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**THE CORPORATION OF  
THE TOWNSHIP OF ARMOUR**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

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**THE 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 Corporation of the Township of Armour

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Armour which comprise the consolidated statement of financial position as at December 31, 2013 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

## Management's responsibility for the 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.

## Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Armour as at December 31, 2013, and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Grant Thornton LLP*

North Bay, Canada  
May 27, 2014

Chartered Accountants  
Licensed Public Accountants

**THE CORPORATION OF THE TOWNSHIP OF ARMOUR**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2013**

	2013	2012
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 1,086,010	\$ 866,269
Taxes receivable	387,049	415,017
Accounts receivable	81,444	95,329
Inventories held for resale	2,089	1,759
	<b>1,556,592</b>	<b>1,378,374</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	244,044	228,937
Deferred revenue-general	104	2,440
Deferred revenue-obligatory reserve funds <i>(Note 5)</i>	105,579	49,566
Municipal debt <i>(Note 6)</i>	17,880	-
Tangible capital lease <i>(Note 8)</i>	7,196	26,957
Employee benefits payable <i>(Note 9)</i>	28,406	27,052
Landfill closure and post-closure liability <i>(Note 10)</i>	218,796	197,106
	<b>622,005</b>	<b>532,058</b>
<b>NET FINANCIAL ASSETS</b>	<b>934,587</b>	<b>846,316</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net <i>(Note 12)</i>	6,966,252	6,915,074
Inventories of supplies	45,712	52,712
Prepaid expenses	4,241	7,140
	<b>7,016,205</b>	<b>6,974,926</b>
<b>ACCUMULATED SURPLUS</b> <i>(Note 13)</i>	<b>\$ 7,950,792</b>	<b>\$ 7,821,242</b>

Contingencies *(Notes 3 and 11)*

APPROVED ON BEHALF OF COUNCIL:

\_\_\_\_\_ Reeve

**THE CORPORATION OF THE TOWNSHIP OF ARMOUR**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budget 2013 <i>(see Note 15)</i>	Actual 2013	Actual 2012
<b>REVENUE</b>			
Property taxes	\$ 2,055,000	\$ 2,100,060	\$ 1,962,439
User charges	67,179	74,105	84,827
Government transfers	620,538	618,588	761,326
Other	145,508	184,273	96,261
<b>TOTAL REVENUE</b>	<b>2,888,225</b>	<b>2,977,026</b>	<b>2,904,853</b>
<b>EXPENSES</b>			
General government	652,343	643,088	572,038
Protection to persons and property	450,821	423,796	395,220
Transportation services	995,940	911,420	1,246,305
Environmental services	199,538	186,392	168,313
Health services	131,292	129,600	125,973
Social and family services	231,188	231,188	229,785
Recreation and cultural services	262,851	270,391	251,472
Planning and development	77,843	51,601	47,672
<b>TOTAL EXPENSES</b>	<b>3,001,816</b>	<b>2,847,476</b>	<b>3,036,778</b>
<b>ANNUAL SURPLUS (DEFICIT)</b> <i>(Note 13)</i>	<b>(113,591)</b>	<b>129,550</b>	<b>(131,925)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>7,821,242</b>	<b>7,821,242</b>	<b>7,953,167</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 7,707,651</b>	<b>\$ 7,950,792</b>	<b>\$ 7,821,242</b>

The accompanying notes are an integral part of these financial statements

**THE CORPORATION OF THE TOWNSHIP OF ARMOUR**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budget 2013 <i>(see Note 15)</i>	Actual 2013	Actual 2012
Annual surplus (deficit)	\$ (113,591)	\$ 129,550	\$ (131,925)
Acquisition of tangible capital assets	(666,933)	(565,512)	(584,194)
Contributed tangible capital assets	-	(83,952)	-
Accumulated amortization - contributed shared services assets	-	30,115	-
Amortization of tangible capital assets	527,808	527,654	772,950
Loss on disposal of tangible capital assets	-	40,517	79,624
Proceeds from disposal of tangible capital assets	-	-	2,013
Change in supplies inventories	-	7,000	23,836
Change in prepaid expenses	-	2,899	7,788
<b>Increase (decrease) in net financial assets</b>	<b>(252,716)</b>	<b>88,271</b>	<b>170,092</b>
<b>Net financial assets, beginning of year</b>	<b>846,316</b>	<b>846,316</b>	<b>676,224</b>
<b>Net financial assets, end of year</b>	<b>\$ 593,600</b>	<b>\$ 934,587</b>	<b>\$ 846,316</b>

