

**CORPORATION OF THE TOWNSHIP OF ARMSTRONG**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

# **CORPORATION OF THE TOWNSHIP OF ARMSTRONG**

## **INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

---

	Page
<b>MANAGEMENT'S RESPONSIBILITY</b>	1
<b>INDEPENDENT AUDITOR'S REPORT</b>	2
<b>STATEMENTS</b>	
1 - Consolidated Statement of Financial Position	4
2 - Consolidated Statement of Operations and Accumulated Surplus	5
3 - Consolidated Statement of Changes in Net Financial Assets	6
4 - Consolidated Statement of Cash Flows	7
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>	8
<b>SCHEDULES</b>	
1 - Consolidated Schedule of Accumulated Surplus	19
2 - Consolidated Schedule of Tangible Capital Assets	20
3 - Consolidated Schedule of Property and Other Taxes	21
4 - Consolidated Schedule of Expenditures by Object	22
5 - Consolidated Schedule of Segmented Disclosure	23

---

## MANAGEMENT'S RESPONSIBILITY

---

To the Inhabitants and Ratepayers of Corporation of the Township of Armstrong:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information. Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the municipality's external auditors.

MNP LLP is appointed by the Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

April 12, 2023



Dan Thibeault, ~~CMO~~ - CAO Clerk-Treasurer

---

## INDEPENDENT AUDITOR'S REPORT

---

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

### **Opinion**

We have audited the accompanying consolidated financial statements of Corporation of the Township of Armstrong (the "municipality") which comprise the consolidated statement of financial position as at December 31, 2022 and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Corporation of the Township of Armstrong as at December 31, 2022 and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis of Opinion**

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

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

Management is responsible for the preparation and fair presentation of 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the municipality'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 municipality or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

Timmins, Ontario  
April 12, 2023

*MNP LLP*

Chartered Professional Accountants  
Licensed Public Accountant

**MNP**  
LLP

## CORPORATION OF THE TOWNSHIP OF ARMSTRONG

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31

	2022	2021
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 1,821,651	\$ 1,474,673
Temporary investments (Note 3)	12,739	12,625
Taxes receivable (Note 4)	90,867	74,279
Accounts receivable	96,695	155,211
<b>TOTAL FINANCIAL ASSETS</b>	<b>2,021,952</b>	<b>1,716,788</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	214,386	194,759
Deferred revenue - general (Note 7)	6,470	5,725
Deferred revenue - obligatory reserve fund (Note 7)	667,896	424,898
Landfill closure and post-closure liability (Note 8)	457,846	454,138
Due to related parties (Note 9)	5,788	435
<b>TOTAL LIABILITIES</b>	<b>1,352,386</b>	<b>1,079,955</b>
<b>NET FINANCIAL ASSETS</b>	<b>669,566</b>	<b>636,833</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	7,432,778	7,679,435
Inventories	11,297	7,794
Prepaid expenses	65,287	46,952
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>7,509,362</b>	<b>7,734,181</b>
<b>ACCUMULATED SURPLUS (Schedule 1)</b>	<b>\$ 8,178,928</b>	<b>\$ 8,371,014</b>
<b>CONTINGENT LIABILITIES (Note 16)</b>		

Approved by:

  
 Mayor

  
 Councillor

See accompanying notes.

