

**THE CORPORATION OF THE  
TOWNSHIP OF ALGONQUIN HIGHLANDS  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS**  
**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

---

|   | Page   |
|---|--------|
| Independent Auditors' Report                                  | 1      |
| Consolidated Statement of Financial Position                  | 2      |
| Consolidated Statement of Operations                          | 3      |
| Consolidated Statement of Change in Net Financial Assets      | 4      |
| Consolidated Statement of Cash Flow                           | 5      |
| Notes to the Consolidated Financial Statements                | 6 - 15 |
| Schedule 1 - Consolidated Schedule of Tangible Capital Assets | 16     |



---

**INDEPENDENT AUDITORS' REPORT**

---

To the Members of Council, Inhabitants and Ratepayers of  
The Corporation of the Township of Algonquin Highlands

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Algonquin Highlands, which comprise of the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of operations, the consolidated change in its net financial assets and consolidated 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 consolidated financial position of The Corporation of the Township of Algonquin Highlands as at December 31, 2015, and the consolidated results of its operations, the consolidated change in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Other Matter**

The comparative financial statements as at December 31, 2014 have been restated as disclosed in note 2 to the financial statements.

Huntsville, Ontario  
May 05, 2016

Pahapill and Associates Professional Corporation  
Chartered Professional Accountants  
Authorized to practise public accounting by  
The Chartered Professional Accountants of Ontario

**THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2015**

|  | 2015                 | 2014<br>(Note 2)     |
|--|----------------------|----------------------|
| <b>FINANCIAL ASSETS</b>                              |                      |                      |
| Cash and cash equivalents                            | \$ 4,248,906         | \$ 3,645,422         |
| Accounts receivable                                  | 1,311,761            | 1,640,033            |
|  | <b>5,560,667</b>     | <b>5,285,455</b>     |
| <b>LIABILITIES</b>                                   |                      |                      |
| Accounts payable and accrued liabilities             | 1,105,564            | 942,409              |
| Deferred revenue (Note 5)                            | 194,473              | 204,460              |
| Municipal debt (Note 6)                              | 267,850              | 316,550              |
| Landfill closure and post-closure liability (Note 8) | 1,679,959            | 1,575,655            |
|  | <b>3,247,846</b>     | <b>3,039,074</b>     |
| <b>NET FINANCIAL ASSETS</b>                          | <b>2,312,821</b>     | <b>2,246,381</b>     |
| <b>NON-FINANCIAL ASSETS</b>                          |                      |                      |
| Tangible capital assets - net (Note 11, Schedule 1)  | 13,075,634           | 12,330,315           |
| Inventories of supplies                              | 14,187               | 27,800               |
| Prepaid expenses                                     | 19,746               | 17,819               |
|  | <b>13,109,567</b>    | <b>12,375,934</b>    |
| <b>ACCUMULATED SURPLUS</b>                           | <b>\$ 15,422,388</b> | <b>\$ 14,622,315</b> |

CONTINGENT LIABILITIES (Note 9)

COMMITMENTS (Note 10)

APPROVED ON BEHALF OF COUNCIL:

\_\_\_\_\_  
 Reeve

The accompanying notes and schedules are an integral part of these financial statements

**THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

|   | Budget<br>2015<br>(Note 13) | Actual<br>2015       | Actual<br>2014<br>(Note 2) |
|---|-----------------------------|----------------------|----------------------------|
| <b>REVENUE</b>                                |                             |                      |                            |
| Property taxes                                | \$ 4,271,201                | \$ 4,310,197         | \$ 4,050,194               |
| User fees                                     | 940,328                     | 1,154,060            | 928,783                    |
| Government transfers                          | 1,106,458                   | 1,184,187            | 3,345,915                  |
| Other municipalities                          | 196,160                     | 166,412              | 203,958                    |
| Other   | 241,475                     | 365,691              | 416,706                    |
| <b>TOTAL REVENUE</b>                          | <b>6,755,622</b>            | <b>7,180,547</b>     | <b>8,945,556</b>           |
| <b>EXPENSES</b>                               |                             |                      |                            |
| General government                            | 912,316                     | 849,874              | 862,311                    |
| Protection to persons and property            | 1,383,448                   | 1,353,047            | 1,222,656                  |
| Transportation services                       | 2,784,430                   | 2,201,762            | 2,036,947                  |
| Environmental services                        | 698,464                     | 909,156              | 612,022                    |
| Health services                               | 6,775                       | 15,993               | 34,092                     |
| Recreation and culture                        | 1,013,255                   | 939,253              | 953,914                    |
| Planning and development                      | 130,818                     | 111,389              | 93,421                     |
| <b>TOTAL EXPENSES</b>                         | <b>6,929,506</b>            | <b>6,380,474</b>     | <b>5,815,363</b>           |
| <b>ANNUAL SURPLUS</b>                         | <b>(173,884)</b>            | <b>800,073</b>       | <b>3,130,193</b>           |
| <b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b> | <b>14,622,315</b>           | <b>14,622,315</b>    | <b>11,492,122</b>          |
| <b>ACCUMULATED SURPLUS, END OF YEAR</b>       | <b>\$ 14,448,431</b>        | <b>\$ 15,422,388</b> | <b>\$ 14,622,315</b>       |

