



Township of Admaston / Bromley  
477 Stone Road  
Renfrew, Ontario  
K7V 3Z5

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the **CORPORATION OF THE TOWNSHIP OF ADMASTON/BROMLEY** (the Township) is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within the Financial Report. Management believes that the consolidated financial statements present fairly the Township's financial position as at December 31, 2023 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Township's Council carries out its responsibilities for review of the consolidated financial statements principally through its regular meetings. The Township's Council meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Township's Council with and without the presence of management. The Township's Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Welch LLP, Chartered Professional Accountants, independent external auditors appointed by the Township. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.

Chief Administrative Officer/Clerk  
May 16, 2024  
Renfrew, Canada

Treasurer - Deputy CAO/Clerk  
May 16, 2024  
Renfrew, Canada

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Council, Inhabitants and Ratepayers of the  
**CORPORATION OF THE TOWNSHIP OF ADMASTON/BROMLEY**

### *Opinion*

We have audited the consolidated financial statements of the Corporation of the Township of Admaston/Bromley (the Township), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations and change in net financial debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2023 and the results of its consolidated operations, change in net financial 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our 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 Township'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 Township or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

Welch LLP

CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

Pembroke, Ontario  
May 16, 2024

Welch LLP

An Independent Member of BKR International

**CORPORATION OF THE TOWNSHIP OF ADMASTON/BROMLEY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 950,965	\$ 860,549
Taxes receivable (Note 3)	214,121	222,025
Accounts receivable	<u>385,462</u>	<u>549,680</u>
	<u>1,550,548</u>	<u>1,632,254</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	416,137	318,119
Deferred revenue - general	48,415	48,415
Deferred revenue - obligatory (Note 4)	436,696	300,482
Asset retirement obligation (Note 5)	352,128	334,788
Long-term debt (Note 6)	<u>2,902,498</u>	<u>2,503,395</u>
	<u>4,155,874</u>	<u>3,505,199</u>
<b>NET FINANCIAL DEBT</b>	<u>(2,605,326)</u>	<u>(1,872,945)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	13,738,876	14,033,259
Inventory for consumption	56,994	68,548
Prepaid expenses	<u>46,928</u>	<u>33,978</u>
	<u>13,842,798</u>	<u>14,135,785</u>
<b>ACCUMULATED SURPLUS (Note 9)</b>	<u>\$ 11,237,472</u>	<u>\$ 12,262,840</u>

(See accompanying notes and schedules)

**Welch** LLP

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**CORPORATION OF THE TOWNSHIP OF ADMASTON/BROMLEY**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Budget</u> <u>2023</u>	<u>Actual</u> <u>2023</u>	<u>Actual</u> <u>2022</u>
<b>REVENUE</b>			
Property taxation	\$ 2,745,003	\$ 2,712,093	\$ 2,447,488
Payment in lieu of taxes	15,590	13,048	12,510
User and frontage charges	195,008	133,832	143,682
Provincial and other government transfers	1,209,048	1,183,368	1,511,397
Gas tax funding	97,130	-	93,080
Investment income	15,380	55,669	30,228
Penalties and interest	30,060	24,191	27,450
Fees, service charges, donations and miscellaneous	16,965	18,494	20,805
Loss on disposal of tangible capital assets	-	(80,277)	(281,050)
	<u>4,324,184</u>	<u>4,060,418</u>	<u>4,005,590</u>
<b>EXPENSES</b>			
General government	675,515	871,849	714,089
Protection to persons and property	760,938	863,717	752,826
Transportation services	1,470,310	2,795,085	2,580,117
Environmental services	307,006	403,797	322,257
Recreation and cultural services	84,840	98,853	89,073
Planning and development	73,300	52,485	45,838
	<u>3,371,909</u>	<u>5,085,786</u>	<u>4,504,200</u>
<b>EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)</b>	952,275	(1,025,368)	(498,610)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>12,262,840</u>	<u>12,262,840</u>	<u>12,761,450</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 13,215,115</u>	<u>\$ 11,237,472</u>	<u>\$ 12,262,840</u>

(See accompanying notes and schedules)

