
**THE CORPORATION OF
THE TOWNSHIP OF ARMOUR**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014

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, 2014 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, 2014, 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
June 9, 2015

Chartered Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF ARMOUR
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash	\$ 792,835	\$ 758,345
Investments <i>(Note 4)</i>	333,364	327,665
Taxes receivable	432,927	387,049
Accounts receivable	76,435	81,444
Inventories held for resale	2,259	2,089
	1,637,820	1,556,592
LIABILITIES		
Accounts payable and accrued liabilities	301,447	244,044
Deferred revenue-general	460	104
Deferred revenue-obligatory reserve funds <i>(Note 5)</i>	112,077	105,579
Municipal debt <i>(Note 6)</i>	11,915	17,880
Tangible capital lease <i>(Note 8)</i>	-	7,196
Employee benefits payable <i>(Note 9)</i>	23,392	28,406
Landfill closure and post-closure liability <i>(Note 10)</i>	299,067	218,796
	748,358	622,005
NET FINANCIAL ASSETS	889,462	934,587
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>(Note 11)</i>	12,112,003	6,966,252
Inventories of supplies	49,023	45,712
Prepaid expenses	6,028	4,241
	12,167,054	7,016,205
ACCUMULATED SURPLUS <i>(Note 12)</i>	\$ 13,056,516	\$ 7,950,792

Contingencies *(Note 2)*

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, 2014

	Budget 2014 <i>(see Note 14)</i>	Actual 2014	Actual 2013
REVENUE			
Property taxes	\$ 2,155,447	\$ 2,179,310	\$ 2,100,060
User charges	73,951	79,445	74,105
Government transfers	704,353	711,387	618,588
Contributed tangible capital assets - net <i>(Note 16)</i>	-	5,020,342	53,837
Other	121,148	81,038	130,436
TOTAL REVENUE	3,054,899	8,071,522	2,977,026
EXPENSES			
General government	667,004	720,830	643,088
Protection to persons and property	485,164	440,053	423,796
Transportation services	926,300	843,094	911,420
Environmental services	191,215	249,314	186,392
Health services	133,636	133,464	129,600
Social and family services	237,680	237,679	231,188
Recreation and cultural services	290,343	269,308	270,391
Planning and development	101,021	72,056	51,601
TOTAL EXPENSES	3,032,363	2,965,798	2,847,476
ANNUAL SURPLUS <i>(Note 12)</i>	22,536	5,105,724	129,550
ACCUMULATED SURPLUS, BEGINNING OF YEAR	7,950,792	7,950,792	7,821,242
ACCUMULATED SURPLUS, END OF YEAR	\$ 7,973,328	\$ 13,056,516	\$ 7,950,792

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, 2014

	Budget 2014 <i>(see Note 14)</i>	Actual 2014	Actual 2013
Annual surplus	\$ 22,536	\$ 5,105,724	\$ 129,550
Acquisition of tangible capital assets	(688,548)	(662,307)	(565,512)
Contributed tangible capital assets	-	(5,020,342)	(83,952)
Accumulated amortization - contributed shared services assets	-	-	30,115
Amortization of tangible capital assets	444,948	444,946	527,654
Loss on disposal of tangible capital assets	-	54,610	40,517
Proceeds from disposal of tangible capital assets	4,600	37,342	-
Change in supplies inventories	-	(3,311)	7,000
Change in prepaid expenses	-	(1,787)	2,899
(Decrease) increase in net financial assets	(216,464)	(45,125)	88,271
Net financial assets, beginning of year	934,587	934,587	846,316
Net financial assets, end of year	\$ 718,123	\$ 889,462	\$ 934,587

