 | 59,995 |
| Revenue from other municipalities | 41,939 | - | - | - | - | - | - | 41,939 | 58,338 |
| Investment income | 22,173 | - | - | - | - | - | - | 22,173 | 15,480 |
| Penalties and interest on taxes | - | - | - | - | - | - | - | - | - |
| Gain (loss) on disposal of tangible capital assets | - | - | (5,234) | 10,708 | - | - | - | 5,474 | 5,774 |
| Other | 75,552 | 21,240 | 38,881 | 49,780 | - | 12,384 | - | 197,837 | 80,958 |
| | 2,237,019 | 83,576 | 338,352 | 699,753 | 22,694 | 131,535 | 9,646 | 3,522,575 | 3,287,533 |
| Capital revenues | - | - | - | - | - | - | - | - | - |
| Provincial grants | - | 8,230 | - | - | - | - | - | 8,230 | - |
| Federal grants | - | - | - | - | - | 34,712 | - | 34,712 | 21,434 |
| Other | - | - | - | - | - | 11,000 | - | 11,000 | - |
| Total revenues | 2,237,019 | 91,806 | 338,352 | 699,753 | 22,694 | 177,247 | 9,646 | 3,576,517 | 3,308,967 |
| Expenditures | 432,659 | 67,782 | 321,545 | 243,421 | 5,441 | 180,524 | - | 1,251,372 | 1,141,095 |
| Wages and benefits | 9,750 | - | 11,116 | - | - | - | - | 20,866 | 26,200 |
| Long-term debt interest | 172,764 | 55,366 | 576,265 | 192,145 | 9,993 | 132,340 | 14,416 | 1,153,289 | 1,078,142 |
| Materials | 24,611 | 222,003 | - | 135,312 | - | 54,090 | - | 436,016 | 401,276 |
| Contracted services | 3,753 | 119 | - | 21,572 | - | 10,137 | - | 35,581 | 40,381 |
| Rents and financial expenses | - | - | 11,750 | - | 241,538 | - | - | 393,265 | 335,376 |
| External transfers | 32,537 | 10,150 | 257,443 | 229,820 | 1,850 | 21,606 | 2,385 | 555,791 | 560,190 |
| Amortization | 676,074 | 355,420 | 1,178,119 | 822,270 | 258,822 | 398,697 | 16,801 | 3,846,180 | 3,582,660 |
| Total expenditures | 1,560,945 | (263,614) | (839,767) | (122,517) | (236,128) | (221,450) | (7,155) | (269,663) | (273,693) |
| Annual surplus (deficit) | \$ 1,560,945 | \$ (263,614) | \$ (839,767) | \$ (122,517) | \$ (236,128) | \$ (139,977) | \$ (221,450) | \$ (269,663) | \$ (273,693) |

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

17. **Schedule of tangible capital assets**

2025

| | Opening Cost Dec 31, 2024 | Additions | Disposals | Ending Cost Dec 31, 2025 | Opening Accumulated Amortization Dec 31, 2024 | Disposals | Current Amortization | Accumulated Amortization Dec 31, 2025 | Ending Amortization Dec 31, 2025 | Net Assets Dec 31, 2025 |
|-----------------------|------------------------------|------------------|---------------------|-----------------------------|--|--------------------|----------------------|--|-------------------------------------|----------------------------|
| General | | | | | | | | | | |
| Land | \$ 494,062 | \$ - | \$ - | \$ 494,062 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 494,062 |
| Land improvements | 342,009 | - | - | 342,009 | 256,029 | - | 7,316 | 263,345 | 263,345 | 78,664 |
| Buildings | 2,100,741 | 14,814 | - | 2,115,555 | 1,133,004 | - | 35,399 | 1,168,403 | 1,168,403 | 947,152 |
| Vehicles | 734,672 | - | (77,336) | 657,336 | 571,218 | (69,602) | 17,713 | 519,329 | 519,329 | 138,007 |
| Equipment | 2,284,909 | 48,081 | (23,136) | 2,309,854 | 1,266,252 | (23,136) | 132,629 | 1,375,745 | 1,375,745 | 934,109 |
| Infrastructure | | | | | | | | | | |
| Roads | 7,019,385 | - | - | 7,019,385 | 5,957,363 | - | 170,069 | 6,127,432 | 6,127,432 | 891,953 |
| Bridges and culverts | 547,479 | - | - | 547,479 | 523,971 | - | 9,986 | 533,957 | 533,957 | 13,522 |
| Underground networks | 7,739,220 | - | - | 7,739,220 | 3,667,172 | - | 182,679 | 3,849,851 | 3,849,851 | 3,889,369 |
| Total | \$ 21,262,477 | \$ 62,895 | \$ (100,472) | \$ 21,224,900 | \$ 13,375,009 | \$ (92,738) | \$ 555,791 | \$ 13,838,062 | \$ 13,838,062 | \$ 7,386,838 |

