
**THE MUNICIPAL CORPORATION OF
THE TOWNSHIP OF ARMOUR**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
The Municipal Corporation of the Township of Armour

Doane Grant Thornton LLP

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Opinion

We have audited the consolidated financial statements of The Municipal Corporation of the Township of Armour ("the Township"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Municipal Corporation of the Township of Armour as at December 31, 2024, and its results of operations, its changes in its net financial assets, and its 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 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 these 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 a 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of audit work performed for purposes 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.

Doane Grant Thornton LLP

North Bay, Canada
September 9, 2025

Chartered Professional Accountants
Licensed Public Accountants

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash (Note 5)	\$ 4,053,403	\$ 3,541,882
Investments (Note 6)	28,952	22,544
Taxes receivable (Note 7)	446,238	680,027
Accounts receivable	476,391	697,375
Inventories held for resale	54,008	3,335
	5,058,992	4,945,163
LIABILITIES		
Accounts payable and accrued liabilities	650,817	561,802
Deferred revenue-general (Note 8)	526,075	316,088
Deferred revenue-obligatory reserve funds (Note 9)	323,800	308,672
Long-term debt (Note 10)	521,373	566,701
Tangible capital lease (Note 11)	9,599	-
Employee benefits payable (Note 12)	2,574	3,548
Asset retirement obligations (Note 14)	319,850	281,506
	2,354,088	2,038,317
NET FINANCIAL ASSETS	2,704,904	2,906,846
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 16)	18,805,818	18,160,169
Inventories of supplies	223,747	310,069
Prepaid expenses	4,998	7,530
	19,034,563	18,477,768
ACCUMULATED SURPLUS (Note 17)	\$ 21,739,467	\$ 21,384,614

Contingencies (Note 3)
Contractual Obligations (Note 15)

APPROVED ON BEHALF OF COUNCIL:

Mayor

The accompanying notes are an integral part of these financial statements

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR
CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget 2024 (see Note 20)	Actual 2024	Actual 2023
REVENUE			
Property taxes	\$ 3,321,553	\$ 3,347,782	\$ 3,241,016
User charges	207,966	232,955	111,967
Government transfers	1,976,553	1,366,545	1,389,964
Restructuring net revenue (expense) (Note 19)	-	(1,679)	1,037
Other	550,328	425,503	549,036
TOTAL REVENUE	6,056,400	5,371,106	5,293,020
EXPENSES			
General government	859,178	839,865	802,365
Protection to persons and property	1,170,781	1,180,391	982,530
Transportation services	1,751,134	1,351,138	1,464,445
Environmental services	291,585	271,096	286,538
Health services	192,500	187,763	184,704
Social and family services	321,000	319,862	304,690
Recreation and cultural services	771,178	747,908	498,179
Planning and development	142,780	118,230	136,747
TOTAL EXPENSES	5,500,136	5,016,253	4,660,198
ANNUAL SURPLUS (Note 17)	556,264	354,853	632,822
ACCUMULATED SURPLUS, BEGINNING OF YEAR	21,384,614	21,384,614	20,751,792
ACCUMULATED SURPLUS, END OF YEAR	\$ 21,940,878	\$ 21,739,467	\$ 21,384,614

The accompanying notes are an integral part of these financial statements

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget 2024 (see Note 20)	Actual 2024	Actual 2023
Annual surplus	\$ 556,264	\$ 354,853	\$ 632,822
Acquisition of tangible capital assets	(3,646,354)	(1,555,319)	(858,702)
Revaluation of tangible capital assets - ARO	-	(25,891)	(9,999)
Shared services tangible capital assets transfer - net	-	2,584	1,587
Amortization of tangible capital assets	918,923	918,923	867,321
Loss on disposal of tangible capital assets	-	9,030	28,207
Proceeds from disposal of tangible capital assets	4,784	5,024	584
Change in supplies inventories	-	86,322	(216,936)
Change in prepaid expenses	-	2,532	3,828
Increase (decrease) in net financial assets	(2,166,383)	(201,942)	448,712
Net financial assets, beginning of year	2,906,846	2,906,846	2,458,134
Net financial assets, end of year	\$ 740,463	\$ 2,704,904	\$ 2,906,846

