THE MUNICIPAL CORPORATION OF
THE TOWNSHIP OF ARMOUR

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

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Independent Auditor's Report

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

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, 2025, 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, 2025, 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
August 11, 2026

Chartered Professional Accountants
Licensed Public Accountants

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash *(Note 4)*	$ 3,573,933	$ 4,053,403
Investments *(Note 5)*	32,585	28,952
Taxes receivable *(Note 6)*	434,394	446,238
Accounts receivable	594,230	476,391
Inventories held for resale	2,879	54,008
	4,638,021	**5,058,992**
LIABILITIES		
Accounts payable and accrued liabilities	894,904	650,817
Deferred revenue-general *(Note 7)*	158,463	526,075
Deferred revenue-obligatory reserve funds *(Note 8)*	94,063	323,800
Long-term debt *(Note 9)*	1,737,782	521,373
Tangible capital lease *(Note 10)*	7,374	9,599
Employee benefits payable *(Note 11)*	2,705	2,574
Asset retirement obligations *(Note 13)*	319,605	319,850
	3,214,896	**2,354,088**
NET FINANCIAL ASSETS	**1,423,125**	**2,704,904**
NON-FINANCIAL ASSETS		
Tangible capital assets - net *(Note 15)*	20,327,949	18,805,818
Inventories of supplies	82,781	223,747
Prepaid expenses	5,425	4,998
	20,416,155	**19,034,563**
ACCUMULATED SURPLUS *(Note 16)*	**$ 21,839,280**	**$ 21,739,467**

Contingencies *(Note 2)*
Contractual Obligations *(Note 14)*

APPROVED ON BEHALF OF COUNCIL:

______________________________ Mayor

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget 2025 *(see Note 19)*	Actual 2025	Actual 2024
REVENUE			
Property taxes	$ 3,411,791	$ 3,393,891	$ 3,347,782
User charges	217,150	218,237	232,955
Government transfers	2,714,301	2,453,999	1,366,545
Restructuring net revenue (expense) *(Note 18)*	-	2,393	(1,679)
Other	450,453	375,850	425,503
TOTAL REVENUE	**6,793,695**	**6,444,370**	**5,371,106**
EXPENSES			
General government	936,782	851,026	839,865
Protection to persons and property	1,247,292	1,248,854	1,180,391
Transportation services	1,886,885	2,068,122	1,351,138
Environmental services	313,963	329,337	271,096
Health services	200,586	191,685	187,763
Social and family services	333,841	333,841	319,862
Recreation and cultural services	863,665	810,348	747,908
Planning and development	511,373	511,344	118,230
TOTAL EXPENSES	**6,294,387**	**6,344,557**	**5,016,253**
ANNUAL SURPLUS *(Note 16)*	**499,308**	**99,813**	**354,853**
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**21,739,467**	**21,739,467**	**21,384,614**
ACCUMULATED SURPLUS, END OF YEAR	**$ 22,238,775**	**$ 21,839,280**	**$ 21,739,467**

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget 2025 *(see Note 19)*	Actual 2025	Actual 2024
Annual surplus	$ 499,308	$ 99,813	$ 354,853
Acquisition of tangible capital assets	(2,940,314)	(2,572,049)	(1,555,319)
Revaluation of tangible capital assets - ARO	-	4,802	(25,891)
Shared services tangible capital assets transfer - net	-	(2,562)	2,584
Amortization of tangible capital assets	979,232	979,232	918,923
Loss on disposal of tangible capital assets	-	68,446	9,030
Proceeds from disposal of tangible capital assets	-	-	5,024
Change in supplies inventories	-	140,966	86,322
Change in prepaid expenses	-	(427)	2,532
Decrease in net financial assets	**(1,461,774)**	**(1,281,779)**	**(201,942)**
Net financial assets, beginning of year	2,704,904	2,704,904	2,906,846
Net financial assets, end of year	**$ 1,243,130**	**$ 1,423,125**	**$ 2,704,904**