## CORPORATION OF THE TOWNSHIP OF ARMSTRONG

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED DECEMBER 31

	-----2022-----		2021
	Budget	Actual	
<b>REVENUES</b>			
Municipal taxation ( <i>Schedule 3</i> )	\$ 1,455,500	\$ 1,434,971	\$ 1,399,859
Taxation from other governments	5,493	20,399	44,786
User charges - water and sewer	591,680	588,493	581,816
Province of Ontario grants - operating	450,060	389,654	411,452
Government of Canada grants - operating	175,207	73,184	36,425
Other revenue ( <i>Note 12</i> )	585,277	606,606	527,390
<b>TOTAL REVENUES</b>	<b>3,263,217</b>	<b>3,113,307</b>	<b>3,001,728</b>
<b>EXPENDITURES</b>			
Environmental services	841,827	753,838	708,211
General government	741,844	651,059	651,973
Health services	215,730	220,777	208,831
Planning and development	45,885	39,883	20,165
Protection to persons and property	342,770	316,055	333,828
Recreation and cultural services	537,810	357,971	323,567
Social and family services	139,000	139,072	133,414
Transportation services	812,225	1,042,601	766,929
<b>TOTAL EXPENDITURES (<i>Schedule 4</i>)</b>	<b>3,677,091</b>	<b>3,521,256</b>	<b>3,146,918</b>
<b>ANNUAL DEFICIT</b>			
<b>BEFORE UNDERNOTED</b>	<b>(413,874)</b>	<b>(407,949)</b>	<b>(145,190)</b>
Gain on disposal of tangible capital assets	101,000	81,000	160,000
Government transfers for capital	144,213	134,863	131,396
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>(168,661)</b>	<b>(192,086)</b>	<b>146,206</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>8,371,014</b>	<b>8,371,014</b>	<b>8,224,808</b>
<b>ACCUMULATED SURPLUS, END OF YEAR (<i>Schedule 1</i>)</b>	<b>\$ 8,202,353</b>	<b>\$ 8,178,928</b>	<b>\$ 8,371,014</b>

## CORPORATION OF THE TOWNSHIP OF ARMSTRONG

## CONSOLIDATED STATEMENT OF NET FINANCIAL ASSETS

YEAR ENDED DECEMBER 31

	-----2022-----		2021
	Budget	Actual	
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (168,661)	\$ (192,086)	\$ 146,206
Acquisition and construction of tangible capital assets	(374,714)	(226,583)	(246,106)
Amortization of tangible capital assets	473,240	473,240	486,929
Acquisition of inventories	-	(3,503)	(1,738)
Acquisition of prepaid expenses	-	(18,335)	(6,807)
	98,526	224,819	232,278
<b>CHANGE IN NET FINANCIAL ASSETS</b>	(70,135)	32,733	378,484
<b>NET FINANCIAL ASSETS BEGINNING OF YEAR</b>	636,833	636,833	258,349
<b>NET FINANCIAL ASSETS END OF YEAR</b>	\$ 566,698	\$ 669,566	\$ 636,833



## CORPORATION OF THE TOWNSHIP OF ARMSTRONG

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31

	2022	2021
<b>OPERATIONS</b>		
Annual surplus (deficit)	\$ (192,086)	\$ 146,206
Non-cash items:		
Gain on disposal of tangible capital assets	(81,000)	(160,000)
Amortization of tangible capital assets	473,240	486,929
	<b>200,154</b>	473,135
Changes in working capital accounts		
Taxes receivable	(16,588)	(22,802)
Accounts receivable	58,515	(55,784)
Prepaid expenses	(18,335)	(6,807)
Inventories	(3,503)	(1,738)
Accounts payable and accrued liabilities	19,627	25,519
Deferred revenue - general	745	190
Deferred revenue - obligatory reserve fund	242,998	158,327
Landfill closure and post-closure liability	3,708	826
	<b>287,167</b>	97,731
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>487,321</b>	570,866
<b>CAPITAL</b>		
Acquisition and construction of tangible capital assets	(226,583)	(246,106)
Proceeds on disposal of tangible capital assets	81,000	160,000
Proceeds (acquisition) of temporary investments	(113)	17,347
<b>CASH USED IN CAPITAL TRANSACTIONS</b>	<b>(145,696)</b>	(68,759)
<b>FINANCING</b>		
Repayment from related parties	5,353	22,984
Repayment of long term debt	-	(99,362)
<b>CASH PROVIDED BY (USED IN ) FINANCING ACTIVITIES</b>	<b>5,353</b>	(76,378)
<b>NET CHANGE IN CASH</b>	<b>346,978</b>	425,729
CASH RESOURCES, beginning of year	1,474,673	1,048,944
<b>CASH RESOURCES, end of year</b>	<b>\$ 1,821,651</b>	\$ 1,474,673

# **CORPORATION OF THE TOWNSHIP OF ARMSTRONG**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

---

### **1. NATURE OF OPERATIONS**

Corporation of the Township of Armstrong (the "municipality"), is a single tier municipality located in Northern Ontario. It is subject to provincial statutes such as the Municipal Act, the Municipal Affairs Act and related legislation.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the municipality are the representations of management and have been prepared in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board ("PSAB") of CPA Canada. The more significant of these accounting policies are summarized below.