The accompanying notes are an integral part of these financial statements

**THE CORPORATION OF THE TOWNSHIP OF ARMOUR**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013	2012
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ 129,550	\$ (131,925)
Non-cash charges to operations:		
Amortization	527,654	772,950
Loss on disposal of tangible capital assets	40,517	79,624
Change in employee benefits payable	1,354	3,966
Change in landfill closure and post-closure liability	21,690	(32,528)
	<b>720,765</b>	<b>692,087</b>
Changes in non-cash items:		
Taxes receivable	27,968	1,446
Accounts receivable	13,885	648,171
Inventories held for resale	(330)	650
Accounts payable and accrued liabilities	15,107	(73,457)
Deferred revenue-general	(2,336)	(1,496)
Deferred revenue-obligatory reserve funds	56,013	(93,754)
Inventories of supplies	7,000	23,836
Prepaid expenses	2,899	7,788
	<b>120,206</b>	<b>513,184</b>
Cash provided by operating transactions	<b>840,971</b>	<b>1,205,271</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(565,512)	(584,194)
Contributed tangible capital assets	(83,952)	-
Accumulated amortization - contributed shared services assets	30,115	-
Proceeds from disposal of tangible capital assets	-	2,013
Cash applied to capital transactions	<b>(619,349)</b>	<b>(582,181)</b>
	<b>-</b>	<b>-</b>
<b>Financing transactions</b>		
Proceeds from municipal debt	18,400	-
Debt principal repayments	(520)	(43,887)
Tangible capital lease repayments	(19,761)	(19,241)
Cash applied to financing transactions	<b>(1,881)</b>	<b>(63,128)</b>
<b>Net change in cash and cash equivalents</b>	<b>219,741</b>	<b>559,962</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>866,269</b>	<b>306,307</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,086,010</b>	<b>\$ 866,269</b>
<b>Cash flow supplementary information:</b>		
Cash paid for interest	\$ 809	\$ 2,756

The accompanying notes are an integral part of these financial statements



# THE CORPORATION OF THE TOWNSHIP OF ARMOUR

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2013

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### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Township of Armour (the "Municipality") are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

#### (a) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenues, 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

TRI R

Arena and Community Centre

Library

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 revenues, 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.

#### (b) Basis of Accounting

#### (i) Accrual basis of accounting

Revenues and expenditures are reported on the accrual basis of accounting. Revenues are recognized in the year in which they are earned and measurable. Expenditures 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 and cash equivalents

Cash and cash equivalents include cash on hand, balances with financial institutions and short-term deposits with original maturities of three months or less.

# THE CORPORATION OF THE TOWNSHIP OF ARMOUR

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2013

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(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 acquisition, construction, development or betterment of 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  
 Buildings - 40 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.

(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 revenues 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.

## THE CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2013

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- (vi) Taxation and related revenues  
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 revenues are initially recorded at the time assessment information is received from MPAC and are 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. These revenues are recorded in the period the interest and penalties are levied.
- (vii) 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.
- (viii) 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 revenues 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, solid waste landfill closure and post-closure liabilities and supplementary taxes. Actual results could differ from these estimates.

### 2. CHANGE IN ACCOUNTING POLICY

On January 1, 2013 the Municipality adopted Public Sector Accounting Standards section 3410 "Government Transfers". This new standard replaces the existing Section 3410 of the same name and establishes guidance on the recognition, presentation and disclosure of government transfers from the perspective of both transferring governments and recipient governments. The Municipality has adopted this new standard prospectively.

On January 1, 2013 the Municipality adopted Public Sector Accounting Standards section 3510 "Tax Revenue". This is a new standard and this Section establishes standards for the recognition, measurement and disclosure of tax revenue in government financial statements. The Municipality's adoption of this new standard has not resulted in any significant change in how property tax revenue has been recognized.