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
Operating transactions		
Annual surplus	$ 99,813	$ 354,853
Non-cash charges to operations:		
Amortization of tangible capital assets	979,232	918,923
Accretion expense on ARO liability	12,859	11,635
Revaluation of tangible capital assets - ARO	4,802	(25,891)
Change in ARO liability excluding accretion and settlements	(13,104)	26,709
Shared services tangible capital assets transfer - net	(2,562)	2,584
Loss on disposal of tangible capital assets	68,446	9,030
Change in employee benefits payable	131	(974)
	1,149,617	1,296,869
Changes in non-cash items:		
Taxes receivable	11,844	233,789
Accounts receivable	(117,839)	220,984
Inventories held for resale	51,129	(50,673)
Accounts payable and accrued liabilities	244,087	89,015
Deferred revenue-general	(367,612)	209,987
Deferred revenue-obligatory reserve funds	(229,737)	15,128
Inventories of supplies	140,966	86,322
Prepaid expenses	(427)	2,532
	(267,589)	807,084
Cash provided by operating transactions	882,028	2,103,953
Capital transactions		
Acquisition of tangible capital assets	(2,572,049)	(1,543,747)
Proceeds from disposal of tangible capital assets	-	5,024
Cash applied to capital transactions	(2,572,049)	(1,538,723)
Investing transactions		
Change in investments	(3,633)	(6,408)
Cash applied to investing transactions	(3,633)	(6,408)
Financing transactions		
Proceeds from long-term debt	1,276,550	-
Debt principal repayments	(60,141)	(45,328)
Tangible capital lease repayments	(2,225)	(1,973)
Cash provided by (applied to) financing transactions	1,214,184	(47,301)
Net change in cash	**(479,470)**	**511,521**
Cash, beginning of year	**4,053,403**	**3,541,882**
Cash, end of year	**$ 3,573,933**	**$ 4,053,403**
Cash flow supplementary information:		
Cash paid for interest	$ 20,325	$ 15,862
Non-cash capital and financing transactions:		
Capital lease	$ -	$ 11,572

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025

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, 2025

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.

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, 2025

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:

Financial instrument	Measurement method
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, 2025

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 $319,605. 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, 2025

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2025	2024
District of Parry Sound Social Services Administration Board	$ 190,826	$ 180,247
North Bay Parry Sound District Health Unit	46,481	44,267
District of Parry Sound (East) Home for the Aged	143,015	139,615
	$ 380,322	**$ 364,129**

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.

3. TRANSACTIONS ON BEHALF OF OTHERS

(a) During the year, $744,954 of taxation was collected on behalf of school boards (2024 - $727,808).

(b) The Municipality administers care and maintenance trust funds totaling $9,826 (2024 - $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.

4. CASH

Cash is comprised of:

	2025	2024
Unrestricted cash	$ 3,479,870	$ 3,729,603
Restricted cash	94,063	323,800
	$ 3,573,933	**$ 4,053,403**

Federal and Provincial legislation restricts how restricted cash related to obligatory reserve funds, reported in Note 8, may be used.

5. INVESTMENTS

Investments are comprised of guaranteed investment certificates, bearing interest at 2.8% and maturing May 23, 2026.

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025

6. TAXES RECEIVABLE

Taxes receivable are comprised of the following:

		2025		2024
Taxes and amounts added for collection purposes-current year	$	321,838	$	306,514
Taxes and amounts added for collection purposes-previous year		58,697		81,178
Taxes and amounts added for collection purposes-prior years		25,245		24,624
Penalties and interest		30,614		35,922
Valuation allowance		(2,000)		(2,000)
	$	**434,394**	**$**	**446,238**

7. DEFERRED REVENUE-GENERAL

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

		2025		2024
Balance, beginning of year:				
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
		526,075		316,088
Deferred in the year:				
Building permits		58,515		117,604
Northern Ontario Regional Development Support (NORDS)		79,403		79,160
Other funding		13,891		3,110
Interest earned		10,679		18,009
		162,488		217,883
Recognized in revenue during the year		(530,100)		(7,896)
Balance, end of year	**$**	**158,463**	**$**	**526,075**
Building permits	$	140,058	$	117,604
Northern Ontario Regional Development Support (NORDS)				398,869
Ontario Cannabis Legalization Implementation Fund		4,514		6,492
Other deferred revenue		13,891		3,110
Balance, end of year	**$**	**158,463**	**$**	**526,075**