#### **(a) BASIS OF CONSOLIDATION**

##### **(i) Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the municipality and which are owned or controlled by the municipality. These consolidated financial statements include:

##### **100% CONSOLIDATED**

Corporation of the Township of Armstrong Public Library Board

##### **(ii) Non-consolidated entities**

The following joint local boards are not consolidated:

District of Timiskaming Social Services Administration Board ("DTSSAB")  
Timiskaming Health Unit ("THU")

##### **(iii) Accounting for School Board Transactions**

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

##### **(iv) Cemetery Perpetual Care Trust Fund**

The Cemetery Perpetual Care Trust Fund and its related operations administered by the municipality are not included in the consolidated financial statements, but are reported separately on the Cemetery Perpetual Care Trust Fund Statement of Financial Position and the Statement of Financial Activities.

# **CORPORATION OF THE TOWNSHIP OF ARMSTRONG**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**YEAR ENDED DECEMBER 31, 2022**

---

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **(b) BASIS OF ACCOUNTING**

##### **(i) Accrual Accounting and Revenue Recognition**

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the acquisition of tangible capital assets.

User charges and fees relate to water, sewer, garbage collection and other fees imposed on specific activities. Revenue is recognized when the activity is performed or when the services are rendered.

Other revenues are recognized in the year that the events giving rise to the revenues occur and the revenues are earned. Amounts received which relate to revenues that will be earned in a subsequent year are deferred and reported as liabilities.

##### **(ii) Taxes Receivable and Related Revenues**

Property tax billings are prepared by the municipality 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 municipality is required to collect on behalf of local school boards as mandated by the Province of Ontario in respect of education taxes. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes, however, can be subject to appeal. Any tax adjustments that result from appeals are recorded when the result of the appeal process is known.

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

##### **(iii) Cash and cash equivalents**

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

# CORPORATION OF THE TOWNSHIP OF ARMSTRONG

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2022

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (b) BASIS OF ACCOUNTING (CONT'D)

##### (iv) Government Transfers

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 stipulations 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 for the municipality. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

##### (v) Measurement Uncertainty (Use of estimates)

The preparation of these consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year-end. Amortization is based on the estimated useful lives of tangible capital assets. Landfill closure and post closure liability is based on estimated capacity used to date.

#### Taxes receivable

Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation, and is reduced by an allowance for doubtful accounts. Management's estimate of the allowance is based upon their assessment of the ultimate collectability of taxes receivable from the respective ratepayers.

##### (vi) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, prepaid expenses and inventories of fuel.

# CORPORATION OF THE TOWNSHIP OF ARMSTRONG

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2022

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (b) BASIS OF ACCOUNTING (CONT'D)

##### (vii) 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. Contributed tangible assets are recorded at their fair value at the date of contribution.

##### Amortization

Tangible capital assets are amortized annually on a straight-line basis over the estimated useful life as follows:

	<u>YEARS</u>
Land	indefinite
Land improvements	20
Buildings	25-50
Engineered structures	
Water and sewer	10-60
Roads, streets and bridges	10-20
Equipment	2-20
Vehicles	3-20

##### (viii) Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The municipality performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus for the year.

# CORPORATION OF THE TOWNSHIP OF ARMSTRONG

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2022

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (b) BASIS OF ACCOUNTING (CONT'D)

##### (ix) Inventories

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

##### (x) Deferred revenue

Deferred revenue represents user charges and other fees which have been collected for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

##### (xi) Deferred revenue - Obligatory reserve fund

Deferred revenue - obligatory reserve fund represents recreational land contributions, cannabis legalization implementation funding, record management and operational software modernization funding, road rehabilitation funding, COVID safe restart contributions and gasoline tax contributions under the authority of provincial or federal legislation and municipal by-laws. These amounts have been collected but the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

##### (xii) Reserves and reserve fund

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are recorded as an adjustment to the respective fund when approved.