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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

| | Opening Cost Dec 31, 2023 | Additions | Disposals/ Transfers | Ending Cost Dec 31, 2024 | 2024 | | Ending Accumulated Amortization Dec 31, 2024 | Net Assets Dec 31, 2024 |
|---------------------------|------------------------------|-------------------|-------------------------|-----------------------------|---|-------------------|--|----------------------------|
| | | | | | Opening Accumulated Amortization Dec 31, 2023 | Disposals | | |
| General | | | | | | | | |
| Land | \$ 494,062 | \$ - | \$ - | 494,062 | \$ - | \$ - | \$ - | \$ 494,062 |
| Land improvements | 342,009 | - | - | 342,009 | 246,525 | 9,504 | 256,029 | 85,980 |
| Buildings | 2,064,662 | - | 36,079 | 2,100,741 | 1,097,975 | 35,029 | 1,133,004 | 967,737 |
| Vehicles | 773,442 | - | (38,770) | 734,672 | 584,542 | 25,446 | 571,218 | 163,454 |
| Equipment | 1,954,711 | 240,213 | 89,985 | 2,284,909 | 1,145,377 | 127,477 | 1,266,252 | 1,018,657 |
| Infrastructure | | | | | | | | |
| Roads | 7,019,385 | - | - | 7,019,385 | 5,787,295 | 170,068 | 5,957,363 | 1,062,022 |
| Bridges and culverts | 547,479 | - | - | 547,479 | 513,984 | 9,987 | 523,971 | 23,508 |
| Underground networks | 7,739,220 | - | - | 7,739,220 | 3,484,493 | 182,679 | 3,667,172 | 4,072,048 |
| Assets under construction | 142,571 | - | (142,571) | - | - | - | - | - |
| Total | \$21,077,541 | \$ 240,213 | \$ (55,277) | \$ 21,262,477 | \$ 12,860,191 | \$ 560,190 | \$ 13,375,009 | \$ 7,887,468 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

18. **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 2025 budget.

| REVENUES | 2025 Budget | 2025 Actual | 2024 Actual |
|---|--------------------|-------------------|-------------------|
| Operating revenues | | | |
| Municipal taxation | \$ 1,649,220 | \$ 1,671,315 | \$ 1,589,984 |
| Water, sewer and garbage | 599,200 | 597,235 | 594,307 |
| User charges | 142,330 | 151,907 | 200,745 |
| Provincial grants | 734,317 | 737,146 | 490,568 |
| Federal grants | 38,000 | 29,983 | 191,384 |
| Revenue from other municipalities | 39,105 | 67,566 | 59,995 |
| Investment income | 40,000 | 41,939 | 58,338 |
| Penalties and interest on taxes | 15,800 | 22,173 | 15,480 |
| Other | 116,729 | 197,837 | 80,958 |
| | <u>3,374,701</u> | <u>3,517,101</u> | <u>3,281,759</u> |
| Capital revenues | | | |
| Provincial grants | 404,359 | 8,230 | - |
| Federal grants | 293,248 | 34,712 | 21,434 |
| Other | - | 11,000 | - |
| Proceeds from disposal of tangible capital assets | - | 13,208 | 15,679 |
| Proceeds from municipal debt | 115,513 | - | - |
| | <u>813,120</u> | <u>67,150</u> | <u>37,113</u> |
| Total revenues | <u>4,187,821</u> | <u>3,584,251</u> | <u>3,318,872</u> |
| EXPENDITURES | | | |
| Operating expenditures | | | |
| General government | 662,745 | 640,786 | 611,363 |
| Protection to persons and property | 398,900 | 345,151 | 339,711 |
| Transportation services | 762,675 | 917,122 | 801,267 |
| Environmental services | 652,700 | 570,878 | 564,983 |
| Health services | 259,500 | 256,972 | 222,223 |
| Social and family services | 150,700 | 139,977 | 121,943 |
| Recreation and cultural services | 361,176 | 366,955 | 313,730 |
| Planning and development | 38,700 | 14,416 | 15,538 |
| | <u>3,287,096</u> | <u>3,252,257</u> | <u>2,990,758</u> |
| Capital expenditures | 841,350 | 74,990 | 240,213 |
| Municipal debt repayments | 95,600 | 95,603 | 90,270 |
| Total expenditures | <u>4,224,046</u> | <u>3,422,850</u> | <u>3,321,241</u> |
| Surplus (deficit) - full budget based | <u>\$ (36,225)</u> | <u>\$ 161,401</u> | <u>\$ (2,369)</u> |