## THE CORPORATION OF THE TOWNSHIP OF ARMOUR

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2013

#### 3. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2013	2012
District of Parry Sound Social Services Administration Board	\$ 159,820	\$ 161,456
North Bay Parry Sound District Health Unit	39,578	37,647
District of Parry Sound (East) Home for the Aged	71,368	67,164
	<b>\$ 270,766</b>	<b>\$ 266,267</b>

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.

#### 4. TRANSACTIONS ON BEHALF OF OTHERS

(a) During the year, \$714,765 of taxation was collected on behalf of school boards (2012 \$750,069).

(b) Trust funds administered by the Municipality amounting to \$8,026 (2012 \$8,026) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations. As such balances are held in trust by the Municipality for the benefit of others, they are not presented as part of the Municipality's financial position or operations.

#### 5. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

The balance of deferred revenue-obligatory reserve funds reported on the Consolidated Statement of Financial Position is made up of the following:

	2013	2012
Recreational land (the Planning Act)	\$ 28,626	\$ 49,566
Federal Gas Tax	76,953	-
	<b>\$ 105,579</b>	<b>\$ 49,566</b>

**THE CORPORATION OF THE TOWNSHIP OF ARMOUR**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2013

6. MUNICIPAL DEBT

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

	2013	2012
Proportionate share of Fire Department Royal Bank of Canada term loan, due November 2016, repayable in monthly payments of \$1,162, including interest calculated at 2.96%. As security for the loan, the Fire Department has pledged equipment to which the loan relates (proportionate share of carrying value \$17,178).	<b>\$ 17,880</b>	<b>\$ -</b>

(b) Future estimated principal and interest payments on the municipal debt are as follows:

	Principal		Interest	
2014	\$	5,965	\$	449
2015		6,145		270
2016		5,770		109
<b>2012</b>	<b>\$</b>	<b>17,880</b>	<b>\$</b>	<b>828</b>

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

	2013		2012	
Principal payments	\$	520	\$	-
Interest		15		-
	<b>\$</b>	<b>535</b>	<b>\$</b>	<b>-</b>

## THE CORPORATION OF THE TOWNSHIP OF ARMOUR

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2013

#### 7. CREDIT FACILITY AGREEMENT

The Municipality has a credit facility agreement with the Royal Bank of Canada of \$350,000 (2012 \$350,000) which was unused at the end of the year. As security, the Municipality has pledged its revenue.

#### 8. TANGIBLE CAPITAL LEASES

In conjunction with the other members of the TRI R Committee, the Municipality leases landfill equipment. This liability is accounted for on the Consolidated Statement of Financial Position at the present value of future minimum lease payments. Future minimum lease payments are as follows:

	2013	2012
2013	\$ -	\$ 20,833
2014	7,259	6,944
Total minimum lease payments	7,259	27,777
Less amount representing interest (4.829% per terms of contract)	(63)	(820)
<b>Present value of future minimum capital lease payments</b>	<b>\$ 7,196</b>	<b>\$ 26,957</b>

Interest of \$794 (2012 \$1,591) relating to capital lease obligations has been reported on the Consolidated Statement of Operations.

#### 9. EMPLOYEE BENEFITS PAYABLE

Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and 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 3% per annum. The liability for these accumulated days amounted to \$28,406 (2012 \$27,052) at the end of the year.

## THE CORPORATION OF THE TOWNSHIP OF ARMOUR

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2013

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

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final cover and landscaping of the landfill site, management of groundwater and leachates, and ongoing environmental monitoring and site inspection. Estimated expenditures related to the closure and subsequent maintenance of this site are recognized in the financial statements over the operating life of the site, in proportion to its utilized capacity.

The Township of Armour, the Village of Burk's Falls and the Township of Ryerson jointly operate a landfill site through the TRI R Committee. The site is currently operating under an Emergency Certificate of Approval and in 2011 an application to expand the existing site to accept an additional 4,800 cubic metres of waste was approved. In 2011 an estimated 48,800 cubic metres of the original design capacity was closed, and an estimated 10,000 cubic metre area remains open.

The liability for the landfill site is recorded at \$475,644 (2012 \$447,969) and represents the present value of closure and post-closure costs for 100% of the closed site area and 38% of the open site area, using an estimated long-term borrowing rate of 4.8% (2012 4.8%) and inflation rate of 1.7% (2012 1.8%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$572,108 (2012 \$577,386), leaving an amount to be recognized of \$96,464 (2012 \$129,417). The estimated remaining capacity of the site is approximately 6,200 cubic metres, estimated to be filled in 2.6 years. Post-closure care is estimated to be required for a period of 25 years.