##### (xiii) Provisions for site rehabilitation

The Ontario Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. A liability is recognized beginning when the landfill first accepts waste to the date the landfill stops accepting waste. The liability for closure and post-closure care is recognized as the site capacity is used and is equal to a proportion of the estimated total expenditure required for closure and post-closure care. The estimated total expenditure represents the sum of discounted future cash flows associated with closure and post-closure care considering current technology, the length of the post-closure care period and current environmental regulations. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to future revenue generation, are expensed in the current year.

# CORPORATION OF THE TOWNSHIP OF ARMSTRONG

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2022

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (b) BASIS OF ACCOUNTING (CONT'D)

##### (xiv) Net financial assets

The municipality's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the municipality is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

##### (xv) Financial Instruments

The municipality 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 municipality 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.

### 3. TEMPORARY INVESTMENTS

Temporary investments consist of a guaranteed investment certificate with an interest rate of 2.75% (2021: 0.90%) maturing in 2025.

### 4. TAXES RECEIVABLE

	<b>2022</b>	2021
Taxes receivable - Current	\$ 66,739	\$ 41,952
Taxes receivable - Arrears	<b>24,128</b>	32,327
	<b>\$ 90,867</b>	\$ 74,279

---

# CORPORATION OF THE TOWNSHIP OF ARMSTRONG

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2022

### 5. OPERATIONS OF SCHOOL BOARDS

During 2022, the municipality collected and transferred property taxes totaling \$453,517 (2021 - \$426,381) on behalf of area school boards.

### 6. CONTRIBUTIONS TO NON-CONSOLIDATED JOINT LOCAL BOARDS

Further to Note 2(a)(ii), contributions were made by the municipality to non-consolidated joint local boards as follows:

	2022	2021
District of Timiskaming Social Services Administration Board ("DTSSAB")	\$ 289,779	\$ 279,770
Timiskaming Health Unit ("THU")	53,038	51,998
	<b>\$ 342,817</b>	<b>\$ 331,768</b>

The municipality is contingently liable for its share of any accumulated deficits as at the end of the year for these boards.

### 7. DEFERRED REVENUE

The following table represents changes in the deferred revenue balances within the obligatory reserve fund and general fund:

	Balance, beginning of year	Deferred recorded (realized)	Balance, end of year
<b>Obligatory reserve fund:</b>			
AMO Gas Tax	\$ 370,411	\$ 59,892	\$ 430,303
OCLIF Funding	20,000	-	20,000
THU Funding	1,700	-	1,700
MMP Intake 3	-	43,938	43,938
NORDS	-	139,168	139,168
Safe Restart Funding	32,787	-	32,787
	<b>\$ 424,898</b>	<b>\$ 242,998</b>	<b>\$ 667,896</b>
<b>General fund:</b>			
Gym membership	\$ 5,725	\$ 745	\$ 6,470



# CORPORATION OF THE TOWNSHIP OF ARMSTRONG

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2022

---

### 8. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Environmental law requires appropriate closure and post-closure care of landfill sites. This would include final covering and landscaping of the site and ongoing environmental monitoring, site inspection, and maintenance. The estimated total liability of \$764,060 (2021 - \$764,006) represents total future cash flows required for closure and post-closure activities for 15 years subsequent to closure, discounted at a rate of 2.00%.

The reported liability of \$457,846 (2021 - \$454,138) was calculated based on the cumulative capacity used to date, compared with the total estimated capacity at that date. The estimated remaining capacity is 71,878 cubic metres, and existing sites are expected to reach capacity in the year 2030.

The municipality has provided a reserve to fund future capital expenditures, and closure and post-closure costs. At December 31, 2022, the balance of this reserve was \$190,170 (2021 - \$190,170) (Schedule 1).

### 9. DUE TO RELATED PARTIES

The balance due to Temiskaming Municipal Services Association, an entity controlled jointly by the municipality along with other area municipalities, is non-interest bearing and unsecured with no fixed terms of repayment.