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**CORPORATION OF THE TOWNSHIP OF ADMASTON/BROMLEY**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Budget 2023</u>	<u>Actual 2023</u>	<u>Actual 2022</u>
<b>EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)</b>	<u>\$ 952,275</u>	<u>\$ (1,025,368)</u>	<u>\$ (498,610)</u>
Acquisition of tangible capital assets	(1,415,299)	(1,474,204)	(1,604,771)
Proceeds on disposal of tangible capital assets	-	38,467	47,637
Amortization of tangible capital assets	-	1,649,843	1,524,992
Loss on disposal of tangible capital assets	-	80,277	281,050
Acquisition of inventory	-	11,554	(22,293)
Changes in level of prepaid expenses	-	(12,950)	15,456
	<u>(1,415,299)</u>	<u>292,987</u>	<u>242,071</u>
<b>INCREASE IN NET FINANCIAL DEBT</b>	(463,024)	(732,381)	(256,539)
<b>NET FINANCIAL DEBT, BEGINNING OF YEAR</b>	<u>(1,872,945)</u>	<u>(1,872,945)</u>	<u>(1,616,406)</u>
<b>NET FINANCIAL DEBT, END OF YEAR</b>	<u>\$ (2,335,969)</u>	<u>\$ (2,605,326)</u>	<u>\$ (1,872,945)</u>

(See accompanying notes and schedules)

**Welch LLP**

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**CORPORATION OF THE TOWNSHIP OF ADMASTON/BROMLEY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Excess of expenses over revenue	\$ (1,025,368)	\$ (498,610)
Non-cash items included in excess of expenses over revenue:		
Amortization of tangible capital assets	1,649,843	1,524,992
Loss on disposal of tangible capital assets	80,277	281,050
Accretion of asset retirement obligation	<u>17,340</u>	<u>16,488</u>
	722,092	1,323,920
Change in the level of:		
Taxes receivable	7,904	(26,659)
Accounts receivable	164,218	(109,442)
Inventory for consumption	11,554	(22,293)
Prepaid expenses	(12,950)	15,456
Accounts payable and accrued liabilities	98,018	(42,087)
Deferred revenue - general	-	(14,432)
Deferred revenue - obligatory	<u>136,214</u>	<u>14,895</u>
	<u>1,127,050</u>	<u>1,139,358</u>
<b>CASH FLOWS FROM (USED IN) CAPITAL ACTIVITIES</b>		
Proceeds from disposal of tangible capital assets	38,467	47,637
Acquisition of tangible capital assets	<u>(1,474,204)</u>	<u>(1,604,771)</u>
	<u>(1,435,737)</u>	<u>(1,557,134)</u>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from issuance of long-term debt	620,538	282,400
Repayment of long-term debt	<u>(221,435)</u>	<u>(116,109)</u>
	<u>399,103</u>	<u>166,291</u>
<b>NET CHANGE IN CASH</b>	90,416	(251,485)
<b>CASH, BEGINNING OF YEAR</b>	<u>860,549</u>	<u>1,112,034</u>
<b>CASH, END OF YEAR</b>	<u>\$ 950,965</u>	<u>\$ 860,549</u>

(See accompanying notes and schedules)

**Welch I.L.P.**

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**CORPORATION OF THE TOWNSHIP OF ADMASTON/BROMLEY  
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
YEAR ENDED DECEMBER 31, 2023**