The accompanying notes are an integral part of these financial statements

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
Operating transactions		
Annual surplus	\$ 354,853	\$ 632,822
Non-cash charges to operations:		
Amortization of tangible capital assets	918,923	867,321
Accretion expense on ARO liability	11,635	9,596
Revaluation of tangible capital assets - ARO	(25,891)	(9,999)
Change in ARO liability excluding accretion and settlements	26,709	26,742
Shared services tangible capital assets transfer - net	2,584	1,587
Loss on disposal of tangible capital assets	9,030	28,207
Change in employee benefits payable	(974)	437
	1,296,869	1,556,713
Changes in non-cash items:		
Taxes receivable	233,789	(349,833)
Accounts receivable	220,984	(544,166)
Inventories held for resale	(50,673)	191
Accounts payable and accrued liabilities	89,015	(136,754)
Deferred revenue-general	209,987	72,154
Deferred revenue-obligatory reserve funds	15,128	118,740
Inventories of supplies	86,322	(216,936)
Prepaid expenses	2,532	3,828
	807,084	(1,052,776)
Cash provided by operating transactions	2,103,953	503,937
Capital transactions		
Acquisition of tangible capital assets	(1,543,747)	(858,702)
Proceeds from disposal of tangible capital assets	5,024	584
Cash applied to capital transactions	(1,538,723)	(858,118)
Investing transactions		
Change in investments	(6,408)	(465)
Cash applied to investing transactions	(6,408)	(465)
Financing transactions		
Debt principal repayments	(45,328)	(44,073)
Tangible capital lease repayments	(1,973)	-
Cash applied to financing transactions	(47,301)	(44,073)
Net change in cash	511,521	(398,719)
Cash, beginning of year	3,541,882	3,940,601
Cash, end of year	\$ 4,053,403	\$ 3,541,882
Cash flow supplementary information:		
Cash paid for interest	\$ 15,862	\$ 16,774
Non-cash capital and financing transactions:		
Capital lease	\$ 11,572	\$ -

The accompanying notes are an integral part of these financial statements

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

MANAGEMENT RESPONSIBILITY

The consolidated financial statements of the Municipal Corporation of the Township of Armour (the "Municipality") are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of significant accounting policies is provided in Note 1. 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.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are 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 consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenue, expenses and accumulated surplus balances of the reporting entity. The reporting entity is comprised of all committees of Council and the boards, joint boards and municipal enterprises for which Council is politically accountable as follows:

(i) Consolidated and proportionally consolidated entities

The following local board is consolidated:

Cemetery

The following joint boards and committees are proportionally consolidated:

Fire
Waste management
Arena and Community Centre
Library
Economic Development

Inter-organizational transactions and balances between these organizations are eliminated.

(ii) Non-consolidated entities

The following joint boards are not consolidated:

North Bay Parry Sound District Health Unit
Parry Sound District Social Services Administration Board
District of Parry Sound (East) Home for the Aged

(iii) Accounting for school board transactions

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

(iv) Trust funds

Trust funds administered by the Municipality are not included in these consolidated financial statements, but are reported separately on the trust funds financial statements.

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Accounting

(i) Accrual basis of accounting

Revenue and expenses are reported on the accrual basis of accounting. Revenue from transactions with performance obligations is recognized when (or as) the performance obligation is satisfied by providing the promised goods or services to the payer. Performance obligations are defined as enforceable promises to provide specific goods or services to a specific payer. Revenue from transactions with no performance obligations is recognized when the Municipality has the authority to claim or retain the revenue and identifies a past transaction or event that gives rise to an asset. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Cash

Cash includes cash on hand and balances held at financial institutions.

(iii) Non-financial assets

Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of municipal services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(a) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset, as well as any asset retirement obligations related to the asset. Tangible capital assets received as donations are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements - 20 years
Leasehold Improvements - 20 years
Buildings - 10 to 50 years
Machinery, equipment and furniture - 5 to 20 years
Vehicles - 8 to 15 years
Roads - 8 to 75 years
Bridges - 60 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Estimated closure and post-closure expenses for active landfill sites as well as the land occupied by the sites and related land improvements are amortized annually on the basis of capacity used during the year as a percentage of the estimated total capacity of the landfill site.

Interest related to the acquisition of capital assets is not capitalized, but is expensed in the year incurred.

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (iii) (b) Inventories of supplies
Inventories held for consumption are recorded at the lower of cost and replacement cost.
- (iv) Reserves and reserve funds
Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Consolidated Statement of Financial Position.
- (v) Government transfers
Government transfers are recognized in the financial statements as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Consolidated Statement of Operations as the stipulation liabilities are settled.
- (vi) Deferred revenue
Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the Consolidated Statement of Financial Position. The revenue is reported on the Consolidated Statement of Operations in the year in which it is used for the specified purpose.
- (vii) Taxation and related revenue
Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. Property tax billings are prepared by the Municipality based on assessment rolls, supplementary assessment rolls and other assessment adjustments issued by the Municipal Property Assessment Corporation ("MPAC"). Taxation revenue is initially recorded at the time assessment information is received from MPAC and is subsequently adjusted based on management's best estimate of the amount of tax revenue resulting from assessment adjustments that have not yet been received from MPAC. The Municipality is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.
- (viii) Pensions and employee benefits
The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Obligations for sick leave under employee benefits payable are accrued as the employees render the services necessary to earn the benefits.

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ix) Financial instruments

Financial instruments are classified as either fair value, amortized cost or cost.

Financial instruments classified as fair value are initially recognized at cost and subsequently carried at fair value. Financing fees and transaction costs on financial instruments measured at fair value are expensed as incurred. Unrealized gains and losses on financial assets are recognized in the Consolidated Statement of Remeasurement Gains and Losses. Once realized, remeasurement gains and losses are transferred to the Consolidated Statement of Operations. A Consolidated Statement of Remeasurement Gains and Losses has not been included as there are no matters to report therein.

Financial instruments classified as amortized cost are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. The effective interest rate method allocates interest income or interest expense over the relevant period, based on the effective interest rate. Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement, provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the Consolidated Statement of Operations.