	2022	2021
Temiskaming Municipal Services Association	5,788	435

### 10. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

#### (a) RETIREMENT BENEFITS

The municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan on behalf of its employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2022 was \$60,167 (2021 - \$56,823) for current service and is included as an expenditure on the Consolidated Statement of Financial Activities and Accumulated Surplus.

#### (b) LIABILITY FOR POST EMPLOYMENT BENEFITS

There is no plan whereby unused sick leave can accumulate and employees become entitled to a cash payment when leaving the municipality's employment. There are no significant post employment benefits and there is no liability recorded for possible payments.

### 11. BANK INDEBTEDNESS

At December 31, 2022, the municipality had a \$300,000 (2021 - \$300,000) revolving line of credit available. The facility bears interest at the bank prime rate (6.45%; 2021 - 2.45%) and is secured by general security agreement. At the year end date, \$Nil (2021 - \$Nil) was drawn on this facility.

# CORPORATION OF THE TOWNSHIP OF ARMSTRONG

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2022

---

### 12. OTHER REVENUE

The balance reported as "Other Revenue" on the Consolidated Statement of Operations and Accumulated Surplus consists of the following:

	2022	2021
Cemetery revenue	\$ 21,296	\$ 18,597
Investment income	17,956	1,026
Licences, memberships and administration fees	92,218	75,375
Penalties and interest revenue	15,148	16,099
Protection services - 911, fire and other	57,196	48,357
Rental fees - recreation, equipment and other	173,910	146,987
User charges - other than water and sewer	86,267	117,265
Other revenue	142,615	103,684
	<b>\$ 606,606</b>	<b>\$ 527,390</b>

---

### 13. FINANCIAL INSTRUMENTS

The municipality, as part of its operations, carries a number of financial instruments. It is management's opinion that the municipality 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 a counter party to a financial instrument fails to discharge its contractual obligations.

The municipality manages its credit risk by establishing an allowance for doubtful accounts based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The municipality has a significant number of customers and ratepayers which minimizes concentration of credit risk. Further, the municipality 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 municipality manages exposure through its normal operating and financing activities. The municipality 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 municipality 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 municipality manages the liquidity risk resulting from its accounts payable by maintaining cash and investing in other liquid assets.

# **CORPORATION OF THE TOWNSHIP OF ARMSTRONG**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**YEAR ENDED DECEMBER 31, 2022**

---

### **14. SEGMENTED INFORMATION**

The municipality is a diversified municipal government institution that provides a wide range of services to its ratepayers, including police, fire, roadways, sewer, water and other services. For management reporting purposes, the municipality's operations and activities are organized and reported by segment. Segments were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Revenue from taxation is reported in the general government segment in accordance with the municipality's budget.

#### **GENERAL GOVERNMENT**

This segment reflects the administrative operations of the municipality. Those costs that relate directly to the administration of the various segments have been allocated to the appropriate segment.

#### **PROTECTION SERVICES**

Protection is comprised of police service (delivered by the Ontario Provincial Police through agreement with the municipality) and fire service (delivered by the municipality). The mandate of the police service is to ensure the safety of the lives and property of citizens, preserve peace and good order, prevent crimes from occurring, detect offenders, and enforce the law. The fire services department is responsible to provide fire suppression service, fire prevention programs, training and education related to prevention, detection or extinguishment of fires.

#### **RECREATION AND CULTURAL SERVICES**

The municipality provides recreation and leisure services such as fitness and aquatic programs and library service.

#### **PLANNING AND DEVELOPMENT**

The planning, property and development department provides a diverse group of services. It ensures acceptable quality of building construction and maintenance of properties through enforcement of construction codes and building standards. It facilitates economic development by providing services for the approval of all land development plans and the processing of building permit applications.

#### **HEALTH SERVICES**

The municipality provides, through participation in joint local boards, ambulance and public health services.

#### **TRANSPORTATION SERVICES**

The public works department is responsible for the delivery of municipal public works services related to planning, development and maintenance of roadway systems, the maintenance of parks and open space, and street lighting.

