

SEP 10 2024

CONSOLIDATED FINANCIAL REPORT

**THE CORPORATION OF THE
TOWN OF LATCHFORD**

DISTRICT OF TIMISKAMING

YEAR ENDED DECEMBER 31, 2023

INDEX

THE CORPORATION OF THE TOWN OF LATCHFORD

| | Page Number |
|--|--------------------|
| Management's Responsibility for the Financial Statements | 1 |
| Auditors' Report | 2 - 3 |
| Consolidated Statement of Financial Position | 4 |
| Consolidated Statement of Operations | 5 |
| Consolidated Statement of Change in Net Debt | 6 |
| Consolidated Statement of Cash Flows | 7 |
| Notes to the Consolidated Financial Statements | 8 - 24 |

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of The Corporation of the Town of Latchford are the responsibility of the Corporation of the Town of Latchford'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 are 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 Town of Latchford'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 Town of Latchford. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation of the Town of Latchford's financial statements.

DocuSigned by:

JAIME ALLEN

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Clerk-treasurer

Jaime Allen

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Corporation of the Town of Latchford:

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Town of Latchford as at December 31, 2023, and the results of its operations, change in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Corporation of the Town of Latchford 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 Town of Latchford'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 Town of Latchford 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 Town of Latchford'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 Town of Latchford'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 Town of Latchford'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 Town of Latchford 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
September 10, 2024

Chartered Professional Accountants

THE CORPORATION OF THE TOWN OF LATCHFORD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

FINANCIAL ASSETS

| | 2023 | 2022 |
|-----------------------------|------------------|------------------|
| Cash | \$ 755,382 | \$ 831,377 |
| Taxes receivable | 107,700 | 78,477 |
| Accounts receivable | 346,298 | 166,200 |
| Inventories held for resale | 45,234 | 45,234 |
| | <u>1,254,614</u> | <u>1,121,288</u> |

LIABILITIES

| | | |
|---|------------------|------------------|
| Accounts payable and accrued liabilities | 134,766 | 118,448 |
| Deferred revenue – other – note 7 | 273,891 | 154,010 |
| Deferred revenue – obligatory reserve fund – note 8 | 47,628 | 40,296 |
| Asset retirement obligations – note 9 | 621,276 | 604,354 |
| Municipal debt – note 10 | 436,297 | 505,050 |
| | <u>1,513,858</u> | <u>1,422,158</u> |

NET DEBT

| | |
|------------------|------------------|
| <u>(259,244)</u> | <u>(300,870)</u> |
|------------------|------------------|

NON-FINANCIAL ASSETS

| | | |
|-----------------------------------|------------------|------------------|
| Tangible capital assets – note 16 | 4,031,887 | 3,975,990 |
| Inventories of supplies | 7,457 | 6,918 |
| Prepaid expenses | 137,133 | 126,418 |
| | <u>4,176,477</u> | <u>4,109,326</u> |

ACCUMULATED SURPLUS – note 13


| | |
|--------------|--------------|
| \$ 3,917,233 | \$ 3,808,456 |
|--------------|--------------|

Contingent liabilities – note 11

Contractual obligations and commitments – note 14

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

On behalf of Council:

Signed by:

 20E32CAA3D824C6...
 Mayor

DocuSigned by:

 8F629DF9AFD54AE...
 Clerk-treasurer

THE CORPORATION OF THE TOWN OF LATCHFORD

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2023 Budget (Note 3) | 2023 Actual | 2022 Actual |
|---|----------------------------|---------------------|---------------------|
| REVENUES | | | |
| Operating revenues | | | |
| Municipal taxation | \$ 925,447 | \$ 943,273 | \$ 915,114 |
| Water and sewer user charges | 262,086 | 259,929 | 247,099 |
| User charges | 88,338 | 93,053 | 97,112 |
| Revenue from other municipalities | 10,689 | 10,690 | 11,852 |
| Provincial grants | 320,888 | 305,334 | 297,830 |
| Federal grants | 22,637 | 13,146 | 14,449 |
| Penalties and interest on taxes | 15,000 | 14,448 | 12,417 |
| Loss on disposal of tangible capital assets | - | 3,363 | - |
| Other | 25,575 | 42,677 | 40,516 |
| | <u>1,670,660</u> | <u>1,685,913</u> | <u>1,636,389</u> |
| Capital revenues | | | |
| Provincial grants | 100,000 | 95,409 | 134,490 |
| Federal grants | - | 117,921 | 34,540 |
| | <u>100,000</u> | <u>213,330</u> | <u>169,030</u> |
| Total revenues | <u>1,770,660</u> | <u>1,899,243</u> | <u>1,805,419</u> |
| EXPENDITURES | | | |
| General government | 449,672 | 463,016 | 479,294 |
| Protection to persons and property | 138,166 | 127,325 | 123,126 |
| Transportation services | 307,495 | 292,391 | 265,796 |
| Environmental services | 567,271 | 522,409 | 476,358 |
| Health services | 204,137 | 236,033 | 192,452 |
| Social and family services | 61,515 | 60,127 | 56,401 |
| Recreation and cultural services | 75,183 | 81,518 | 61,030 |
| Planning and development | 7,000 | 7,647 | 35,771 |
| Total expenditures | <u>1,810,439</u> | <u>1,790,466</u> | <u>1,690,228</u> |
| ANNUAL SURPLUS (DEFICIT) | (39,779) | 108,777 | 115,191 |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | 3,808,456 | 3,808,456 | 3,854,556 |
| Adjustments related to adoption of new accounting standards – note 2 | - | - | (161,291) |
| ACCUMULATED SURPLUS, END OF YEAR – note 13 | <u>\$ 3,768,677</u> | <u>\$ 3,917,233</u> | <u>\$ 3,808,456</u> |

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

THE CORPORATION OF THE TOWN OF LATCHFORD

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2023 Budget (Note 3) | 2023 Actual | 2022 Actual |
|---|----------------------------|----------------|----------------|
| ANNUAL SURPLUS (DEFICIT) | \$ (39,779) | \$ 108,777 | \$ 115,191 |
| Acquisition of tangible capital assets | (100,625) | (298,825) | (113,438) |
| Amortization of tangible capital assets | 243,557 | 242,928 | 244,034 |
| Gain on sale of tangible capital assets | - | (3,363) | - |
| Proceeds on sale of tangible capital assets | - | 3,363 | - |
| Acquisition of inventories of supplies | - | (540) | - |
| Change in prepaid expense | - | (10,714) | (16,220) |
| Decrease in net debt | 103,153 | 41,626 | 229,567 |
| Net debt, beginning of year | (300,870) | (300,870) | (131,491) |
| Adjustments related to adoption of new accounting standards – note 2 | - | - | (398,946) |
| NET DEBT, END OF YEAR | \$ (197,717) | \$ (259,244) | \$ (300,870) |

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

THE CORPORATION OF THE TOWN OF LATCHFORD

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

| OPERATIONS | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Annual surplus | \$ 108,777 | \$ 115,191 |
| Charges not affecting cash – | | |
| Amortization of tangible capital assets | 242,928 | 244,034 |
| Gain on sale of tangible capital assets | (3,363) | - |
| | <u>348,342</u> | <u>359,225</u> |
| Other sources (uses) of cash – | | |
| Change in taxes receivable | (29,223) | 7,237 |
| Change in accounts receivable | (180,098) | (45,052) |
| Change in inventories of supplies | (540) | - |
| Change in prepaid expenses | (10,715) | (16,220) |
| Change in accounts payable and accrued liabilities | 16,318 | 22,355 |
| Change in deferred revenue – other | 119,881 | 77,875 |
| Change in deferred revenue – obligatory reserve fund | 7,332 | (12,925) |
| Change in asset retirement obligations | 16,922 | 16,461 |
| | <u>(60,123)</u> | <u>49,731</u> |
| Total cash provided by operations | <u>288,219</u> | <u>408,956</u> |
| CAPITAL TRANSACTIONS | | |
| Acquisition of tangible capital assets | (298,825) | (113,438) |
| Proceeds from sale of tangible capital assets | 3,363 | - |
| Total cash used by capital transactions | <u>(295,462)</u> | <u>(113,438)</u> |
| FINANCING TRANSACTIONS | | |
| Municipal debt principal repayments | <u>(68,752)</u> | <u>(172,828)</u> |
| INCREASE (DECREASE) IN CASH | <u>(75,995)</u> | <u>122,690</u> |
| Cash, beginning of year | <u>831,377</u> | <u>708,687</u> |
| CASH, END OF YEAR | <u>\$ 755,382</u> | <u>\$ 831,377</u> |
| REPRESENTED BY | | |
| Cash | <u>\$ 755,382</u> | <u>\$ 831,377</u> |