Financial liabilities (or part of a financial liability) are removed from the Consolidated Statement of Financial Position when, and only when, they are discharged, cancelled or expire.

The Municipality's financial instruments are measured according to the following methods:

<u>Financial instrument</u>	<u>Measurement method</u>
Cash	Amortized cost
Investments	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Asset retirement obligations

A liability for an asset retirement obligation is recognized when, at the financial reporting date, all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a capital asset;
- 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 liability is recorded at an amount that is the best estimate of the expenditure required to retire a capital asset at the financial statement date. The liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. When an asset retirement obligation is initially recognized, a corresponding asset retirement cost is added to the carrying value of the related capital asset when it is still in productive use. This cost is amortized over the useful life of the capital asset. If the related capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

(xi) Use of estimates

The preparation of 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 financial statements, and the reported amounts of revenue and expenses during the period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Municipality may undertake in the future. Significant accounting estimates include valuation allowances for taxes and accounts receivable, estimated useful lives of tangible capital assets, employee benefits payable, estimated costs and timing of asset retirement obligations and supplementary taxes. Actual results could differ from these estimates.

There is a measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of \$319,850. These estimates are subject to uncertainty because of several factors including, but not limited to estimated settlement dates, estimated costs and change in the discount rate. These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

2. CHANGE IN ACCOUNTING POLICY - ADOPTION OF NEW ACCOUNTING STANDARDS

On January 1, 2024, the Municipality adopted Public Sector Accounting Standard PS 3400 - Revenue. New Section PS 3400 establishes standards on how to account for and report on revenue. It does not apply to revenues for which specific standards already exist, such as government transfers, tax revenue or restricted revenues. The Section distinguishes between revenue that arises from transactions that include performance obligations (i.e., exchange transactions) and transactions that do not have performance obligations (i.e., non-exchange transactions). The Municipality has adopted this new standard prospectively. The adoption of this new standard had no impact on the opening balances.

On January 1, 2024, the Municipality adopted new Public Sector Guideline PSG-8 - Purchased Intangibles. The main features of PSG-8 include a definition of purchased intangibles (which does not include those received through government transfer, contribution or inter-entity transactions), examples of items that are not purchased intangibles, reference to other guidance in the Handbook on intangibles and reference to the asset definition, general recognition criteria and the GAAP hierarchy for accounting for purchased intangibles. The Municipality has adopted this new guideline prospectively. The adoption of this new guideline had no impact on the Municipality's consolidated financial statements.

On January 1, 2024, the Municipality adopted Public Sector Accounting Standard PS 3160 - Public Private Partnerships. New Section PS 3160 establishes standards on how to account for partnerships between public and private sector entities where infrastructure is procured by a public sector entity using a private sector partner that is obligated to design, build, acquire or better infrastructure; finance the infrastructure past the point where the infrastructure is ready for use and operate and/or maintain the infrastructure. Infrastructure typically includes items such as tangible capital assets (i.e., complex network systems), but may also include items that are intangible in nature. The Municipality has adopted this new standard prospectively. The adoption of this new standard had no impact on the Municipality's consolidated financial statements.

3. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

Further to Note 1(a)(ii), the following contributions were made by the Municipality to these boards:

		2024		2023
District of Parry Sound Social Services Administration Board	\$	180,247	\$	170,332
North Bay Parry Sound District Health Unit		44,267		42,977
District of Parry Sound (East) Home for the Aged		139,615		134,358
	\$	364,129	\$	347,667

The Municipality is contingently liable for its share, if any, of the accumulated deficits as at the end of the year for these boards. The Municipality's share of the accumulated surpluses (or deficits) of these boards has not been determined at this time.

The Municipality is also contingently liable for its share, if any, of the long-term liabilities issued by other municipalities for these boards. The Municipality's share of these long-term liabilities has not been determined at this time.

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

4. TRANSACTIONS ON BEHALF OF OTHERS

- (a) During the year, \$727,808 of taxation was collected on behalf of school boards (2023 - \$713,471).
- (b) The Municipality administers care and maintenance trust funds totaling \$9,826 (2023 - \$9,826) which are funded by the sale of cemetery interment rights and markers. These funds are invested and earnings derived therefrom are used to perform maintenance at the Municipality's cemetery. The trust funds are not included in these consolidated financial statements, as they are being held in trust for the benefit of others.

5. CASH

Cash is comprised of:

	2024	2023
Unrestricted cash	\$ 3,729,603	\$ 3,233,210
Restricted cash	323,800	308,672
	\$ 4,053,403	\$ 3,541,882

Federal and Provincial legislation restricts how restricted cash related to obligatory reserve funds, reported in Note 9, may be used.

6. INVESTMENTS

Investments are comprised of guaranteed investment certificates, bearing interest at 4.9% and maturing May 15, 2025.