# CORPORATION OF THE TOWNSHIP OF ARMSTRONG

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2022

---

### 14. SEGMENTED INFORMATION (CONT'D)

#### ENVIRONMENTAL SERVICES

Environmental services consists of three distinct utilities - water, wastewater and solid waste disposal. The public works department provides drinking water to citizens of Armstrong, collects and treats wastewater, and provides collection, disposal and waste minimization programs and facilities for solid waste.

For each reported segment, revenues and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The reports on municipal services that are funded primarily by taxation such as property and business tax revenues. Taxation and payments-in-lieu of taxes are apportioned to services based on the net surplus. Certain government transfers, transfer from other funds, and other revenues have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2.

### 15. BUDGET INFORMATION

The Budget was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require full accrual basis. The budget figures anticipated transfers to reserves for revenues in excess of current year expenditures. As a result, the budget figures presented in the consolidated statements of financial activities and changes in net financial assets represent the Budget adopted by Council with adjustments as follows:

#### YEAR ENDED DECEMBER 31, 2022

---

Budgeted deficit for the year	\$ (170,012)
Add:	
Transfer to reserves	474,591
Less:	
Amortization	473,240
<hr/>	
Budgeted deficit per consolidated statement of financial activities	\$ (168,661)

### 16. CONTINGENT LIABILITIES

The municipality becomes involved in claims and litigations 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.

**CORPORATION OF THE TOWNSHIP OF ARMSTRONG****CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS**

YEAR ENDED DECEMBER 31

	2022	2021
<b>RESERVE FUNDS</b>		
Computer equipment	\$ 24,248	\$ 24,248
Federal Gas Tax rebate	40,375	40,375
Fire department equipment	41,623	31,623
Local improvements	56,123	56,123
Public works equipment	168,322	168,322
Water meters	90,347	101,510
Water	292,132	182,229
Sewer	201,192	151,258
Parkland development	175,991	117,400
<b>TOTAL RESERVE FUNDS</b>	<b>1,090,353</b>	873,088
<b>RESERVES</b>		
Landfill site	190,170	190,170
Working capital	273,620	268,620
<b>TOTAL RESERVES</b>	<b>463,790</b>	458,790
<b>TOTAL RESERVE FUNDS AND RESERVES</b>	<b>1,554,143</b>	1,331,878
<b>SURPLUS (DEFICIT)</b>		
Invested in Tangible Capital Assets	7,432,778	7,679,435
General Revenue Fund- Municipality	(807,993)	(640,299)
	<b>6,624,785</b>	7,039,136
<b>ACCUMULATED SURPLUS</b>	<b>\$ 8,178,928</b>	\$ 8,371,014

**CORPORATION OF THE TOWNSHIP OF ARMSTRONG**

**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**

**YEAR ENDED DECEMBER 31**

	<u>General Capital Assets</u>					<u>Infrastructure</u>		<u>Totals</u>	
	Land	Land Improvements	Buildings	Vehicles	Equipment	Roads, Streets and Bridges	Water and Sewer	2022	2021
<b>Cost</b>									
Opening costs	\$ 494,061	\$ 108,011	\$ 1,200,552	\$ 720,503	\$ 1,478,061	\$ 7,493,826	\$ 7,668,605	<b>\$ 19,163,619</b>	\$ 18,917,513
Additions during the year	-	-	65,030	52,941	30,332	55,463	22,817	<b>226,583</b>	246,106
Closing costs	494,061	108,011	1,265,582	773,444	1,508,393	7,549,289	7,691,422	<b>19,390,202</b>	19,163,619
<b>Accumulated Amortization</b>									
Opening accum'd amortization	-	34,581	863,290	532,037	993,128	5,924,697	3,136,451	<b>11,484,184</b>	10,997,255
Amortization	-	5,400	24,371	29,000	52,580	178,947	182,942	<b>473,240</b>	486,929
Closing accum'd amortization	-	39,981	887,661	561,037	1,045,708	6,103,644	3,319,393	<b>11,957,424</b>	11,484,184
<b>Net Book Value of Tangible Capital Assets</b>	<b>\$ 494,061</b>	<b>\$ 68,030</b>	<b>\$ 377,921</b>	<b>\$ 212,407</b>	<b>\$ 462,685</b>	<b>\$ 1,445,645</b>	<b>\$ 4,372,029</b>	<b>\$ 7,432,778</b>	<b>\$ 7,679,435</b>