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

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

The Corporation of the Town of Latchford is a town 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 Town of Latchford 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 Town and include the activities of all committees of Council and corporations fully owned and controlled by the Town which are:

The Corporation of the Town of Latchford Medical Centre

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

Non-consolidated entities

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

Timiskaming District Health Unit

District of Timiskaming Social Services Administration Board

Although these are joint local boards they run autonomously to provide those services mandated by the Province. The Town 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 Town in its statements.

Temiskaming Municipal Services Association

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

Accounting for school board transactions

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

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. Accounting policies – continued

Inventories held for resale

Inventories held for resale are recorded at the lower of cost or replacement cost and consists of land for sale.

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 | 15 to 30 years |
| Buildings | 50 years |
| Vehicles | 10 to 25 years |
| Machinery and equipment | 5 to 30 years |
| Roads and bridges | 7 to 75 years |
| Water and sewer mains | 50 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 Town 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 are expensed, unless they are pooled, because, collectively, they have significant value.

Deferred revenue – other

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

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 Town 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,

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. Accounting policies – continued

Asset retirement obligations - continued

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

Fees, service charges and other revenue

Fees, service charges and other revenue are recognized when earned.

Inventories of supplies

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

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. Accounting policies – continued

Financial instruments

The Town 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 Town 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. Adoption of new accounting standards

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

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

The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded and replaces Section PS 3270 Solid Waste Landfill Closure and Post-Closure Liability.

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

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

| | <u>2022</u> | | |
|---|---------------------------|------------------------|-------------|
| | As previously reported | Increase (decrease) | As restated |
| Statement of Financial Position | | | |
| Asset retirement obligations | \$ - | \$ 604,354 | \$ 604,354 |
| Landfill closure and post-closure liability | 205,465 | (205,465) | - |
| Tangible capital assets | 3,744,892 | 231,098 | 3,975,990 |
| Accumulated surplus | 3,976,247 | (167,791) | 3,808,456 |

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

2. Adoption of new accounting standards – continued

Statement of Operations

| | | | |
|---|-----------|-----------|-----------|
| Transportation services | 251,165 | 14,631 | 265,796 |
| Environmental services | 485,225 | (8,867) | 476,358 |
| Recreation and cultural services | 60,294 | 736 | 61,030 |
| Annual surplus | 121,691 | (6,500) | 115,191 |
| Adjustments related to adoption of new accounting standards | - | (161,291) | (161,291) |
| Accumulated surplus, end of year | 3,976,247 | (167,791) | 3,808,456 |

Statement of Change in Net Financial Assets (Debt)

| | | | |
|---|---------|-----------|-----------|
| Annual surplus | 121,691 | (6,500) | 115,191 |
| Amortization of tangible capital assets | 237,477 | 6,557 | 244,034 |
| Adjustments related to adoption of new accounting standards | - | (398,946) | (398,946) |
| Net financial assets (debt), end of year | 98,019 | (398,889) | (300,870) |

Statement of Cash Flows

| | | | |
|---|---------|----------|---------|
| Annual surplus | 121,691 | (6,500) | 115,191 |
| Amortization of tangible capital assets | 237,477 | 6,557 | 244,034 |
| Change in landfill closure and post-closure | 16,518 | (16,518) | - |
| Change in asset retirement obligations | - | 16,461 | 16,461 |

3. Budget

The Budget adopted by Council was not prepared on a basis consistent with that used to report actual results 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 17. It expenses all tangible capital expenditures, does not include amortization expense, reflects proceeds of long-term debt as a revenue, principal repayments of long-term debt as an expense and the full proceeds from the sale of tangible capital assets as a revenue. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the financial plan adopted by Council with adjustments as follows:

| | <u>2023</u> |
|---|--------------------|
| Actual budget surplus for the year – note 17 | \$ 50,862 |
| Add: Budgeted debt principal repayments | 68,752 |
| Investment in tangible capital assets | 100,625 |
| Less: Estimated amortization | (243,557) |
| Estimated accretion expense | <u>(16,461)</u> |
| Budget deficit per statement of operations – page 5 | <u>\$ (39,779)</u> |