7. TAXES RECEIVABLE

Taxes receivable are comprised of the following:

	2024	2023
Taxes and amounts added for collection purposes-current year	\$ 306,514	\$ 455,101
Taxes and amounts added for collection purposes-previous year	81,178	145,648
Taxes and amounts added for collection purposes-prior years	24,624	25,957
Penalties and interest	35,922	55,321
Valuation allowance	(2,000)	(2,000)
	\$ 446,238	\$ 680,027

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

8. DEFERRED REVENUE-GENERAL

Details of the deferred revenue reported on the Consolidated Statement of Financial Position are as follows:

	2024	2023
Balance, beginning of year:		
FedNor Northern Ontario Development Program-Implement	\$ 1,696	\$ 34,812
Brand Strategy		
Northern Ontario Regional Development Support (NORDS)	301,700	197,738
Ontario Cannabis Legalization Implementation Fund	8,807	10,993
Other deferred revenue	3,885	391
	316,088	243,934
Deferred in the year:		
Building permits	117,604	-
Northern Ontario Regional Development Support (NORDS)	79,160	88,674
Other funding	3,110	3,885
Interest earned	18,009	15,287
	217,883	107,846
Recognized in revenue during the year	(7,896)	(35,692)
Balance, end of year	\$ 526,075	\$ 316,088
Building permits	\$ 117,604	\$ -
FedNor Northern Ontario Development Program-Implement		
Brand Strategy	-	1,696
Northern Ontario Regional Development Support (NORDS)	398,869	301,700
Ontario Cannabis Legalization Implementation Fund	6,492	8,807
Other deferred revenue	3,110	3,885
Balance, end of year	\$ 526,075	\$ 316,088

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

9. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

The Municipality receives payments in lieu of parkland under the Planning Act, building permit revenue under the Building Code Act, Federal Community-Building funding (previously gas tax) under an agreement with the Association of Municipalities of Ontario and Ontario Community Infrastructure Fund funding under an agreement with the Ministry of Infrastructure. Legislation restricts how these funds may be used, and under certain circumstances, how these funds may be refunded.

In the case of payments in lieu of parkland, revenue recognition occurs when the Municipality has approved eligible expenditures for park and other public recreation purposes. Building permit revenue is recognized when applicable building expenditures are incurred. Community-Building and Ontario Community Infrastructure Fund revenue recognition occurs when the Municipality has approved the expenditures for eligible operating expenditures and capital works.

Details of the deferred revenue-obligatory reserve funds reported on the Consolidated Statement of Financial Position are as follows:

	2024	2023
Balance, beginning of year:		
Recreational land (the Planning Act)	\$ 7,109	\$ 1,529
Building Code Act	35,731	56,579
Community-Building	58,230	67,704
Ontario Community Infrastructure Fund	207,602	64,120
	308,672	189,932
Received during the year:		
Recreational land (the Planning Act)	20,688	5,171
Community-Building	93,140	93,590
Ontario Community Infrastructure Fund	153,173	180,204
Interest earned	12,318	12,076
	279,319	291,041
Recognized in revenue during the year	(264,191)	(172,301)
Balance, end of year	\$ 323,800	\$ 308,672
Recreational land (the Planning Act)	\$ 28,585	\$ 7,109
Building Code Act	-	35,731
Community-Building	26,599	58,230
Ontario Community Infrastructure Fund	268,616	207,602
Balance, end of year	\$ 323,800	\$ 308,672

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

10. LONG-TERM DEBT

(a) The balance of long-term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2024	2023
Ontario Infrastructure and Lands Corporation amortizing debenture, due November 2036, repayable in semi-annual payments of \$22,911 including interest calculated at 2.77%. As security, the Municipality has pledged future Provincial funding	\$ 465,099	\$ 497,365
Proportionate share of Fire Department Ontario Infrastructure and Lands Corporation amortizing debenture, due July 2028, repayable in semi-annual payments of \$15,703 including interest calculated at 2.97%. Secured by future Provincial funding	56,274	69,336
	\$ 521,373	\$ 566,701

(b) Future estimated principal and interest payments on long-term debt are as follows:

	Principal	Interest
2025	\$ 46,619	\$ 14,227
2026	47,947	12,900
2027	49,312	11,534
2028	50,716	10,131
2029	37,024	8,797
2030 onwards	289,755	30,995
	\$ 521,373	\$ 88,584

(c) Total charges for the year for long-term debt which are reported in the financial statements are as follows:

	2024	2023
Principal payments	\$ 45,328	\$ 44,073
Interest	15,192	16,456
	\$ 60,520	\$ 60,529

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

11. TANGIBLE CAPITAL LEASE

In 2024, the Municipality entered into a lease agreement for a photocopier for a 60-month term ending January 2029. This liability is accounted for on the Consolidated Statement of Financial Position at the present value of future minimum lease payments, using a discount rate of 3.51%. Future minimum lease payments are as follows:

	2024	2023
2025	\$ 2,527	\$ -
2026	2,527	-
2027	2,527	-
2028	2,527	-
2029	210	-
Total minimum lease payments	10,318	-
Less amount representing interest	(719)	-
Present value of future minimum capital lease payments	\$ 9,599	\$ -

Interest of \$344 (2023 - NIL) relating to capital lease obligations has been reported on the Consolidated Statement of Operations.