**SCHEDULE 1**

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Linear Assets</u>	<u>Capital Work in Progress</u>	<u>2023</u>	<u>2022</u>
<b>COST</b>								
Balance, beginning of year	\$ 583,876	\$ 1,254,492	\$ 547,190	\$ 2,917,647	\$ 58,529,836	\$ 87,429	\$ 63,920,470	\$ 64,323,959
Acquisition of tangible capital assets	-	18,160	175,363	549,781	720,964	-	1,462,268	1,604,771
Disposal of tangible capital assets	-	-	(127,104)	(145,800)	(6,839,348)	-	(7,112,252)	(2,008,259)
Construction-in-progress	-	-	-	-	-	11,936	11,936	-
Balance, end of year	<u>583,876</u>	<u>1,270,652</u>	<u>595,449</u>	<u>3,321,628</u>	<u>52,411,452</u>	<u>99,365</u>	<u>58,282,422</u>	<u>63,920,471</u>
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year	47,226	553,862	415,187	1,456,949	47,414,188	-	49,887,212	50,041,792
Annual amortization	47,226	139,186	21,112	171,125	1,271,184	-	1,649,843	1,524,992
Accumulated amortization on disposal of tangible capital assets	-	-	(127,104)	(88,090)	(6,778,315)	-	(6,993,509)	(1,679,572)
Balance, end of year	<u>94,452</u>	<u>692,858</u>	<u>309,195</u>	<u>1,539,984</u>	<u>41,907,057</u>	<u>-</u>	<u>44,543,546</u>	<u>49,887,212</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 489,424</u>	<u>\$ 577,794</u>	<u>\$ 286,254</u>	<u>\$ 1,781,644</u>	<u>\$ 10,504,395</u>	<u>\$ 99,365</u>	<u>\$ 13,738,876</u>	<u>\$ 14,033,259</u>
<b>2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 536,650</u>	<u>\$ 700,830</u>	<u>\$ 132,003</u>	<u>\$ 1,460,698</u>	<u>\$ 11,115,649</u>	<u>\$ 87,429</u>	<u>\$ 14,033,259</u>	

(See accompanying notes)



**CORPORATION OF THE TOWNSHIP OF ADMASTON/BROMLEY**  
**CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE**  
**YEAR ENDED DECEMBER 31, 2023**

**SCHEDULE 2**

	General government	Protection to persons and property	Transportation services	Environmental services	Recreation and cultural services	Planning and development	Total
<b>REVENUE</b>							
Property taxation	\$ 2,712,093	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,712,093
Payment in lieu of taxes	13,048	-	-	-	-	-	13,048
User and frontage charges	5,286	12,141	7,788	27,286	355	80,976	133,832
Provincial and other government transfers	472,771	25,889	572,207	100,662	11,839	-	1,183,368
Investment income	55,669	-	-	-	-	-	55,669
Penalties and interest	24,191	-	-	-	-	-	24,191
Fees, service charges, donations and miscellaneous	11,688	-	-	-	-	6,806	18,494
Loss on disposal of tangible capital assets	-	-	(55,277)	(25,000)	-	-	(80,277)
	<u>3,294,746</u>	<u>38,030</u>	<u>524,718</u>	<u>102,948</u>	<u>12,194</u>	<u>87,782</u>	<u>4,060,418</u>
<b>EXPENSES</b>							
Salaries, wages and benefits	546,973	217,765	452,387	64,569	26,425	-	1,308,119
Materials, supplies and contracted services	177,666	617,111	831,997	273,326	27,703	52,485	1,980,288
Interest expense	353	2,344	75,075	262	-	-	78,034
Rent and external transfers	6,055	3,722	-	-	42,385	-	52,162
Accretion of asset retirement obligation	-	-	-	17,340	-	-	17,340
	<u>731,047</u>	<u>840,942</u>	<u>1,359,459</u>	<u>355,497</u>	<u>96,513</u>	<u>52,485</u>	<u>3,435,943</u>
<b>NET REVENUE (EXPENSES) BEFORE AMORTIZATION</b>	2,563,699	(802,912)	(834,741)	(252,549)	(84,319)	35,297	624,475
Amortization expense	<u>140,802</u>	<u>22,775</u>	<u>1,435,626</u>	<u>48,300</u>	<u>2,340</u>	<u>-</u>	<u>1,649,843</u>
<b>NET REVENUE (EXPENSES)</b>	<u>\$ 2,422,897</u>	<u>\$ (825,687)</u>	<u>\$ (2,270,367)</u>	<u>\$ (300,849)</u>	<u>\$ (86,659)</u>	<u>\$ 35,297</u>	<u>\$ (1,025,368)</u>

(See accompanying notes)

**CORPORATION OF THE TOWNSHIP OF ADMASTON/BROMLEY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

The Corporation of the Township of Admaston Bromley is an incorporated municipality in the Province of Ontario. The Township conducts its operations as described by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Township of Admaston Bromley are the representations of management, prepared in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Township are as follows:

**Reporting entity**

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the Township and include the activities of all committees of Council and the following boards:

Douglas Fire Department  
Township of Admaston Bromley Public Library

Inter-organizational transactions and balances have been eliminated in the preparation of these consolidated financial statements.