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, 2014

	2014	2013
Operating transactions		
Annual surplus	\$ 5,105,724	\$ 129,550
Non-cash charges to operations:		
Amortization	444,946	527,654
Loss on disposal of tangible capital assets	54,610	40,517
Change in employee benefits payable	(5,014)	1,354
Change in landfill closure and post-closure liability	80,271	21,690
	5,680,537	720,765
Changes in non-cash items:		
Taxes receivable	(45,878)	27,968
Accounts receivable	5,009	13,885
Inventories held for resale	(170)	(330)
Accounts payable and accrued liabilities	57,403	15,107
Deferred revenue-general	356	(2,336)
Deferred revenue-obligatory reserve funds	6,498	56,013
Inventories of supplies	(3,311)	7,000
Prepaid expenses	(1,787)	2,899
	18,120	120,206
Cash provided by operating transactions	5,698,657	840,971
Capital transactions		
Acquisition of tangible capital assets	(662,307)	(565,512)
Contributed tangible capital assets	(5,020,342)	(83,952)
Accumulated amortization - contributed shared services assets	-	30,115
Proceeds from disposal of tangible capital assets	37,342	-
Cash applied to capital transactions	(5,645,307)	(619,349)
Investing transactions		
Change in investments	(5,699)	(76,953)
Cash applied to investing transactions	(5,699)	(76,953)
Financing transactions		
Proceeds from municipal debt	-	18,400
Debt principal repayments	(5,965)	(520)
Tangible capital lease repayments	(7,196)	(19,761)
Cash applied to financing transactions	(13,161)	(1,881)
Net change in cash	34,490	142,788
Cash, beginning of year	758,345	615,557
Cash, end of year	\$ 792,835	\$ 758,345
Cash flow supplementary information:		
Cash paid for interest	\$ 513	\$ 809

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, 2014

The consolidated financial statements of the 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 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, 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.

THE CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

(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) Investments

Investments are recorded at cost plus accrued interest.

(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.

THE CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

- (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.
- (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 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.
- (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.
- (ix) 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.

THE CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2014

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2014	2013
District of Parry Sound Social Services Administration Board	\$ 159,430	\$ 159,820
North Bay Parry Sound District Health Unit	40,393	39,578
District of Parry Sound (East) Home for the Aged	78,249	71,368
	\$ 278,072	\$ 270,766

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, \$726,130 of taxation was collected on behalf of school boards (2013 \$714,765).

(b) The Municipality administers care and maintenance trust funds totaling \$8,126 (2013 \$8,026) 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. INVESTMENTS

Investments are comprised of guaranteed investment certificates, bearing interest at rates ranging from 1.05% to 1.35% and maturing between May 2, 2015 and July 23, 2015.

THE CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2014

5. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

The Municipality receives payments in lieu of parkland under the Planning Act and federal gas tax funding under an agreement with the Association of Municipalities of Ontario. 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. Gas tax revenue recognition occurs when the Municipality has approved the expenditures for eligible capital works. Historically, the Municipality has applied its gas tax funding to local road and bridge improvements.

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

	2014	2013
Balance, beginning of year:		
Recreational land (the Planning Act)	\$ 28,626	\$ 49,566
Federal Gas Tax	76,953	-
	105,579	49,566
Received during the year:		
Recreational land (the Planning Act)	950	4,060
Federal Gas Tax	81,501	76,626
Interest earned	1,047	327
	83,498	81,013
Recognized in revenue during the year	(77,000)	(25,000)
Balance, end of year	\$ 112,077	\$ 105,579
Recreational land (the Planning Act)	\$ 29,576	\$ 28,626
Federal Gas Tax	82,501	76,953
Balance, end of year	\$ 112,077	\$ 105,579

THE CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

6. MUNICIPAL DEBT

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

	2014	2013
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 \$15,370)	\$ 11,915	\$ 17,880

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

	Principal		Interest	
2015	\$	6,145	\$	270
2016		5,770		109
	\$	11,915	\$	379

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

	2014		2013	
Principal payments	\$	5,965	\$	520
Interest		449		15
	\$	6,414	\$	535

7. CREDIT FACILITY AGREEMENT

The Municipality has a credit facility agreement with the Royal Bank of Canada of \$350,000 (2013 \$350,000) which was unused at the end of the year. As security, the Municipality has pledged its revenue.

8. TANGIBLE CAPITAL LEASE

During the year, the Municipality repaid its proportionate share of a TRI R Committee capital lease related to landfill equipment. Total charges for the year related to the capital lease are as follows:

	2014		2013	
Principal payments	\$	7,196	\$	19,761
Interest		64		794
	\$	7,260	\$	20,555

THE CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

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 \$23,392 (2013 \$28,406) at the end of the year.