12. EMPLOYEE BENEFITS PAYABLE

Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and qualifying employees may become entitled to a cash payment when they leave the Municipality's employment. The sick leave benefit liability estimates the use of accumulated sick leave prior to retirement, as well as any lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The liability for these accumulated days amounted to \$2,574 (2023 - \$3,548) at the end of the year.

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2024

13. FINANCIAL INSTRUMENTS

Risks arising from financial instruments and risk management

The Municipality is exposed to various risks through its financial instruments. The Municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects on the Municipality's financial performance.

Credit risk

Credit risk is the risk of financial loss to the Municipality if a debtor fails to honour its contractual obligations. The Municipality is exposed to this risk as a result of its cash, investments and accounts receivable. The carrying amounts of these financial assets on the Consolidated Statement of Financial Position represent the maximum credit risk of the Municipality as at the reporting date.

The Municipality holds its cash and investments with a provincially regulated credit union who is insured by the Financial Services Regulatory Authority of Ontario ("FSRA"). FSRA insurance coverage is up to \$250,000 in aggregate.

Accounts receivable are primarily due from other levels of government and municipal ratepayers. Credit risk is mitigated by the financial solvency of the governments, the highly diversified nature of the ratepayer population and the potential for the Municipality to transfer unpaid ratepayer receivables to taxes receivable. The amounts outstanding at year-end were as follows:

2024				
	Current	Past Due	Indeterminate Due Date	TOTAL
Federal	\$ 11,023	\$ -	\$ -	\$ 11,023
Provincial	38,664	29,180	-	67,844
Other municipalities	131,309	-	7,761	139,070
Ratepayers - planning-related	-	-	465	465
Other	68,943	-	189,046	257,989
Valuation allowance	-	-	-	-
Net receivables	\$ 249,939	\$ 29,180	\$ 197,272	\$ 476,391
2023				
	Current	Past Due	Indeterminate Due Date	TOTAL
Federal	\$ 30,162	\$ -	\$ -	\$ 30,162
Provincial	385,813	-	-	385,813
Other municipalities	79,641	-	9,215	88,856
Ratepayers - planning-related	-	-	182	182
Other	3,316	-	189,046	192,362
Valuation allowance	-	-	-	-
Net receivables	\$ 498,932	\$ -	\$ 198,443	\$ 697,375

There have been no significant changes from the previous year in exposure to credit risk or policies, procedures and methods used to measure the risk.

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2024

13. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they become due. The Municipality is exposed to this risk with respect to its accounts payable and accrued liabilities and long-term debt. The Municipality maintains sufficient cash balances to meet its obligations, and does not believe it is subject to significant liquidity risk.

The table below sets out the payable dates of the Municipality's accounts payable and accrued liabilities. This includes planning-related accounts which have an indeterminate payable date as they are settled when the related planning application has been finalized. The long-term debt repayment schedule is disclosed in Note 10.

2024					
	Within 6 months	6 months to 1 year	1 to 5 years	Indeterminate payable date	TOTAL
Accounts payable and accrued liabilities	\$ 412,032	\$ 132,820	\$ -	\$ 105,965	\$ 650,817

2023					
	Within 6 months	6 months to 1 year	1 to 5 years	Indeterminate payable date	TOTAL
Accounts payable and accrued liabilities	\$ 272,492	\$ 108,180	\$ -	\$ 181,130	\$ 561,802

There have been no significant changes from the previous year in exposure to liquidity risk or policies, procedures and methods used to measure the risk.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk. The Municipality is not exposed to significant currency or equity risk as it does not transact materially in foreign currency or hold equity financial instruments. It is primarily exposed to interest rate risk.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Municipality is exposed to interest rate risk on its interest-bearing investments and long-term debt. Fixed-rate instruments subject the Municipality to a fair value risk.

There have been no significant changes from the prior year in exposure to market risk or the policies, procedures and methods used to measure the risk.

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2024

14. ASSET RETIREMENT OBLIGATIONS

When initially recording this obligation, the estimated present value of future cash flows for retirement costs for assets in use are capitalized to the carrying amount of the associated assets, and amortized over the useful life of the related asset. Subsequent revisions to the estimated cost are also capitalized and amortized as part of the asset. Accretion of the discounted liability due to the passage of time is recorded as an in-year expense.

The Municipality has recorded the following asset retirement obligations:

- a) A liability of \$29,967 (2023 - \$28,704) relating to designated substances in the Burk's Falls and District Fire Department fire hall, which represents the Municipality's share of the estimated removal and disposal costs as estimated at January 1, 2022, adjusted for accretion at a long-term borrowing rate of 4.4%.
- b) A liability of \$8,520 (2023 - \$8,161) relating to designated substances in the Armour, Ryerson and Burk's Falls arena, which represents the Municipality's share of the total discounted future cash flows for removal and disposal using an estimated long-term borrowing rate of 4.4% (2023 - 4.4%) and inflation rate of 2.6% (2023 - 2.6%).
- c) A liability of \$281,363 (2023 - \$244,641) relating to the landfill closure and post-closure care requirements for the landfill site jointly operated by the Township of Armour, the Village of Burk's Falls and the Township of Ryerson through the TRI R Committee, which has been defined in accordance with industry standards and includes final cover and landscaping of the landfill site, management of groundwater and leachates, and ongoing environmental monitoring and site inspection.