The Municipality has recognized \$218,796 (2012 \$197,106) in the financial statements related to its proportionate share of this liability.

The Municipality has reserves of \$158,211 (2012 \$121,595) related to the landfill site that could be used to fund this liability.

#### 11. CONTINGENCIES

- (a) The Municipality has entered into an agreement with the Association of Municipalities of Ontario with respect to the transfer of federal gas tax revenues. The agreement contains specific provisions for the utilization of the funds, including a provision for repayment of a proportionate amount of funds in the event that, any time within 10 years from the date of completion of the eligible project the Municipality sells, leases, encumbers or otherwise disposes of, directly or indirectly any asset constructed, rehabilitated or improved, in whole or in part, with the financial assistance received under the terms of the agreement. At December 31, 2013, the Municipality has received a total of \$522,222 for the years 2005 to 2013, and has expended \$448,319, including interest earned, for the years 2005 to 2013.
- (b) Prior to 2005, the Municipality participated in group underwriting relating to its insurance claims and this group has ceased writing new policies of insurance. Each participant in the underwriting group may be required to fund a deficit in any policy year to ensure that sufficient funds are available to cover all outstanding liabilities. The Municipality's share of the group's deficit is not determinable at this time.
- (c) The Municipality is involved from time to time in litigation, which arises in the normal course of business. With respect to outstanding claims, the Municipality believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation. Therefore, no provision has been made in the accompanying financial statements.

# THE CORPORATION OF THE TOWNSHIP OF ARMOUR

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2013

### 12. TANGIBLE CAPITAL ASSETS

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

<b>2013</b>							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
<b>COST</b>							
Balance, beginning of year	\$ 529,568	\$ 1,509,789	\$ 536,835	\$ 1,483,518	\$ 13,310,590	\$ 20,113	\$ 17,390,413
Additions and betterments	17,738	62,245	28,794	8,894	447,841	-	565,512
Contributed assets	10,534	39,612	20,503	13,303			83,952
Disposals and writedowns	-	(54,050)	(18,294)	-	(231,468)	-	(303,812)
Transfer between classes	-	-	-	-	20,113	(20,113)	-
<b>BALANCE, END OF YEAR</b>	<b>557,840</b>	<b>1,557,596</b>	<b>567,838</b>	<b>1,505,715</b>	<b>13,547,076</b>	<b>-</b>	<b>17,736,065</b>
<b>ACCUMULATED AMORTIZATION</b>							
Balance, beginning of year	124,427	575,038	223,508	830,120	8,722,246	-	10,475,339
Annual amortization	33,058	39,033	39,680	76,736	339,147	-	527,654
Accumulated amortization- contributed shared services assets	5,380	13,685	5,438	5,612	-	-	30,115
Amortization disposals	-	(18,941)	(12,886)	-	(231,468)	-	(263,295)
<b>BALANCE, END OF YEAR</b>	<b>162,865</b>	<b>608,815</b>	<b>255,740</b>	<b>912,468</b>	<b>8,829,925</b>	<b>-</b>	<b>10,769,813</b>
<b>TANGIBLE CAPITAL ASSETS-NET</b>	<b>\$ 394,975</b>	<b>\$ 948,781</b>	<b>\$ 312,098</b>	<b>\$ 593,247</b>	<b>\$ 4,717,151</b>	<b>\$ -</b>	<b>\$ 6,966,252</b>