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

4. Operations of school boards

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

| | 2023 | 2022 |
|--|-------------------|-------------------|
| | <u>\$ 435,669</u> | <u>\$ 434,424</u> |

5. Contributions to Joint Boards

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

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Timiskaming District Health Unit | <u>\$ 19,212</u> | <u>\$ 16,960</u> |
| District of Timiskaming Social Services Administration Board | <u>\$ 130,038</u> | <u>\$ 120,858</u> |

6. Revolving line of credit

The Town has a \$250,000 business operating line negotiated with the Bank of Nova Scotia with a balance outstanding of \$nil (2022 \$nil). Interest is at bank prime plus 0.5% (currently 7.7%).

7. Deferred revenue – other

Deferred revenue – other consists of the following:

| | December 31 2022 | Funds Received | Revenue Earned | December 31 2023 |
|---------------------------------------|---------------------|-------------------|-------------------|---------------------|
| Provincial government - OCIF | \$ 49,222 | 101,900 | 17,352 | 133,770 |
| Provincial government - NORDS | 45,665 | 59,000 | - | 104,665 |
| Provincial government - MTO | 12,056 | - | 1,100 | 10,956 |
| Provincial government - MOF | 8,900 | - | 8,900 | - |
| Provincial government - MNR Park | 24,500 | - | - | 24,500 |
| Provincial government - Min of Health | 13,667 | 119,234 | 132,901 | - |
| | <u>\$ 154,010</u> | <u>\$ 280,134</u> | <u>\$ 160,253</u> | <u>\$ 273,891</u> |

8. Deferred revenue – obligatory reserve funds

Deferred revenue – obligatory reserve funds consist of the following:

| | December 31 2022 | Funds Received | Revenue Earned | December 31 2023 |
|-----------------|---------------------|-------------------|-------------------|---------------------|
| Federal Gas Tax | <u>\$ 40,296</u> | <u>\$ 21,978</u> | <u>\$ 14,646</u> | <u>\$ 47,628</u> |

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

9. Asset retirement obligations

| | 2023 | 2022 |
|----------------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 604,354 | \$ - |
| Opening balance adjustment | - | 587,893 |
| Accretion expense | 16,922 | 16,461 |
| Balance, end of year | <u>\$ 621,276</u> | <u>\$ 604,354</u> |

The asset retirement obligation at year end is as follows:

| | 2023 | 2022 |
|----------------------|-------------------|-------------------|
| Landfill | \$ 245,918 | \$ 239,220 |
| Asbestos removal | 27,785 | 27,028 |
| Gravel pit | 347,573 | 338,106 |
| Balance, end of year | <u>\$ 621,276</u> | <u>\$ 604,354</u> |

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

Landfill

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

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

The landfill site was established in 1972 and is owned and operated by the Town of Latchford. The total capacity of the site is 40,000 cubic meters and is estimated to reach capacity in 2025 and currently has an estimated remaining capacity of 7,433 cubic meters. Post-closure care is estimated to be required for 5 years from the date of site closure. The Town's asset retirement obligation was reported in the consolidated financial statements.

Asbestos removal

The Town owns a building which contain asbestos, and therefore, the Town is 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 building that contains materials with asbestos in order to estimate when the costs of rehabilitation would be incurred.

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

9. **Asset retirement obligations – continued**

Gravel pit

The Town owns a gravel pit for which the Town has a legal obligation under the Aggregate Resources Act to perform rehabilitation activities upon the gravel pit site when it is no longer in productive use. Assumptions were made regarding the remaining useful life of the gravel pit in order to estimate when the costs of rehabilitation would be incurred.

10. **Municipal debt**

A 30 year serial debenture with Ontario Infrastructure, payable in semi-annual blended (principal and interest) payments of \$12,138 with interest at 5.24% per annum and the debenture matures October 2038. The debt relates to improvements to the water treatment plant.

| | 2023 | 2022 |
|--|------------|------------|
| | \$ 250,025 | \$ 260,775 |

A 20 year serial debenture with Ontario Infrastructure, payable in semi-annual blended (principal and interest) payments of \$17,171 with interest at 5.03% per annum and the debenture matures October 2028. The debt relates to paving of roads and purchase of roads equipment.

| | | |
|--|---------|---------|
| | 150,162 | 175,973 |
|--|---------|---------|