The site is comprised of the original, inactive, site area with a capacity of 58,000 cubic metres, and an additional 27,700 capacity area, approved in March 2017, that is currently active. The liability for both the inactive and active areas represents the total discounted future cash flows for closure and post-closure care using an estimated long-term borrowing rate of 3.92% (2023 - 4.14%) and inflation rate of 2.6% (2023 - 2.6%). The estimated remaining capacity of the site is approximately 12,695 (2023 - 13,509) cubic metres, estimated to be filled in 12 years (2023 - 11 years). Post-closure care is estimated to be required for a period of 25 years.

The Municipality has reserves of \$353,982 (2023 - \$325,943) related to the landfill site that could be used to fund this liability.

The continuity of the asset retirement obligation reported on the Consolidated Statement of Financial Position is shown below:

		2024		2023
Balance, beginning of year	\$	281,506	\$	245,168
Increase in liability reflecting changes in the estimated cash flows, inflation and discount rate		29,487		30,330
Increase in liability due to accretion (the passage of time)		11,635		9,596
Decrease in liability due to change in Municipality's proportionate share		(2,778)		(3,588)
Balance, end of year	\$	319,850	\$	281,506

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**Year Ended December 31, 2024

15. CONTRACTUAL OBLIGATIONS

The Municipality has contracted Tulloch Engineering Inc. for design and construction administration services related to the replacement of North Pickerel Lake Road bridge at a cost of \$185,000. To the end of 2024, \$104,992 of work under this contract had been performed. The balance of the work is expected to be completed in 2025.

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

16. TANGIBLE CAPITAL ASSETS

The tangible capital assets of the Municipality by major asset class are outlined below.

2024							
	Land and Land Improvements	Buildings and Leasehold Improvements	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 1,399,434	\$ 1,944,511	\$ 923,693	\$ 2,144,480	\$ 24,859,947	\$ 317,845	\$ 31,589,910
Additions and betterments	201,828	140,214	48,772	413,285	699,795	51,425	1,555,319
Revaluation of tangible capital assets - ARO	25,891	-	-	-	-	-	25,891
Shared services assets redistribution	(3,176)	(222)	(3,059)	-	-	-	(6,457)
Disposals and writedowns	(19,995)	(17,869)	(22,371)	(103,820)	(933,134)	(915)	(1,098,104)
Transfer between classes	-	220,940	-	-	-	(220,940)	-
BALANCE, END OF YEAR	1,603,982	2,287,574	947,035	2,453,945	24,626,608	147,415	32,066,559
ACCUMULATED AMORTIZATION							
Balance, beginning of year	297,232	861,961	436,688	1,039,654	10,794,206	-	13,429,741
Annual amortization	37,913	52,749	59,417	131,915	636,929	-	918,923
Shared services accumulated amortization redistribution	(2,144)	(55)	(1,674)	-	-	-	(3,873)
Amortization disposals	(19,995)	(9,525)	(22,371)	(103,820)	(928,339)	-	(1,084,050)
BALANCE, END OF YEAR	313,006	905,130	472,060	1,067,749	10,502,796	-	13,260,741
TANGIBLE CAPITAL ASSETS-NET	\$ 1,290,976	\$ 1,382,444	\$ 474,975	\$ 1,386,196	\$ 14,123,812	\$ 147,415	\$ 18,805,818

2023							
	Land and Land Improvements	Buildings and Leasehold Improvements	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 1,340,230	\$ 1,818,004	\$ 868,333	\$ 2,108,522	\$ 25,002,645	\$ 90,272	\$ 31,228,006
Additions and betterments	51,622	154,941	72,273	35,958	316,335	227,573	858,702
Revaluation of tangible capital assets - ARO	9,999	-	-	-	-	-	9,999
Shared services assets redistribution	(2,417)	(332)	(3,156)	-	-	-	(5,905)
Disposals and writedowns	-	(28,102)	(13,757)	-	(459,033)	-	(500,892)
BALANCE, END OF YEAR	1,399,434	1,944,511	923,693	2,144,480	24,859,947	317,845	31,589,910
ACCUMULATED AMORTIZATION							
Balance, beginning of year	268,151	832,632	393,165	920,981	10,623,910	-	13,038,839
Annual amortization	31,693	46,673	55,385	118,673	614,897	-	867,321
Shared services accumulated amortization redistribution	(2,612)	(74)	(1,632)	-	-	-	(4,318)
Amortization disposals	-	(17,270)	(10,230)	-	(444,601)	-	(472,101)
BALANCE, END OF YEAR	297,232	861,961	436,688	1,039,654	10,794,206	-	13,429,741
TANGIBLE CAPITAL ASSETS-NET	\$ 1,102,202	\$ 1,082,550	\$ 487,005	\$ 1,104,826	\$ 14,065,741	\$ 317,845	\$ 18,160,169

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

16. TANGIBLE CAPITAL ASSETS (continued)

Included in tangible capital assets are leased tangible capital assets with a cost of \$11,572 (2023 - NIL) and accumulated amortization of \$1,157 (2023 - NIL).