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 \$650,145 (2013 \$475,644) and represents the present value of closure and post-closure costs for 100% of the closed site area and 50% of the open site area, using an estimated long-term borrowing rate of 1.41% (2013 4.8%) and inflation rate of 1.7% (2013 1.7%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$755,300 (2013 \$572,108), leaving an amount to be recognized of \$105,155 (2013 \$96,464). The estimated remaining capacity of the site is approximately 5,000 cubic metres, estimated to be filled in 2.5 years. Post-closure care is estimated to be required for a period of 25 years.

The Municipality has recognized \$299,067 (2013 \$218,796) in the financial statements related to its proportionate share of this liability.

The closure and post-closure liability is calculated from a number of factors which are themselves estimates, each of which can be made using different methodologies yielding highly variable results. As a result of changes made in the underlying factors, the estimated liability has been increased by approximately \$63,863.

The Municipality has reserves of \$199,466 (2013 \$158,211) related to the landfill site that could be used to fund this liability.

THE CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

11. TANGIBLE CAPITAL ASSETS

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

2014							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 557,840	\$ 1,557,596	\$ 567,838	\$ 1,505,715	\$ 13,547,076	\$ -	\$ 17,736,065
Additions and betterments	21,469	2,013	40,515	292,500	305,810	-	662,307
Contributed assets					5,020,342		5,020,342
Disposals and writedowns	-	(1,467)	(24,575)	(211,439)	(704,927)	-	(942,408)
BALANCE, END OF YEAR	579,309	1,558,142	583,778	1,586,776	18,168,301	-	22,476,306
ACCUMULATED AMORTIZATION							
Balance, beginning of year	162,865	608,815	255,740	912,468	8,829,925	-	10,769,813
Annual amortization	30,286	39,142	31,993	87,444	256,081	-	444,946
Amortization disposals	-	(624)	(10,785)	(211,439)	(627,608)	-	(850,456)
BALANCE, END OF YEAR	193,151	647,333	276,948	788,473	8,458,398	-	10,364,303
TANGIBLE CAPITAL ASSETS-NET	\$ 386,158	\$ 910,809	\$ 306,830	\$ 798,303	\$ 9,709,903	\$ -	\$ 12,112,003

2013							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
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)	-
BALANCE, END OF YEAR	557,840	1,557,596	567,838	1,505,715	13,547,076	-	17,736,065
ACCUMULATED AMORTIZATION							
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)
BALANCE, END OF YEAR	162,865	608,815	255,740	912,468	8,829,925	-	10,769,813
TANGIBLE CAPITAL ASSETS-NET	\$ 394,975	\$ 948,781	\$ 312,098	\$ 593,247	\$ 4,717,151	\$ -	\$ 6,966,252

THE CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

12. ACCUMULATED SURPLUS

The 2014 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	\$ 538,794	\$ 105,865	\$ 644,659
Fire	90,472	10,311	100,783
Fire Department	92	-	92
Roads	63,536	(23,536)	40,000
Waste disposal	158,211	41,255	199,466
Recycling	42,358	-	42,358
Hazardous waste	2,644	-	2,644
Arena	43,631	2,864	46,495
Library	1,000	-	1,000
Library Board	92	16,668	16,760
	940,830	153,427	1,094,257
OTHER			
Consolidated tangible capital assets	6,966,252	5,145,751	12,112,003
General operating surplus -			
Municipality	302,188	(119,893)	182,295
Cemetery	2,335	-	2,335
Library	10,743	(10,743)	-
Unfunded amounts -			
Municipal debt	(17,880)	5,965	(11,915)
Tangible capital leases	(6,474)	6,474	-
Employee benefits payable	(28,406)	5,014	(23,392)
Landfill closure and post-closure liabilities	(218,796)	(80,271)	(299,067)
	\$ 7,950,792	\$ 5,105,724	\$ 13,056,516