Demand note with the Bank of Nova Scotia, payable in monthly installments of \$841 plus interest at the bank's prime lending rate plus 1% (currently 7.45%), final installment due November 2024. The debt relates to the purchase of a fire truck.

| | | |
|--|-------|--------|
| | 9,249 | 19,338 |
|--|-------|--------|

Term loan with Modern Acceptance Canada, payable in monthly principal payments of \$304, interest is at 0%, final installment due May 2024. The debt relates to the purchase of a lawn mower.

| | | |
|--|-------|-------|
| | 1,517 | 5,160 |
|--|-------|-------|

Capital lease with John Deere Financial, payable in monthly installments of \$1,612.08 + HST, including interest at 2.5%, final payment due April 2025. The lease relates to the purchase of a backhoe loader.

| | | |
|--|-------------------|-------------------|
| | 25,344 | 43,804 |
| | <u>\$ 436,297</u> | <u>\$ 505,050</u> |

10. **Municipal debt**

Total interest paid on the loans in 2023 is \$24,111 (2022 \$29,483).

Principal installments required to be paid over the next five years are as follows:

| | |
|--------|-------------------|
| 2024 | \$ 68,139 |
| 2025 | 46,844 |
| 2026 | 42,512 |
| 2027 | 44,705 |
| 2028 | 47,010 |
| 2029 + | <u>187,087</u> |
| | <u>\$ 436,297</u> |

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

11. **Contingent liabilities**

Non-Consolidated Entities

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

Ontario Municipal Employees Retirement Fund

All permanent, full-time employees of the Town 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 Town's contributions equal the employee contributions to the plan.

As this is a multi-employer pension plan, the contributions by the Town are recognized as an expenditure. No pension liability for this type of plan is recognized in the Town's consolidated financial statements. Contributions made by the Town to OMERS for 2023 were \$35,294 (2022 \$30,911). The plan had an actuarial deficit of \$4.2 billion at the end of 2023.

Funding agreements

Under the terms of various funding agreements, the Town 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.

12. **Financial instruments**

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

The Town 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 Town has a significant number of customers and ratepayers which minimizes concentration of credit risk. Further, the Town 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 Town manages exposure through its normal operating and financing activities. The Town is exposed to interest rate risk primarily through its floating interest rate demand loan, fixed rate GIC and credit facilities.

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

12. Financial instruments - continued

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

13. 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 that time.

| | 2023 | 2022 |
|---|----------------------------|----------------------------|
| Reserves and surpluses | | |
| Roads reserve | \$ 20,770 | \$ 20,770 |
| Fire equipment reserve | 18,253 | 18,253 |
| Fire building reserve | 38,907 | 42,799 |
| Fire uniform reserve | 10,373 | - |
| Safe restart funding reserve | 33,570 | 39,592 |
| Modernization reserve | 156,012 | 156,012 |
| Museum reserve | 7,005 | - |
| General municipal surplus | <u>513,439</u> | <u>531,108</u> |
| | 798,329 | 808,534 |
| Amounts to be recovered | | |
| Unfinanced municipal debt | (436,297) | (505,050) |
| Unfinanced asset retirement obligations | <u>(621,276)</u> | <u>(604,354)</u> |
| Net debt | <u>(259,244)</u> | <u>(300,870)</u> |
| Non-financial assets | | |
| Invested in tangible capital assets | 4,031,887 | 3,975,990 |
| Inventories of supplies | 7,457 | 6,918 |
| Prepaid expenses | <u>137,133</u> | <u>126,418</u> |
| | <u>4,176,477</u> | <u>4,109,326</u> |
| Accumulated surplus | <u>\$ 3,917,233</u> | <u>\$ 3,808,456</u> |

Non-financial assets

Non-financial assets are not available to discharge existing liabilities. Amounts invested in tangible capital assets 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 Financial Assets (Debt) for the year.

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

14. Contractual obligations and commitments

(a) Contracts for capital projects:

The balance of capital works uncompleted under contracts in progress at December 31, 2023 amounts to approximately \$nil (2022 \$283,453). The proposed financing of these obligations is \$nil (2022 \$75,597) from surplus funds and \$nil (2022 \$207,856) from external sources.