17. ACCUMULATED SURPLUS

The 2024 continuity of accumulated surplus reported on the Consolidated Statement of Financial Position is as follows:

	Balance Beginning of Year	Annual Surplus (Deficit)	Balance End of Year
RESERVES AND RESERVE FUNDS			
Working capital	\$ 392,508	\$ 3,629	\$ 396,137
COVID-19 funding	1,988	-	1,988
Benefits	15,291	(797)	14,494
Capital	1,886,138	(37,977)	1,848,161
Election	24,007	3,920	27,927
Fire	257,148	82,671	339,819
Fire Department	1,470	-	1,470
Roads and bridges	40,000	-	40,000
Waste disposal	325,943	28,039	353,982
Recycling	42,358	-	42,358
Hazardous waste	2,644	-	2,644
Hospital	156,881	132,822	289,703
Parks and recreation	141,402	25,259	166,661
Arena	113,213	7,595	120,808
Library	1,000	-	1,000
Library Board	29,686	2,389	32,075
Planning and development	85,468	10,000	95,468
	3,517,145	257,550	3,774,695
OTHER			
Consolidated tangible capital assets	18,160,169	645,649	18,805,818
General operating surplus -			
Municipality	544,253	(228,436)	315,817
Cemetery	6,039	842	6,881
Library	3,033	2,657	5,690
ACED	5,730	282	6,012
Unfinanced capital	-	(322,050)	(322,050)
Unfunded amounts -			
Long-term debt	(566,701)	45,328	(521,373)
Tangible capital leases	-	(9,599)	(9,599)
Employee benefits payable	(3,548)	974	(2,574)
Asset retirement obligations	(281,506)	(38,344)	(319,850)
	\$ 21,384,614	\$ 354,853	\$ 21,739,467

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

18. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT

The Municipality and its Boards and Committees provide a wide range of services to its citizens. The schedule of segment disclosure provides a breakdown of the annual surplus (deficit) reported on the Consolidated Statement of Operations by major reporting segment. The segments correspond to the major functional categories used in the Municipality's Financial Information Return, which include the following activities:

General Government

This segment includes Council, Clerk's Department, and Treasury. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues relating to governance, strategic planning and service delivery.

Protection to Persons and Property

This segment includes fire, police, building inspection, and bylaw enforcement. Police services are provided by the Ontario Provincial Police under contract.

Transportation Services

Transportation services include roadway systems and winter control.

Environmental Services

This segment includes solid waste management.

Health Services

This segment includes cemeteries, ambulance services as well as payments to the district health unit.

Social and Family Services

This segment consists primarily of payments made to the district social services administration board and home for the aged for the provision of social services such as childcare, social housing, general assistance and assistance to the elderly.

Recreation and Culture

This segment includes parks, recreation programs, recreation facilities, library services and cultural services such as museums.

Planning and Development

This segment includes activities related to planning, zoning and economic development.

Unallocated Amounts

Items are recorded as unallocated amounts when there is no reasonable basis for allocating them to a segment. Major items included in this category are property taxation and related penalty and interest charges, and unconditional grants such as the Municipality's annual Ontario Municipal Partnership Fund grant.

In the preparation of segmented financial information, some allocation of expenses is made. This generally includes charges of administration costs and rent to specific segments.

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2024

18. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2024

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,347,782	\$ 3,347,782
User charges	16,935	3,450	188	37,572	-	-	166,124	8,686	-	232,955
Government transfers -										
Canada	-	-	127,003	-	-	-	12,246	25,308	-	164,557
Ontario	-	13,750	101,457	32,938	-	-	43,419	8,057	729,800	929,421
Other municipalities	22,654	243,085	4,978	873	-	-	977	-	-	272,567
Gain (loss) on disposal of tangible capital assets	-	4,109	(4,795)	-	-	-	(8,344)	-	-	(9,030)
Restructuring net expense	-	-	-	-	-	-	-	(1,679)	-	(1,679)
Other	6,369	60,329	20,780	9,984	13,664	-	50,890	1,065	271,452	434,533
TOTAL REVENUE	45,958	324,723	249,611	81,367	13,664	-	265,312	41,437	4,349,034	5,371,106
EXPENSES										
Salaries, wages and benefits	578,630	555,187	484,353	135,476	-	-	319,350	50,838	-	2,123,834
Long-term debt charges (interest)	344	1,786	13,406	-	-	-	-	-	-	15,536
Materials	110,474	129,246	68,347	38,813	-	-	206,840	12,517	-	566,237
Contracted services	119,332	438,418	21,471	59,043	136,048	-	122,383	54,601	-	951,296
Rents and financial expenses	2,335	2,062	17,638	7,437	-	-	5,353	-	-	34,825
External transfers	16,649	-	-	-	51,715	319,862	5,741	-	-	393,967
Interfunctional adjustments	(963)	710	(1,134)	1,126	-	-	261	-	-	-
Amortization	13,064	51,719	747,057	19,188	-	-	87,621	274	-	918,923
Accretion of ARO liability	-	1,263	-	10,013	-	-	359	-	-	11,635
TOTAL EXPENSES	839,865	1,180,391	1,351,138	271,096	187,763	319,862	747,908	118,230	-	5,016,253
ANNUAL SURPLUS (DEFICIT)	\$ (793,907)	\$ (855,668)	\$ (1,101,527)	\$ (189,729)	\$ (174,099)	\$ (319,862)	\$ (482,596)	\$ (76,793)	\$ 4,349,034	\$ 354,853