THE CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2014

13. 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, 2014

13. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2014

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,179,310	\$ 2,179,310
User charges	3,546	1,072	-	21,273	-	-	47,549	6,005	-	79,445
Government transfers -										
Canada	-	-	77,000	-	-	-	58	-	-	77,058
Ontario	-	9,181	21,076	27,073	-	-	9,944	23,163	510,800	601,237
Other municipalities	-	28,601	3,300	-	-	-	1,191	-	-	33,092
Contributed tangible capital assets - net	-	-	5,020,342	-	-	-	-	-	-	5,020,342
Loss on disposal of capital assets	-	-	(50,318)	(3,999)	-	-	(293)	-	-	(54,610)
Other	778	22,194	4,277	12,945	-	-	20,541	1,150	73,763	135,648
TOTAL REVENUE	4,324	61,048	5,075,677	57,292	-	-	78,990	30,318	2,763,873	8,071,522
EXPENSES										
Salaries, wages and benefits	468,656	90,948	257,034	103,581	-	-	106,663	16,445	-	1,043,327
Long-term debt charges (interest)	-	449	-	64	-	-	-	-	-	513
Materials	106,792	62,291	235,589	28,399	-	-	83,432	6,179	-	522,682
Contracted services	112,278	259,182	21,441	81,640	93,071	-	30,624	48,880	-	647,116
Rents and financial expenses	3,571	1,491	-	-	-	-	3,675	552	-	9,289
External transfers	19,318	35	-	-	40,393	237,679	500	-	-	297,925
Interfunctional adjustments	(662)	-	-	662	-	-	-	-	-	-
Amortization	10,877	25,657	329,030	34,968	-	-	44,414	-	-	444,946
TOTAL EXPENSES	720,830	440,053	843,094	249,314	133,464	237,679	269,308	72,056	-	2,965,798
ANNUAL SURPLUS (DEFICIT)	\$ (716,506)	\$ (379,005)	\$ 4,232,583	\$ (192,022)	\$ (133,464)	\$ (237,679)	\$ (190,318)	\$ (41,738)	\$ 2,763,873	\$ 5,105,724

THE CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

13. 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
REVENUE										
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	-	794	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	-	-	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
TOTAL REVENUE	(860)	67,806	36,490	56,798	169	-	128,880	24,120	2,663,623	2,977,026
EXPENSES										
Salaries, wages and benefits	394,653	90,688	257,804	97,521	-	-	109,509	13,517	-	963,692
Long-term debt charges (interest)	-	15	-	794	-	-	-	-	-	809
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	322	-	7,811
External transfers	5,053	-	-	-	39,578	231,188	-	-	-	275,819
Interfunctional adjustments	(662)	-	-	662	-	-	-	-	-	-
Amortization	19,209	23,566	403,198	37,299	-	-	44,382	-	-	527,654
TOTAL EXPENSES	643,088	423,796	911,420	186,392	129,600	231,188	270,391	51,601	-	2,847,476
ANNUAL SURPLUS (DEFICIT)	\$ (643,948)	\$ (355,990)	\$ (874,930)	\$ (129,594)	\$ (129,431)	\$ (231,188)	\$ (141,511)	\$ (27,481)	\$ 2,663,623	\$ 129,550

THE CORPORATION OF THE TOWNSHIP OF ARMOUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

14. 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.

	Budget
ADOPTED BUDGET:	
Decrease in general municipal operating surplus	\$ (302,187)
Increase in municipal reserves and reserve funds	73,276
ADJUSTMENTS:	
Acquisition of tangible capital assets	688,548
Amortization of tangible capital assets	(444,948)
Proceeds from disposal of tangible capital assets	(4,600)
Debt principal repayments	5,972
Tangible capital lease repayment	6,475
ANNUAL SURPLUS	\$ 22,536

15. 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, 2014. The results of this valuation disclosed total actuarial liabilities of \$76,924 million with respect to benefits accrued for service with actuarial assets at that date of \$69,846 million indicating an actuarial deficit of \$7,078 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 2014 was \$56,476 (2013 \$53,714) for current service and is included as an expense on the Consolidated Statement of Operations.

16. CONTRIBUTED TANGIBLE CAPITAL ASSETS

Further to Note 1(b)(iii)(a), in 2014 the Municipality recorded contributed capital assets totaling \$5,020,342, as outlined below:

- (a) \$4,917,078 has been recorded with respect to upgrades to the Municipality's roads performed by the Ministry of Transportation in connection with the four-laning of Highway 11;
- (b) \$103,264 has been recorded in relation to work undertaken by the Village of Burk's Falls in connection with the reconstruction of First Avenue.

17. COMPARATIVE FIGURES

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