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025

8. 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:

	2025	2024
Balance, beginning of year:		
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
	323,800	308,672
Received during the year:		
Recreational land (the Planning Act)	6,680	20,688
Community-Building	95,565	93,140
Ontario Community Infrastructure Fund	130,197	153,173
Interest earned	8,321	12,318
	240,763	279,319
Recognized in revenue during the year	(470,500)	(264,191)
Balance, end of year	**$ 94,063**	**$ 323,800**
Recreational land (the Planning Act)	$ 36,193	$ 28,585
Community-Building	2,222	26,599
Ontario Community Infrastructure Fund	55,648	268,616
Balance, end of year	**$ 94,063**	**$ 323,800**

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025

9. LONG-TERM DEBT

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

	2025	2024
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	$ 431,932	$ 465,099
Ontario Infrastructure and Lands Corporation amortizing debenture, due April 2035, repayable in semi-annual payments of $19,317 including interest calculated at 3.60%. As security, the Municipality has pledged future Provincial funding	308,529	-
Ontario Infrastructure and Lands Corporation amortizing debenture, due November 2040, repayable in semi-annual payments of $42,912 including interest calculated at 4.10%. As security, the Municipality has pledged future Provincial funding	954,500	-
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	42,821	56,274
	$ 1,737,782	**$ 521,373**

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

	Principal	Interest
2026	$ 122,890	$ 62,415
2027	127,218	58,087
2028	131,702	53,603
2029	121,213	49,067
2030	125,575	44,705
2031 onwards	1,109,184	197,839
	$ 1,737,782	**$ 465,716**

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

	2025	2024
Principal payments	$ 60,141	$ 45,328
Interest	28,388	15,192
	$ 88,529	**$ 60,520**

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025

10. 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:

	2025	2024
2025	$ -	$ 2,527
2026	2,527	2,527
2027	2,527	2,527
2028	2,527	2,527
2029	210	210
Total minimum lease payments	7,791	10,318
Less amount representing interest	(417)	(719)
Present value of future minimum capital lease payments	**$ 7,374**	**$ 9,599**

Interest of $301 (2024 - $344) relating to capital lease obligations has been reported on the Consolidated Statement of Operations.

11. 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 $2,705 (2024 - $2,574) at the end of the year.

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025

12. 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:

2025	Current	Past Due	Indeterminate Due Date	TOTAL
Federal	$ 131,299	$ -	$ -	$ 131,299
Provincial	198,753	-	-	198,753
Other municipalities	90,096	-	2,050	92,146
Ratepayers - planning-related	-	-	33,430	33,430
Other	138,577	-	25	138,602
Valuation allowance	-	-	-	-
Net receivables	**$ 558,725**	**$ -**	**$ 35,505**	**$ 594,230**

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**

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, 2025

12. 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 9.

2025	Within 6 months	6 months to 1 year	1 to 5 years	Indeterminate payable date	TOTAL
Accounts payable and accrued liabilities	$ 500,781	$ 173,452	$ -	$ 220,671	$ 894,904

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

There have been no significant changes from the previous year in policies, procedures and methods used to measure liquidity risk. However, there has been a significant change in the exposure to liquidity risk due to $1,263,029 of new long-term debt with Ontario Infrastructure and Lands Corporation.

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, 2025

13. 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 $31,286 (2024 - $29,967) 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 $8,895 (2024 - $8,520) 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% (2024 - 4.4%) and inflation rate of 2.6% (2024 - 2.6%).
c) A liability of $279,424 (2024 - $281,363) 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 3.88% (2024 - 3.92%) and inflation rate of 2.7% (2024 - 2.6%). The estimated remaining capacity of the site is approximately 10,858 (2024 - 12,695) cubic metres, estimated to be filled in 10 years (2024 - 12 years). Post-closure care is estimated to be required for a period of 25 years.