**CORPORATION OF THE TOWNSHIP OF ARMSTRONG**  
**CONSOLIDATED SCHEDULE OF PROPERTY AND OTHER TAXES**  
**YEAR ENDED DECEMBER 31**

	-----2022-----		
	Budget	Actual	2021
<b>MUNICIPAL TAXATION</b>			
Residential	\$ 856,147	\$ <b>835,618</b>	\$ 805,174
Commercial and industrial	482,134	<b>482,134</b>	473,064
Farmland	117,219	<b>117,219</b>	121,621
	\$ 1,455,500	\$ <b>1,434,971</b>	\$ 1,399,859

**CORPORATION OF THE TOWNSHIP OF ARMSTRONG**

**CONSOLIDATED SCHEDULE OF EXPENDITURES BY OBJECT**

**YEAR ENDED DECEMBER 31**

	<b>2022</b>	<b>2021</b>
Administration	\$ 27,600	\$ 27,600
Advertising and promotion	9,407	7,641
Amortization of tangible capital assets	473,240	486,930
Bad debts recovery	-	(13,117)
Bank charges and interest	3,047	3,081
Contracted and general services	244,812	302,703
Insurance	98,279	76,527
Interest on long-term debt	-	1,867
Library expenses	76,401	64,903
Material and supplies	354,292	134,336
Office and other	223,550	219,717
Operator and casual labour	154,772	145,302
Professional fees	46,765	46,070
Protection services	213,014	206,561
Repairs and maintenance	170,783	116,883
Salaries and wages	1,093,448	1,037,151
Social assistance	128,937	123,300
Travel	84,951	53,849
Telecommunications	18,181	17,315
Utilities	99,777	88,299
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,521,256</b>	<b>\$ 3,146,918</b>



SCHEDULE 5

**CORPORATION OF THE TOWNSHIP OF ARMSTRONG**

**CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE**

**YEAR ENDED DECEMBER 31, 2022**

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	<b>Consolidated</b>
<b>Revenues</b>									
Municipal taxation*	\$ 269,823	\$ 128,833	\$ 420,558	\$ 306,911	\$ 89,980	\$ 56,690	\$ 145,919	\$ 16,257	\$ 1,434,971
User charges - water/garbage/sewer	-	-	-	588,493	-	-	-	-	588,493
Government grants - operating and capital	-	-	525,768	8,150	-	-	63,783	-	597,701
Taxation from other governments	20,399	-	-	-	-	-	-	-	20,399
Other revenue	594,074	26,070	-	-	21,296	-	39,425	6,741	687,606
<b>Total Revenues</b>	<b>884,296</b>	<b>154,903</b>	<b>946,326</b>	<b>903,554</b>	<b>111,276</b>	<b>56,690</b>	<b>249,127</b>	<b>22,998</b>	<b>3,329,170</b>
<b>Expenses</b>									
Amortization	7,174	16,020	217,490	210,950	780	-	18,441	2,385	473,240
Contracted services	30,932	-	-	-	203,745	10,135	-	-	244,812
Interest and bank charges	3,047	-	-	-	-	-	-	-	3,047
Materials and other	218,929	243,531	504,843	314,557	16,252	128,937	242,162	37,498	1,706,709
Salaries and benefits	390,977	56,504	320,268	228,331	-	-	97,368	-	1,093,448
<b>Total Expenditures</b>	<b>651,059</b>	<b>316,055</b>	<b>1,042,601</b>	<b>753,838</b>	<b>220,777</b>	<b>139,072</b>	<b>357,971</b>	<b>39,883</b>	<b>3,521,256</b>
<b>Annual surplus (deficit)</b>	<b>\$ 233,237</b>	<b>\$ (161,152)</b>	<b>\$ (96,275)</b>	<b>\$ 149,716</b>	<b>\$ (109,501)</b>	<b>\$ (82,382)</b>	<b>\$ (108,844)</b>	<b>\$ (16,885)</b>	<b>\$ (192,086)</b>

\* Taxation is allocated among the segments based on the proportionate share of total expenditures.