(b) Contracts for services:

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

| | |
|--------|------------------|
| 2024 | \$ 37,298 |
| 2025 | 28,646 |
| 2026 | 2,688 |
| 2027 | 2,688 |
| 2028 | 2,688 |
| 2029 + | <u>9,216</u> |
| | <u>\$ 83,224</u> |

The future value of certain long-term contracts is unknown. Annually, the Town includes estimated payments required for the upcoming year as part of its budget to ensure that sufficient funding is available for these contracts.

15. Segmented information

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

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

General Government Services

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

Protection Services

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

Transportation Services

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

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

15. **Segmented information - continued**

Environmental Services

Environmental services include water and sewer services as well as garbage and recycling services. Water and Sewer services include the operation and distribution of water and networking sewer mains and storm sewers. The Garbage and Recycling services are responsible for the delivery of municipal services including garbage collection and recycling.

Health Services

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

Social and Family Services

The Town 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 Town and for reviewing and approving new development.

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

15. Segmented information - continued

| | General Government Services | Protection Services | Transportation Services | Environmental Services | Health Services | Social and Family Services | Recreation and Cultural Services | Planning and Development Services | Total 2023 | Total 2022 |
|--|-----------------------------------|------------------------|----------------------------|---------------------------|--------------------|----------------------------------|---|--|-------------------|-------------------|
| Revenues | | | | | | | | | | |
| Operating revenues | | | | | | | | | | |
| Municipal taxation | \$ 943,273 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 943,273 | 915,114 |
| Water and sewer user charges | - | - | - | 259,929 | - | - | - | - | 259,929 | 247,099 |
| User charges | 572 | 21,131 | 16,498 | 34,058 | - | - | 20,794 | - | 93,053 | 97,112 |
| Revenue from other municipalities | - | - | 3,600 | 1,090 | 6,000 | - | - | - | 10,690 | 11,852 |
| Provincial grants | 135,000 | - | - | 37,433 | 132,901 | - | - | - | 305,334 | 297,830 |
| Federal grants | - | - | - | 5,372 | - | - | 7,774 | - | 13,146 | 14,449 |
| Penalties and interest on taxes | 14,448 | - | - | - | - | - | - | - | 14,448 | 12,417 |
| Gain on disposal of tangible capital assets | - | - | - | - | - | - | 3,363 | - | 3,363 | - |
| Other | 33,083 | - | 600 | - | - | - | 8,994 | - | 42,677 | 40,516 |
| | 1,126,376 | 21,131 | 20,698 | 337,882 | 138,901 | - | 40,925 | - | 1,685,913 | 1,636,389 |
| Capital revenues | | | | | | | | | | |
| Provincial grants | - | - | - | 95,409 | - | - | - | - | 95,409 | 134,490 |
| Federal grants | - | - | - | 114,502 | - | - | 3,419 | - | 117,921 | 34,540 |
| Total revenues | 1,126,376 | 21,131 | 20,698 | 547,793 | 138,901 | - | 44,344 | - | 1,899,243 | 1,805,419 |
| Expenditures | | | | | | | | | | |
| Wages and benefits | 228,790 | 12,235 | 130,473 | 203,219 | 81,594 | - | 6,876 | - | 663,187 | 653,305 |
| Long-term debt interest | - | 1,170 | 9,415 | 13,526 | - | - | - | - | 24,111 | 26,545 |
| Materials | 157,915 | 21,616 | 64,339 | 122,284 | 61,020 | - | 43,123 | 2,875 | 473,172 | 409,731 |
| Contracted services | 57,991 | 82,228 | - | 67,309 | 4,296 | - | - | 4,772 | 216,596 | 196,313 |
| Rents and financial expenses | 4,300 | - | 9,467 | 6,698 | - | - | 757 | - | 21,222 | 22,482 |
| External transfers | - | - | - | - | 89,123 | 60,127 | - | - | 149,250 | 137,818 |
| Amortization | 14,020 | 10,076 | 78,697 | 109,373 | - | - | 30,762 | - | 242,928 | 244,034 |
| Total expenditures | 463,016 | 127,325 | 292,391 | 522,409 | 236,033 | 60,127 | 81,518 | 7,647 | 1,790,466 | 1,690,228 |
| Annual surplus (deficit) | \$ 663,360 | \$ (106,194) | \$ (271,693) | \$ 25,384 | \$ (97,132) | \$ (60,127) | \$ (37,174) | \$ (7,647) | \$ 108,777 | \$ 115,191 |