**Basis of accounting**

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. Expenses 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 purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

**Use of estimates**

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions which include asset retirement obligations and the estimated useful life of tangible capital assets are based on management's information and judgment. Actual results could differ from those estimates.

**CORPORATION OF THE TOWNSHIP OF ADMASTON/BROMLEY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Asset retirement obligations (ARO)**

PS 3280, Asset Retirement Obligations defines which activities would be included in a liability for retirement of tangible capital asset, establishes when to recognize and how to measure a liability for asset retirement, and provides the related financial statement presentation and disclosure requirements. This new standard has effectively replaced PS 3270, Solid Waste Landfill Closure and Post-Closure Liability. This standard is applicable for fiscal years beginning on or after April 1, 2022.

**Asset retirement**

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for Council to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, Council reviews the carrying amount of the liability. Council recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. Council continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

**Government transfers**

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

**Inventories for consumption**

Inventories for consumption are valued at the lower of cost and net realizable value with cost being determined substantially on a first in, first out basis.

**CORPORATION OF THE TOWNSHIP OF ADMASTON/BROMLEY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Deferred revenue - obligatory**

Deferred revenue - obligatory consists of funding received with respect to services and expenditures which have yet to be provided and/or incurred. Deferred revenue - obligatory will be recognized as income in the year the related services are provided or expenditures incurred.

**Contaminated sites liability**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

**Revenue recognition**

Revenues from property taxation, payment in lieu of taxes and penalties and interest are recognized in the period in which they are levied and collection is reasonably assured. User charges are recognized as the service is provided and collection is reasonably assured. Frontage charges and government transfers are recognized when the related expenditure is incurred. Revenue from the sale of assets and concessions are recognized at the point of sale. Investment income is recognized as it is earned. Fees, service charges, donations, and miscellaneous are recognized when collection is reasonably assured.

**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 normal course of operations. The change in non-financial assets during the year, together with the excess of expenses over revenues, provides the change in net financial debt for the year.

i) **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 is amortized on a straight-line basis over the estimated useful life as follows:

	<u>Years</u>
Buildings	50
Machinery and equipment	5-20
Vehicles	5-20
Linear assets	10-40

Annual amortization is charged in the year after acquisition and the year of disposal. Assets under construction are not amortized until the asset is in service.

**CORPORATION OF THE TOWNSHIP OF ADMASTON/BROMLEY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii) Natural resources

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

**NOTE 2 CHANGES IN ACCOUNTING POLICY - ADOPTION OF NEW ACCOUNTING STANDARDS**

**PS 3450 Financial Instruments**

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments. Portfolio investments in equity instruments are required to be measured at their fair value as quoted in the active market. All other financial instruments will generally be measured at cost or amortized cost. The Township adopted PS 3450 Financial Instruments beginning September 1, 2022 prospectively.

Given that the Township's financial instruments were already measured at cost or amortized cost and it does not have any portfolio investments, the adoption of this standard does not give rise to any numerical changes in the Township's financial statements. The disclosure requirements arising from this standard have been presented in Note 14.

**PS 3280 Asset retirement obligations (ARO)**

PS 3280 Asset Retirement Obligations (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2022 on a modified retroactive basis with prior period restatement.

In the past, the Council has reported its obligations related to its landfill site applying PS 3270 which has been replaced by PS 3280. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the landfill sites. When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the landfill sites and amortized over the sites' estimated useful life.

**CORPORATION OF THE TOWNSHIP OF ADMASTON/BROMLEY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 2 CHANGES IN ACCOUNTING POLICY - ADOPTION OF NEW ACCOUNTING STANDARDS - Cont'd**

The Council's ongoing efforts to assess new information obtained through regular maintenance of the landfill sites may result in additional asset retirement obligations from better information or from changes to the estimated cost to fulfill the obligation. The measurement of asset retirement obligations is also impacted by activities that occur to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in changes to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis. When obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows. Subsequently, accretion of the discounted liability due to the passage of time is recorded as an in-year expense.