<b>2012</b>							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
<b>COST</b>							
Balance, beginning of year	\$ 476,470	\$ 1,494,670	\$ 524,062	\$ 1,550,546	\$ 13,653,486	\$ 46,677	\$ 17,745,911
Additions and betterments	16,232	31,295	25,808	41,714	449,032	20,113	584,194
Disposals and writedowns	(9,811)	(16,176)	(13,035)	(108,742)	(791,928)	-	(939,692)
Transfer between classes	46,677	-	-	-	-	(46,677)	-
<b>BALANCE, END OF YEAR</b>	<b>529,568</b>	<b>1,509,789</b>	<b>536,835</b>	<b>1,483,518</b>	<b>13,310,590</b>	<b>20,113</b>	<b>17,390,413</b>
<b>ACCUMULATED AMORTIZATION</b>							
Balance, beginning of year	115,468	545,554	189,322	854,838	8,855,262	-	10,560,444
Annual amortization	18,770	37,730	46,152	81,824	588,474	-	772,950
Amortization disposals	(9,811)	(8,246)	(11,966)	(106,542)	(721,490)	-	(858,055)
<b>BALANCE, END OF YEAR</b>	<b>124,427</b>	<b>575,038</b>	<b>223,508</b>	<b>830,120</b>	<b>8,722,246</b>	<b>-</b>	<b>10,475,339</b>
<b>TANGIBLE CAPITAL ASSETS-NET</b>	<b>\$ 405,141</b>	<b>\$ 934,751</b>	<b>\$ 313,327</b>	<b>\$ 653,398</b>	<b>\$ 4,588,344</b>	<b>\$ 20,113</b>	<b>\$ 6,915,074</b>



# THE CORPORATION OF THE TOWNSHIP OF ARMOUR

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2013

### 13. ACCUMULATED SURPLUS

The 2013 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
<b>RESERVES AND RESERVE FUNDS</b>			
Working capital	\$ 470,370	\$ 68,424	\$ 538,794
Fire	57,769	32,703	90,472
Fire Department	-	92	92
Roads	213,536	(150,000)	63,536
Waste disposal	121,595	36,616	158,211
Recycling	42,358	-	42,358
Hazardous waste	2,644	-	2,644
Arena	33,866	9,765	43,631
Library	1,000	-	1,000
Library Board	-	92	92
	<b>943,138</b>	<b>(2,308)</b>	<b>940,830</b>
<b>OTHER</b>			
Consolidated tangible capital assets	6,915,074	51,178	6,966,252
General operating surplus -			
Municipality	204,716	97,472	302,188
Cemetery	2,165	170	2,335
Library	4,501	6,242	10,743
Unfunded amounts -			
Municipal debt	-	(17,880)	(17,880)
Tangible capital leases	(24,194)	17,720	(6,474)
Employee benefits payable	(27,052)	(1,354)	(28,406)
Landfill closure and post-closure liabilities	(197,106)	(21,690)	(218,796)
	<b>\$ 7,821,242</b>	<b>\$ 129,550</b>	<b>\$ 7,950,792</b>

## THE CORPORATION OF THE TOWNSHIP OF ARMOUR

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2013

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#### 14. 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 the municipality's annual Ontario Municipal Partnership Fund unconditional grant.

# THE CORPORATION OF THE TOWNSHIP OF ARMOUR

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2013

### 14. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2013

	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
<b>REVENUE</b>										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,100,060	\$ 2,100,060
User charges	699	1,494	-	17,242	169	-	47,669	6,832	-	74,105
Government transfers -										
Canada	-	-	-	-	-	-	20,542	-	-	21,336
Ontario	-	4,259	20,579	29,354	-	-	12,307	17,288	483,500	567,287
Other municipalities	-	25,474	3,300	-	-	-	1,191	-	-	29,965
Change in proportionment of shared services	-	8,341	-	(2,586)	-	-	32,142	-	794	37,897
Loss on disposal of capital assets	(2,337)	(2,074)	(3,335)	-	-	-	(32,771)	-	-	(40,517)
Other	778	30,312	15,946	12,788	-	-	47,800	-	79,269	186,893
<b>TOTAL REVENUE</b>	<b>(860)</b>	<b>67,806</b>	<b>36,490</b>	<b>56,798</b>	<b>169</b>	<b>-</b>	<b>128,880</b>	<b>24,120</b>	<b>2,663,623</b>	<b>2,977,026</b>
<b>EXPENSES</b>										
Salaries, wages and benefits	394,653	90,688	257,804	97,521	-	-	109,509	13,517	-	963,692
Long-term debt charges (interest)	-	-	-	-	-	-	-	-	-	-
Materials	107,634	67,434	216,317	28,429	200	-	83,515	6,215	-	509,744
Contracted services	114,370	240,993	34,101	21,687	89,822	-	29,427	31,547	-	561,947
Rents and financial expenses	2,831	1,100	-	-	-	-	3,558	-	-	7,811
External transfers	5,053	15	-	794	39,578	231,188	-	-	-	809,275,819
Interfunctional adjustments	(662)	-	-	-	-	-	-	-	-	-
Amortization	19,209	23,566	403,198	37,299	-	-	44,382	-	-	527,654
<b>TOTAL EXPENSES</b>	<b>643,088</b>	<b>423,796</b>	<b>911,420</b>	<b>186,392</b>	<b>129,600</b>	<b>231,188</b>	<b>270,391</b>	<b>51,601</b>	<b>-</b>	<b>2,847,476</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (643,948)</b>	<b>\$ (355,990)</b>	<b>\$ (874,930)</b>	<b>\$ (129,594)</b>	<b>\$ (129,431)</b>	<b>\$ (231,188)</b>	<b>\$ (141,511)</b>	<b>\$ (27,481)</b>	<b>\$ 2,663,623</b>	<b>\$ 129,550</b>