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

16. Schedule of tangible capital assets

2023

| | Opening Cost Dec 31, 2022 | Additions | Disposals | Ending Cost Dec 31, 2023 | Opening Accumulated Amortization Dec 31, 2022 | Accumulated Amortization on Disposals | Current Amortization | Ending Accumulated Amortization Dec 31, 2023 | Net Assets Dec 31, 2023 |
|----------------------------|---------------------------------|-------------------|------------------|--------------------------------|--|--|-------------------------|---|-------------------------------|
| General | | | | | | | | | |
| Land | \$ 98,009 | \$ - | \$ - | \$ 98,009 | \$ - | \$ - | \$ - | \$ - | \$ 98,009 |
| Land improvements | 495,189 | - | - | 495,189 | 217,464 | - | 11,242 | 228,706 | 266,483 |
| Buildings | 2,061,071 | - | - | 2,061,071 | 1,033,255 | - | 38,908 | 1,072,163 | 988,908 |
| Machinery and equipment | 2,432,726 | 3,419 | - | 2,436,145 | 1,318,554 | - | 84,348 | 1,402,902 | 1,033,243 |
| Leased machinery | 141,579 | - | - | 141,579 | 42,474 | - | 14,158 | 56,632 | 84,947 |
| Vehicles | 347,995 | - | 12,088 | 335,907 | 234,484 | 12,088 | 17,087 | 239,483 | 96,424 |
| Assets under construction | 111,092 | 295,406 | - | 406,498 | - | - | - | - | 406,498 |
| Infrastructure | | | | | | | | | |
| Roads and bridges | 1,507,238 | - | - | 1,507,238 | 585,572 | - | 46,137 | 631,709 | 875,529 |
| Streetlights | 50,575 | - | - | 50,575 | 17,647 | - | 1,432 | 19,079 | 31,496 |
| Water main | 727,430 | - | - | 727,430 | 603,483 | - | 14,548 | 618,031 | 109,399 |
| Sewer main | 491,400 | - | - | 491,400 | 435,381 | - | 15,068 | 450,449 | 40,951 |
| Total | \$ 8,464,304 | \$ 298,825 | \$ 12,088 | \$ 8,751,041 | \$ 4,488,314 | \$ 12,088 | \$ 242,928 | \$ 4,719,154 | \$ 4,031,887 |

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

16. Schedule of tangible capital assets - continued

| | 2022 | | | | | | | | |
|----------------------------|---------------------------------|-------------------|------------------|--------------------------------|--|--|-------------------------|---|-------------------------------|
| | Opening Cost Dec 31, 2021 | Additions | Disposals | Ending Cost Dec 31, 2022 | Opening Accumulated Amortization Dec 31, 2021 | Accumulated Amortization on Disposals | Current Amortization | Ending Accumulated Amortization Dec 31, 2022 | Net Assets Dec 31, 2022 |
| General | | | | | | | | | |
| Land | \$ 98,009 | \$ - | \$ - | \$ 98,009 | \$ - | \$ - | \$ - | \$ - | \$ 98,009 |
| Land improvements | 495,189 | - | - | 495,189 | 206,222 | - | 11,242 | 217,464 | 277,725 |
| Buildings | 2,061,071 | - | - | 2,061,071 | 994,347 | - | 38,908 | 1,033,255 | 1,027,816 |
| Machinery and equipment | 2,425,908 | 6,818 | - | 2,432,726 | 1,234,408 | - | 84,146 | 1,318,554 | 1,114,172 |
| Leased machinery | 141,579 | - | - | 141,579 | 28,316 | - | 14,158 | 42,474 | 99,105 |
| Vehicles | 405,674 | - | 57,679 | 347,995 | 273,768 | 57,679 | 18,395 | 234,484 | 113,511 |
| Assets under construction | 77,722 | 33,370 | - | 111,092 | - | - | - | - | 111,092 |
| Infrastructure | | | | | | | | | |
| Roads and bridges | 1,433,988 | 73,250 | - | 1,507,238 | 539,435 | - | 46,137 | 585,572 | 921,666 |
| Streetlights | 50,575 | - | - | 50,575 | 16,215 | - | 1,432 | 17,647 | 32,928 |
| Water main | 727,430 | - | - | 727,430 | 588,935 | - | 14,548 | 603,483 | 123,947 |
| Sewer main | 491,400 | - | - | 491,400 | 420,313 | - | 15,068 | 435,381 | 56,019 |
| Total | \$ 8,408,545 | \$ 113,438 | \$ 57,679 | \$ 8,464,304 | \$ 4,301,959 | \$ 57,679 | \$ 244,034 | \$ 4,488,314 | \$ 3,975,990 |