As a result of applying this accounting standard, an ARO of \$352,128 (2022 - \$334,788) was recognized as a liability in the statement of financial position. These obligations represent estimated retirement costs of the landfill sites. Council has restated the prior period based on a simplified approach, using the ARO liabilities, ARO assets and the associated ARO accumulated amortization, amortization expense and accretion expense (for discounted ARO liabilities) for the period January 1, 2023 to December 31, 2023 as a proxy for January 1, 2022 to December 31, 2022 information. The adoption of PS 3280 ARO was applied to the comparative period as follows:

As at December 31, 2022:

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Restated</u>
<b>Statement of Financial Position</b>			
Tangible capital assets including ARO	\$13,891,581	\$ 141,678	\$14,033,259
Provision for landfill closure and post-closure costs	\$ 442,600	\$ (442,600)	\$ -
Asset retirement obligation liability	\$ -	\$ 334,788	\$ 334,788
Accumulated surplus at end of year	\$12,013,350	\$ 249,490	\$12,262,840
<b>Statement of Operations</b>			
Provision for landfill closure and post-closure care costs	\$ 32,600	\$ (32,600)	\$ -
Accretion of asset retirement obligation	\$ -	\$ 16,488	\$ 16,488
Amortization of tangible capital assets	\$ 1,477,766	\$ 47,226	\$ 1,524,992
Total expenses	\$ 4,473,086	\$ 31,114	\$ 4,504,200
Excess of expenses over revenue	\$ (467,496)	\$ (31,114)	\$ (498,610)

**NOTE 3 TAXES RECEIVABLE**

	<u>2023</u>	<u>2022</u>
Current year taxes	\$ 166,349	\$ 135,552
Prior year taxes	30,136	68,796
Penalties	17,636	17,677
	<u>\$ 214,121</u>	<u>\$ 222,025</u>

**CORPORATION OF THE TOWNSHIP OF ADMASTON/BROMLEY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 4 DEFERRED REVENUE - OBLIGATORY**

Deferred revenue - obligatory consists of the following:

	<u>2023</u>	<u>2022</u>
Gas tax funding	\$ 129,206	\$ 24,830
Ontario Community Infrastructure Fund (OCIF)	<u>307,490</u>	<u>275,652</u>
	<u>\$ 436,696</u>	<u>\$ 300,482</u>

Continuity of deferred revenue - obligatory is as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 300,482	\$ 285,587
Government funding received - gas tax funding	97,131	93,084
- OCIF	579,201	503,653
Investment income	29,959	11,238
Government funding recognized - gas tax funding	-	(93,080)
- OCIF	<u>(570,077)</u>	<u>(500,000)</u>
Balance, end of year	<u>\$ 436,696</u>	<u>\$ 300,482</u>

**NOTE 5 ASSET RETIREMENT OBLIGATION**

**Landfill**

The Township of Admaston/Bromley owns three land fill sites and is legally required to perform closure and post-closure activities upon retirement of these sites. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. A liability for the total obligation, which was incurred when the site started accepting waste, irrespective of volume of waste accepted has been accrued. Council estimates that no obligation is incurred incrementally due to the volume of waste accepted, therefore, no further obligation is being accrued based on volume of waste accepted.

Undiscounted future cash flows expected for the Osceola site are a closure cost in year 2024 of \$50,000 with annual post-closure activities starting in year 2025 of \$17,270 per year, for 15 years to the year 2034. Annual post-closure activities for the Stone Road and Douglas sites are estimated at \$11,370 and \$7,210 respectively and expected to be incurred over the next 10 years to 2034 for the Stone Road site and the next 5 years to 2028 for the Douglas site. All costs are expected to increase at an annual inflation rate of 3.9%.

The estimated total liability of \$352,128 (2022 - \$334,788) is based on the sum of discounted future cash flows for closure and post-closure activities using a discount rate of 5.18% and assuming annual inflation of 3.9%.