   The Municipality has reserves of $407,690 (2024 - $353,982) 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:

	2025	2024
Balance, beginning of year	$ 319,850	$ 281,506
Increase (decrease) in liability reflecting changes in the estimated cash flows, inflation and discount rate	(16,564)	29,487
Increase in liability due to accretion (the passage of time)	12,859	11,635
Increase (decrease) in liability due to change in Municipality's proportionate share	3,460	(2,778)
Balance, end of year	**$ 319,605**	**$ 319,850**

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025

14. CONTRACTUAL OBLIGATIONS

In conjunction with the Corporation of the Township of Ryerson and the Corporation of the Municipality of the Village of Burk's Falls, the Municipality has engaged Domm Construction Ltd. to construct a new fire hall at a contracted price of $3,634,901 plus HST. To the end of the year, $293,000 of work was completed. The balance of the contract is expected to be completed in 2026.

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025

15. TANGIBLE CAPITAL ASSETS

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

2025

	Land and Land Improvements	Buildings and Leasehold Improvements	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	$ 1,603,982	$ 2,287,574	$ 947,035	$ 2,453,945	$ 24,626,608	$ 147,415	$ 32,066,559
Additions and betterments	90,477	33,133	50,791	-	2,118,357	279,291	2,572,049
Revaluation of tangible capital assets - ARO	(4,802)	-	-	-	-	-	(4,802)
Shared services assets redistribution	4,284	228	1,615	-	-	-	6,127
Disposals and writedowns	-	(6,103)	(68,559)	-	(213,168)	-	(287,830)
Transfer between classes	-	7,168	-	-	123,544	(130,712)	-
BALANCE, END OF YEAR	1,693,941	2,322,000	930,882	2,453,945	26,655,341	295,994	34,352,103
ACCUMULATED AMORTIZATION							
Balance, beginning of year	313,006	905,130	472,060	1,067,749	10,502,796	-	13,260,741
Annual amortization	49,667	57,491	69,015	146,599	656,460	-	979,232
Shared services accumulated amortization redistribution	2,476	61	1,028	-	-	-	3,565
Amortization disposals	-	(4,857)	(49,468)	-	(165,059)	-	(219,384)
BALANCE, END OF YEAR	365,149	957,825	492,635	1,214,348	10,994,197	-	14,024,154
TANGIBLE CAPITAL ASSETS-NET	$ 1,328,792	$ 1,364,175	$ 438,247	$ 1,239,597	$ 15,661,144	$ 295,994	$ 20,327,949

2024

49667	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

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025

15. TANGIBLE CAPITAL ASSETS (continued)

Included in tangible capital assets are leased tangible capital assets with a cost of $11,572 (2024 - $11,572) and accumulated amortization of $3,471 (2024 - $1,157).

16. ACCUMULATED SURPLUS

The 2025 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	$ 396,137	$ 2,840	$ 398,977
COVID-19 funding	1,988	-	1,988
Benefits	14,494	14,400	28,894
Capital	1,848,161	(94,018)	1,754,143
Election	27,927	3,241	31,168
Fire	339,819	26,454	366,273
Fire Department	1,470	-	1,470
Roads and bridges	40,000	-	40,000
Waste disposal	353,982	53,708	407,690
Recycling	42,358	-	42,358
Hazardous waste	2,644	-	2,644
Hospital	289,703	130,805	420,508
Parks and recreation	166,661	8,772	175,433
Arena	120,808	(19,179)	101,629
Library	1,000	-	1,000
Library Board	32,075	3,680	35,755
Planning and development	95,468	14,740	110,208
	3,774,695	**145,443**	**3,920,138**
OTHER			
Consolidated tangible capital assets	18,805,818	1,522,131	20,327,949
General operating surplus (deficit)-			
Municipality	315,817	(577,789)	(261,972)
Cemetery	6,881	492	7,373
Library	5,690	(3,649)	2,041
ACED	6,012	6,511	12,523
Unfinanced capital	(322,050)	220,744	(101,306)
Unfunded amounts -			
Long-term debt	(521,373)	(1,216,409)	(1,737,782)
Tangible capital leases	(9,599)	2,225	(7,374)
Employee benefits payable	(2,574)	(131)	(2,705)
Asset retirement obligations	(319,850)	245	(319,605)
	$ 21,739,467	**$ 99,813**	**$ 21,839,280**