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

17. Budgeting

The Town budgets to determine an appropriate tax rate based on all budgeted revenues and expenditures. The consolidated statement of operations on page 5 has been modified here to exclude amortization and accretion expenses and to include tangible capital asset expenditures and the principal repayments on long-term debt.

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

| | 2023 Budget | 2023 Actual | 2022 Actual |
|---|------------------|------------------|------------------|
| REVENUES | | | |
| Operating revenues | | | |
| Municipal taxation | \$ 925,447 | \$ 943,273 | \$ 915,114 |
| Water and sewer user charges | 262,086 | 259,929 | 247,099 |
| User charges | 88,338 | 93,053 | 97,112 |
| Revenue from other municipalities | 10,689 | 10,690 | 11,852 |
| Provincial grants | 320,888 | 305,334 | 297,830 |
| Federal grants | 22,637 | 13,146 | 14,449 |
| Penalties and interest on taxes | 15,000 | 14,448 | 12,417 |
| Proceeds from sale of tangible capital assets | - | 3,363 | - |
| Other | 25,575 | 42,677 | 40,516 |
| | <u>1,670,660</u> | <u>1,685,913</u> | <u>1,636,389</u> |
| Capital revenues | | | |
| Provincial grants | 100,000 | 95,409 | 134,490 |
| Federal grants | - | 117,921 | 34,540 |
| | <u>100,000</u> | <u>213,330</u> | <u>169,030</u> |
| Total revenues | <u>1,770,660</u> | <u>1,899,243</u> | <u>1,805,419</u> |
| EXPENDITURES | | | |
| Operating expenditures | | | |
| General government | 435,672 | 448,996 | 465,134 |
| Protection to persons and property | 128,166 | 117,249 | 113,050 |
| Transportation services | 218,864 | 204,767 | 176,977 |
| Environmental services | 450,620 | 406,338 | 360,074 |
| Health services | 204,137 | 236,033 | 192,452 |
| Social and family services | 61,515 | 60,127 | 56,401 |
| Recreation and cultural services | 44,447 | 49,999 | 29,874 |
| Planning and development | 7,000 | 7,647 | 35,771 |
| | <u>1,550,421</u> | <u>1,531,156</u> | <u>1,429,733</u> |
| Long-term debt principal repayment | 68,752 | 68,752 | 172,828 |
| Capital expenditures | 100,625 | 298,825 | 113,438 |
| Total expenditures | <u>1,719,798</u> | <u>1,898,733</u> | <u>1,715,999</u> |
| Surplus – full budget base | <u>\$ 50,862</u> | <u>\$ 510</u> | <u>\$ 89,420</u> |

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

18. Water and Wastewater System

The Town's operations include the running of a Water and Wastewater facility for some properties in the Town. This schedule is not prepared according to PSAB accounting and is operational. It excludes amortization, includes capital revenue and expenses, and includes proceeds and repayments of long-term debt.

| | 2023 | 2022 |
|--|---------------------|--------------------|
| Revenue | | |
| Water and sewer user fees | \$ 247,929 | \$ 235,099 |
| Contract fees | 12,000 | 12,000 |
| Provincial grants - operating | 17,352 | - |
| Provincial grants - capital | 95,409 | 8,282 |
| Federal grants - capital | 114,502 | 9,939 |
| | <u>487,192</u> | <u>265,320</u> |
| Expenses | | |
| Wages and benefits | 196,795 | 168,013 |
| Materials | 121,861 | 131,561 |
| Contracted services | 32,090 | 10,941 |
| Long-term debt - interest | 13,526 | 14,067 |
| - principal | 10,750 | 10,208 |
| Capital expenditures | 291,514 | 25,218 |
| | <u>666,536</u> | <u>360,008</u> |
| Annual deficit (recovered from Town's general revenues) | <u>\$ (179,344)</u> | <u>\$ (94,688)</u> |