	<u>2023</u>	<u>2022</u>
<b>Asset Retirement Obligation Liability</b>		
Balance, beginning of year	\$ 334,788	\$ 318,300
Accretion expense	<u>17,340</u>	<u>16,488</u>
Estimated total liability	<u>\$ 352,128</u>	<u>\$ 334,788</u>

**CORPORATION OF THE TOWNSHIP OF ADMASTON/BROMLEY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 6 LONG-TERM DEBT**

The terms of the long-term debt and how the principal payments will be recovered are as follows:

	<u>2023</u>	<u>2022</u>
From general taxation, a debenture, due 2025, payable in semi-annual installments of \$25,000 plus interest at 1.00% per annum.	\$ 100,000	\$ 150,000
From general taxation, a debenture, due 2032, payable in semi-annual installments of \$51,390 with interest payable semi-annually at 2.81% per annum.	772,345	851,746
From general taxation, a debenture, due 2042, payable in semi-annual installments of \$52,611 including interest at 3.32% per annum.	1,445,823	1,501,649
From general taxation, a debenture, due 2033, payable in principal semi-annual installments of \$23,050 plus interest at 5.18%.	461,000	-
From general taxation, a capital lease, due 2028 payable in annual installments of \$36,207 including interest at 6.75% per annum.	<u>123,330</u>	<u>-</u>
	<u>\$ 2,902,498</u>	<u>\$ 2,503,395</u>

Payments on existing debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 263,323	\$ 101,207	\$ 364,530
2025	269,447	92,127	361,574
2026	225,828	82,984	308,812
2027	232,480	73,944	306,424
2028	203,207	64,661	267,868
Thereafter	<u>1,708,213</u>	<u>335,339</u>	<u>2,043,552</u>
	<u>\$ 2,902,498</u>	<u>\$ 750,262</u>	<u>\$ 3,652,760</u>

Interest on long-term debt amounted to \$78,034 (2022 - \$61,848). The Township's total cash payments in 2023 were \$295,584 (2022 - \$155,875).

The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

**NOTE 7 CONTAMINATED SITES LIABILITIES**

The Township has adopted PS3260 Liability for Contaminated Sites. The Township did not identify any financial liabilities in 2023 (2022 - \$ nil) as a result of this standard.



**CORPORATION OF THE TOWNSHIP OF ADMASTON/BROMLEY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 8 EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2023</u>	<u>2022</u>
Tangible capital assets, cost (Schedule 1)	\$ 58,282,422	\$ 63,920,471
Accumulated amortization (Schedule 1)	(44,543,546)	(49,887,212)
Long-term debt (Note 6)	(2,902,498)	(2,503,395)
Long-term debt related to operations	<u>27,000</u>	<u>40,500</u>
	<u>\$ 10,863,378</u>	<u>\$ 11,570,364</u>

**NOTE 9 ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	<u>2023</u>	<u>2022</u>
Unrestricted (deficit) surplus		
General	\$ (39,094)	\$ 123,266
Douglas Fire Department	(46,098)	19,770
The Admaston/Bromley Public Library	<u>1,038</u>	<u>6,344</u>
	<u>(84,154)</u>	<u>149,380</u>
Internally restricted reserves	<u>810,376</u>	<u>877,884</u>
Unfinanced asset retirement obligations	<u>(352,128)</u>	<u>(334,788)</u>
Equity in tangible capital assets (Note 8)	<u>10,863,378</u>	<u>11,570,364</u>
	<u>\$ 11,237,472</u>	<u>\$ 12,262,840</u>

**NOTE 10 OPERATING LOAN**

The operating line of credit is at an interest rate of prime, is secured by a general security agreement and has a limit of \$300,000. The line of credit has a balance of \$NIL (2022 - \$NIL) as at the year end.

**NOTE 11 EXPENSES BY OBJECT**

The consolidated statement of operations reports expenses for the Township by function. The following is a summary of expenses by object.

	<u>Budget</u>	<u>2023</u>	<u>2022</u>
Salaries, wages and benefits	\$ 1,154,719	\$ 1,308,119	\$ 1,118,314
Material and supplies and contracted services	2,089,468	1,980,288	1,726,844
Interest expense	75,772	78,034	61,848
Transfers and donations	51,950	52,162	55,714
Accretion of asset retirement obligation	-	17,340	16,488
Amortization of tangible capital assets	-	<u>1,649,843</u>	<u>1,524,992</u>
	<u>\$ 3,371,909</u>	<u>\$ 5,085,786</u>	<u>\$ 4,504,200</u>