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

19. 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>2025</u> | <u>2024</u> |
|---|-------------------|-------------------|
| Revenue | | |
| Water user fees | \$ 321,640 | \$ 314,340 |
| Other water services | 39,531 | 5,141 |
| Federal grants – capital | - | 12,860 |
| Total revenue | <u>361,171</u> | <u>332,341</u> |
| Expenditures | | |
| Salaries and benefits | 136,450 | 130,199 |
| Materials, supplies and utilities | 123,198 | 108,755 |
| Administration services – internal charge | 16,000 | 16,000 |
| Property taxes – internal charge | 11,905 | 11,675 |
| Capital expenditures | - | 12,860 |
| Total expenditures | <u>287,553</u> | <u>279,489</u> |
| Annual surplus | 73,618 | 52,852 |
| Reserve, beginning of year | <u>345,027</u> | <u>292,175</u> |
| Reserve, end of year | <u>\$ 418,645</u> | <u>\$ 345,027</u> |

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

20. 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>2025</u> | <u>2024</u> |
|---|-------------------|-------------------|
| Revenue | | |
| Sewer user fees | \$ 163,803 | \$ 160,271 |
| Other sewer fees | 10,749 | 10,749 |
| Federal grants – capital | - | 8,574 |
| Total revenue | <u>174,552</u> | <u>179,594</u> |
| | | |
| Expenditures | | |
| Salaries and benefits | 70,505 | 67,723 |
| Materials, supplies and utilities | 65,960 | 78,731 |
| Administration services – internal charge | 9,600 | 9,600 |
| Capital expenditures | - | 8,574 |
| Total expenditures | <u>146,065</u> | <u>164,628</u> |
| | | |
| Annual surplus | 28,487 | 14,966 |
| | | |
| Reserve, beginning of year | <u>206,742</u> | <u>191,776</u> |
| | | |
| Reserve, end of year | <u>\$ 235,229</u> | <u>\$ 206,742</u> |

THE CORPORATION OF THE TOWNSHIP OF ARMSTRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

21. 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.

| | 2025 Budget | 2025 | 2024 |
|---|------------------|------------------|------------------|
| Revenue | | | |
| Provincial grants | \$ 2,817 | \$ 2,817 | \$ 2,817 |
| Grants from other municipalities | 2,605 | 4,456 | 2,605 |
| Contribution from the Township of Armstrong | 90,000 | 90,000 | 87,750 |
| Capital revenue | - | 11,000 | - |
| Other income | 6,129 | 11,349 | 3,595 |
| Total revenue | <u>101,551</u> | <u>119,622</u> | <u>96,767</u> |
| Expenditures | | | |
| Salaries and benefits | 79,800 | 75,159 | 77,900 |
| Office and other | 3,744 | 1,195 | 867 |
| Books, videos and subscriptions | 5,970 | 3,900 | 3,509 |
| Program and other supplies | 2,695 | 1,472 | 1,655 |
| Insurance | 2,700 | 2,447 | 2,289 |
| Telephone and internet | 3,367 | 3,814 | 3,017 |
| Administration services – internal charge | 1,500 | 1,500 | 1,500 |
| Janitorial and maintenance | 5,100 | 5,898 | 4,929 |
| Miscellaneous | 900 | 5,230 | 2,503 |
| Capital expenditures | - | 12,095 | - |
| Total expenditures | <u>105,776</u> | <u>112,710</u> | <u>98,169</u> |
| Annual surplus (deficit) | (4,225) | 6,912 | (1,402) |
| Reserve, beginning of year | <u>49,293</u> | <u>49,293</u> | <u>50,695</u> |
| Reserve, end of year | <u>\$ 45,068</u> | <u>\$ 56,205</u> | <u>\$ 49,293</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, 2025 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
March 18, 2026

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, 2025

| | 2025 | 2024 |
|-------------------------|------------------|------------------|
| FINANCIAL ASSETS | | |
| Short-term investments | \$ 68,841 | \$ 65,547 |
| FUND BALANCE | \$ 68,841 | \$ 65,547 |

STATEMENT OF CONTINUITY

FOR THE YEAR ENDED DECEMBER 31, 2025

| | 2025 | 2024 |
|----------------------------------|------------------|------------------|
| Fund balance, beginning of year | \$ 65,547 | \$ 63,420 |
| Capital receipts | 3,294 | 2,127 |
| Fund balance, end of year | \$ 68,841 | \$ 65,547 |

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.