# THE CORPORATION OF THE TOWNSHIP OF ARMOUR

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2013

### 14. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

#### FOR THE YEAR ENDED DECEMBER 31, 2012

	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
<b>REVENUE</b>										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,962,439	\$ 1,962,439
User charges	4,562		2,622	27,373	-		43,048	6,622		84,827
Government transfers -										
Canada	-		154,137	-			3,868			158,005
Ontario	300	12,365	38,706	18,801	-	-	9,242	8,882	487,300	575,596
Other municipalities	-	23,286	3,300	-	-	-	1,139	-	-	27,725
Loss on disposal of capital assets	(3,929)	(1,116)	(70,437)	(272)	-	-	(3,870)	-	-	(79,624)
Other	963	23,716	99	45,578	-	-	42,747	-	62,782	175,885
<b>TOTAL REVENUE</b>	<b>1,896</b>	<b>58,851</b>	<b>128,427</b>	<b>91,480</b>	<b>-</b>	<b>-</b>	<b>96,174</b>	<b>15,504</b>	<b>2,512,521</b>	<b>2,904,853</b>
<b>EXPENSES</b>										
Salaries, wages and benefits	367,362	73,556	234,183	95,078	-	-	98,047	-	-	868,226
Long-term debt charges (interest)	-	-	-	1,591	-	1,165	-	-	-	2,756
Materials	79,658	49,807	337,432	31,515	169	-	77,930	2,016	-	578,527
Contracted services	93,800	250,714	14,702	16,258	87,557	-	29,866	45,656	-	538,553
Rents and financial expenses	1,575	-	-	-	-	-	3,403	-	-	6,067
External transfers	2,832	-	-	-	38,247	228,620	-	-	-	269,699
Interfunctional adjustments	(634)	-	-	-	-	-	-	-	-	-
Amortization	27,445	20,615	659,988	22,676	-	-	42,226	-	-	772,950
<b>TOTAL EXPENSES</b>	<b>572,038</b>	<b>395,220</b>	<b>1,246,305</b>	<b>168,313</b>	<b>125,973</b>	<b>229,785</b>	<b>251,472</b>	<b>47,672</b>	<b>-</b>	<b>3,036,778</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (570,142)</b>	<b>\$ (336,369)</b>	<b>\$ (1,117,878)</b>	<b>\$ (76,833)</b>	<b>\$ (125,973)</b>	<b>\$ (229,785)</b>	<b>\$ (155,298)</b>	<b>\$ (32,168)</b>	<b>\$ 2,512,521</b>	<b>\$ (131,925)</b>

## THE CORPORATION OF THE TOWNSHIP OF ARMOUR

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2013

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#### 15. 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. A reconciliation of the adopted and reported budgets is presented below.

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	Budget
<b>ADOPTED BUDGET:</b>	
Decrease in general municipal operating surplus	\$ (204,066)
Decrease in municipal reserves and reserve funds	(67,473)
<b>ADJUSTMENTS:</b>	
Acquisition of tangible capital assets	666,933
Amortization of tangible capital assets	(527,808)
Tangible capital lease repayment	18,823
<b>ANNUAL DEFICIT</b>	<b>\$ (113,591)</b>

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#### 16. 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.

The amount contributed to OMERS for 2013 was \$53,714 (2012 \$44,422) for current service and is included as an expense on the Consolidated Statement of Operations.

#### 17. COMPARATIVE FIGURES

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