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2024

18. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2023

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,241,016	\$ 3,241,016
User charges	5,688	3,424	2,670	30,884	-	-	57,511	11,790	-	111,967
Government transfers -										
Canada	-	-	105,657	-	-	-	1,526	17,420	-	124,603
Ontario	-	10,326	45,796	34,572	-	-	311,212	34,845	739,800	1,176,551
Other municipalities	8,063	72,312	3,300	647	-	-	1,297	3,191	-	88,810
Loss on disposal of tangible capital assets	(2,269)	-	(14,432)	(950)	-	-	(10,556)	-	-	(28,207)
Restructuring net revenue	-	-	-	-	-	-	-	1,037	-	1,037
Other	6,182	204,058	12,859	5,700	7,799	-	49,226	-	291,419	577,243
TOTAL REVENUE	17,664	290,120	155,850	70,853	7,799	-	410,216	68,283	4,272,235	5,293,020
EXPENSES										
Salaries, wages and benefits	541,702	424,278	491,460	161,643	-	-	165,124	37,109	-	1,821,316
Long-term debt charges (interest)	-	2,171	14,285	-	-	-	-	-	-	16,456
Materials	102,614	83,333	215,905	31,837	-	-	147,697	6,109	-	587,495
Contracted services	130,641	435,757	14,114	67,198	128,504	-	93,773	93,285	-	963,272
Rents and financial expenses	2,405	1,551	2,636	3,514	-	-	3,770	-	-	13,876
External transfers	14,976	-	-	-	56,200	304,690	5,000	-	-	380,866
Interfunctional adjustments	(974)	1,004	(2,552)	(1,478)	-	-	4,000	-	-	-
Amortization	11,001	34,436	728,597	14,572	-	-	78,471	244	-	867,321
Accretion of ARO liability	-	-	-	9,252	-	-	344	-	-	9,596
TOTAL EXPENSES	802,365	982,530	1,464,445	286,538	184,704	304,690	498,179	136,747	-	4,660,198
ANNUAL SURPLUS (DEFICIT)	\$ (784,701)	\$ (692,410)	\$ (1,308,595)	\$ (215,685)	\$ (176,905)	\$ (304,690)	\$ (87,963)	\$ (68,464)	\$ 4,272,235	\$ 632,822

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

19. RESTRUCTURING NET REVENUE

In 2019 the Municipality entered into a joint services agreement for Almaguin Community Economic Development ("ACED"). The agreement included the following independent organizations:

- The Corporation of the Township of Perry;
- The Municipal Corporation of the Township of Armour;
- The Corporation of the Township of Ryerson;
- The Corporation of the Village of Sundridge;
- The Almaguin Highlands Chamber of Commerce;
- The Corporation of the Municipality of Magnetawan;
- The Corporation of the Municipality of the Village of Burk's Falls;
- The Corporation of the Township of Strong;
- The Corporation of the Village of South River;
- The Corporation of the Municipality of Powassan;
- The Corporation of the Township of Joly.

The Corporation of the Township of Ryerson withdrew from the agreement effective December 31, 2023, and the Municipality of Magnetawan and the Municipality of Powassan withdrew in 2022. The Corporation of the Township of McMurrich/Monteith became a contributing member in 2024. The assets, liabilities and surplus at the time of membership changes are retained by ACED.

The Municipality recorded net expense of \$1,679 (2023 - revenue \$1,037) as a result of this restructuring. The value of the tangible assets received is recorded as a shared services asset redistribution in Note 16.

20. BUDGET FIGURES

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. For unbudgeted items (amortization of tangible capital assets and asset retirement obligation accretion), the actual amounts for 2024 were used to adjust the reported budgeted amounts. A reconciliation of the adopted and reported budgets is presented below.

	Budget
ADOPTED BUDGET:	
Decrease in general municipal operating surplus	\$ (150,000)
Decrease in reserves and reserve funds	(664,863)
Decrease in joint board general operating surplus	(3,014)
ADJUSTMENTS:	
Acquisition of tangible capital assets	3,646,354
Amortization of tangible capital assets	(918,923)
Proceeds on disposal of capital assets	(4,784)
Accretion of asset retirement obligation	(11,635)
Net increase in long-term debt	(1,336,871)
ANNUAL SURPLUS	\$ 556,264

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

21. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2024. The results of this valuation disclosed total actuarial liabilities of \$142,489 million with respect to benefits accrued for service with actuarial assets at that date of \$139,576 million indicating an actuarial deficit of \$2,913 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2024 was \$143,986 (2023 - \$121,586) for current service and is included as an expense on the Consolidated Statement of Operations.

22. COMPARATIVE FIGURES

Certain prior year figures presented for comparative purposes have been reclassified to conform to the presentation adopted for the current year.