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025

17. 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, 2025

17. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT *(Continued)*

FOR THE YEAR ENDED DECEMBER 31, 2025

	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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,393,891	$ 3,393,891
User charges	11,736	3,387	-	32,662	-	-	158,707	11,745	-	218,237
Government transfers -										
Canada	-	-	122,000	-	-	-	560	14,727	-	137,287
Ontario	-	112,889	837,450	2,775	-	-	5,921	197,204	812,100	1,968,339
Other municipalities	17,410	322,758	7,142	-	-	-	1,063	-	-	348,373
Loss on disposal of tangible capital assets	(202)	-	(48,111)	(14,395)	-	-	(5,738)	-	-	(68,446)
Restructuring net revenue	-	-	-	-	-	-	-	2,393	-	2,393
Other	6,418	133,248	12,943	39,919	492	-	63,179	779	187,318	444,296
TOTAL REVENUE	35,362	572,282	931,424	60,961	492	-	223,692	226,848	4,393,309	6,444,370
EXPENSES										
Salaries, wages and benefits	567,564	599,383	523,673	169,068	-	-	355,190	37,832	-	2,252,710
Long-term debt charges (interest)	301	9,560	16,375	-	-	-	-	2,453	-	28,689
Materials	110,657	103,425	527,587	54,441	-	-	219,711	4,265	-	1,020,086
Contracted services	138,034	464,574	236,603	39,904	143,104	-	129,131	466,537	-	1,617,887
Rents and financial expenses	2,325	1,551	457	16,145	-	-	6,714	-	-	27,192
External transfers	18,480	-	-	-	48,581	333,841	5,000	-	-	405,902
Interfunctional adjustments	(918)	1,567	(3,161)	2,440	-	-	72	-	-	-
Amortization	14,583	67,475	766,588	36,174	-	-	94,155	257	-	979,232
Accretion of ARO liability	-	1,319	-	11,165	-	-	375	-	-	12,859
TOTAL EXPENSES	851,026	1,248,854	2,068,122	329,337	191,685	333,841	810,348	511,344	-	6,344,557
ANNUAL SURPLUS (DEFICIT)	$ (815,664)	$ (676,572)	$(1,136,698)	$ (268,376)	$ (191,193)	$ (333,841)	$ (586,656)	$ (284,496)	$ 4,393,309	$ 99,813

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025

17. 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

18. RESTRUCTURING NET REVENUE

In 2019 the Municipality entered into a joint services agreement between a group of local municipalities and the Almaguin Highlands Chamber of Commerce for the provision of economic development services under the name of Almaguin Community Economic Development ("ACED"). The Corporation of the Municipality of the Village of Burk's Falls and the Corporation of the Village of South River withdrew from the agreement effective December 31, 2025. The assets, liabilities and surplus at the time of membership changes are retained by ACED, and the Municipality's proportionate share is recorded as restructuring net revenue.

The Municipality recorded net revenue of $2,393 (2024 - expense $1,679) as a result of this restructuring. The value of the tangible capital assets received is recorded as a shared services asset redistribution in Note 15.

19. 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 2025 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 unfinanced capital	322,050
Decrease in reserves and reserve funds	(400,132)
Decrease in joint board general operating surplus	(5,673)
ADJUSTMENTS:	
Acquisition of tangible capital assets	2,940,314
Amortization of tangible capital assets	(979,232)
Accretion of asset retirement obligation	(12,859)
Net increase in long-term debt	(1,215,160)
ANNUAL SURPLUS	**$ 499,308**

THE MUNICIPAL CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025

20. 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, 2025. The results of this valuation disclosed total actuarial liabilities of $151,365 million with respect to benefits accrued for service with actuarial assets at that date of $150,043 million indicating an actuarial deficit of $1,322 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 2025 was $151,974 (2024 - $143,986) for current service and is included as an expense on the Consolidated Statement of Operations.