**CORPORATION OF THE TOWNSHIP OF ADMASTON/BROMLEY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 12 OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF RENFREW**

During 2023, requisitions were made by school boards and the County of Renfrew requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	<u>School Boards</u>	<u>County of Renfrew</u>
Property taxes	\$ 800,120	\$ 1,474,903
Taxation from other governments	88	4,147
Amount requisitioned	<u>\$ 800,208</u>	<u>\$ 1,479,050</u>

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

**NOTE 13 COMMITMENTS**

**Policing**

The municipality has a contract with the Province of Ontario for policing services. The contract cost for 2023 was \$390,977 (2022 - \$391,574).

**NOTE 14 FINANCIAL INSTRUMENTS**

The Township's financial instruments consist of cash, taxes receivable, accounts receivable, accounts payable and accrued liabilities and long-term debt.

**Risk**

It is management's opinion that the Township is not exposed to significant interest, market, liquidity, currency or credit risks arising from its financial instruments. The Township is subject to credit risk with respect to taxes and accounts receivable. Credit risk arises from the possibility that taxpayers and entities to which the Township provides services may experience financial difficulty and be unable to fulfill their obligations. It is management's opinion that the large number and diversity of taxpayers and users minimizes credit risk.

**Fair market value**

Except for the following, the fair value of the Township's financial instruments approximates their carrying value due to their short-term nature. It is not practicable to determine the fair market value of the long-term debt. The terms and conditions of the long-term debt are disclosed in Note 6 to the consolidated financial statements.

**NOTE 15 BUDGET FIGURES**

Budget figures reported on the consolidated statement of operations and the consolidated statement of change in net financial debt are based on 2023 operating and capital budgets as approved by Council on June 1, 2023 (By-law 2023-24).

**CORPORATION OF THE TOWNSHIP OF ADMASTON/BROMLEY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 16 PENSION AGREEMENT**

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of permanent members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. OMERS is financed by employer and employee contributions and by investment earnings of the OMERS Fund.

Contributions for current service are recorded as expenses in the year in which they became due.

The Township is required to make current service contributions to OMERS of 9% of pensionable earnings up to the years maximum pensionable earnings under the Canada Pension Plan and 14.6% on pensionable earnings above the amount. Employees are required to make current service contributions of the same amount.

Total current service contributions by the Township to OMERS in 2023 were \$71,796 (2022 - \$46,588). These contributions were matched with identical employee contributions for both years.

At December 31, 2023, OMERS disclosed an actuarial deficit of \$7.571 billion.

**NOTE 17 SEGMENTED DISCLOSURES**

The Township of Admaston/Bromley provides a range of services to its ratepayers. For each segment as reported in Schedule 2, revenues and expenses represent amounts that are directly attributable to the segment. Amounts not directly attributable to a segment are reported in general government. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

The activities that are included in each functional line of services are as follows:

- General government consists of the Mayor and Council, the Chief Administrative Officer/Clerk and administrative services which include the Treasurer-Deputy CAO/Clerk and finance clerks.
- Protection to persons and property consists of Fire, Police, By-law Enforcement, Animal Control and Building Departments.
- Transportation services include engineering, storm sewer, road and sidewalk construction and maintenance, street lighting and winter control.
- Environmental services consist of solid waste disposal and recycling.
- Recreation and cultural services is comprised primarily of parks services, operation of recreational facilities, library and recreational services.
- Planning and development consists of planning and zoning and economic development.

**CORPORATION OF THE TOWNSHIP OF ADMASTON/BROMLEY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**NOTE 18 CONTINGENT LIABILITIES**

The Municipality is contingently liable for debt with respect to tile drainage loans made by landowners with the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA). The Township collects the loan repayments from the owners and remits them to OMAFRA. The Township does not have any history of default payments on the loans. The total amount outstanding as at December 31, 2023 is \$31,302 (2022 - \$37,118) and is not recorded on the consolidated statement of financial position.

**NOTE 19 SUBSEQUENT EVENTS**

Subsequent to year end, the Township purchased a parcel of land in preparation for the Osceola landfill expansion.

**NOTE 20 COMPARATIVE FIGURES**

Comparative figures have been reclassified to reflect the presentation adopted for the current year.