The accompanying notes and schedules are an integral part of these financial statements

**THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

|  | Budget<br>2015<br>(Note 13) | Actual<br>2015 | Actual<br>2014<br>(Note 2) |
|--|-----------------------------|----------------|----------------------------|
| <b>Annual surplus</b>                          | \$ (173,884)                | \$ 800,073     | \$ 3,130,193               |
| Acquisition of tangible capital assets         | (1,807,538)                 | (1,807,538)    | (5,377,320)                |
| Amortization of tangible capital assets        | 1,023,634                   | 1,023,634      | 924,671                    |
| Allocation from work in progress               | 38,585                      | 38,585         | 971,178                    |
| Loss (gain) on sale of tangible capital assets | -                           | (61,416)       | (36,858)                   |
| Proceeds on sale of tangible capital assets    | -                           | 61,416         | 43,639                     |
| Consumption of supplies inventories            | -                           | 13,613         | (27,800)                   |
| Use of prepaid expenses                        | -                           | (1,927)        | (487)                      |
| <b>Increase in net financial assets</b>        | (919,203)                   | 66,440         | (372,784)                  |
| <b>Net financial assets, beginning of year</b> | 2,246,381                   | 2,246,381      | 2,619,165                  |
| <b>Net financial assets, end of year</b>       | \$ 1,327,178                | \$ 2,312,821   | \$ 2,246,381               |

The accompanying notes and schedules are an integral part of these financial statements

**THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

|   | 2015                | 2014<br>(Note 2)    |
|---|---------------------|---------------------|
| <b>Operating transactions</b>                       |                     |                     |
| Annual surplus (deficit)                            | \$ 800,073          | \$ 3,130,193        |
| Non-cash charges to operations:                     |                     |                     |
| Amortization  | 1,023,634           | 924,671             |
| Loss (gain) on sale of tangible capital assets      | (61,416)            | (36,858)            |
|   | 1,762,291           | 4,018,006           |
| Changes in non-cash assets and liabilities:         |                     |                     |
| Accounts receivable                                 | 328,272             | (294,154)           |
| Accounts payable and accrued liabilities            | 163,155             | 324,340             |
| Deferred revenue-general                            | (9,987)             | (178,479)           |
| Landfill closure and post closure liability         | 104,304             | 26,732              |
| Inventories of supplies                             | 13,613              | (27,800)            |
| Prepaid expenses                                    | (1,927)             | (487)               |
|   | 597,430             | (149,848)           |
| <b>Cash provided by operating transactions</b>      | <b>2,359,721</b>    | <b>3,868,158</b>    |
| <b>Capital transactions</b>                         |                     |                     |
| Acquisition of tangible capital assets              | (1,807,538)         | (5,377,320)         |
| Allocation from work in progress                    | 38,585              | 971,178             |
| Proceeds on disposal of tangible capital asset      | 61,416              | 43,639              |
| <b>Cash applied to capital transactions</b>         | <b>(1,707,537)</b>  | <b>(4,362,503)</b>  |
| <b>Investing transactions</b>                       |                     |                     |
| <b>Cash provided by investing transactions</b>      | <b>-</b>            | <b>-</b>            |
| <b>Financing transactions</b>                       |                     |                     |
| Debt principal repayments                           | (48,700)            | (48,700)            |
| <b>Cash applied to financing transactions</b>       | <b>(48,700)</b>     | <b>(48,700)</b>     |
| <b>Net change in cash and cash equivalents</b>      | <b>603,484</b>      | <b>(543,045)</b>    |
| <b>Cash and cash equivalents, beginning of year</b> | <b>3,645,422</b>    | <b>4,188,467</b>    |
| <b>Cash and cash equivalents, end of year</b>       | <b>\$ 4,248,906</b> | <b>\$ 3,645,422</b> |
| <b>Cash flow supplementary information:</b>         |                     |                     |
| Taxation and investment interest income received    | \$ 189,850          | \$ 189,300          |
| Interest paid                                       | 11,349              | 13,091              |
| <b>Net interest received</b>                        | <b>\$ 178,501</b>   | <b>\$ 176,209</b>   |

The accompanying notes and schedules are an integral part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

---

The Corporation of the Township of Algonquin Highlands is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, 2001, Planning Act, Building Code Act and other related legislation.

**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Corporation of the Township of Algonquin Highlands (the "Municipality") are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended in 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 reserve and reserve fund 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 entities**

The following local boards are consolidated:

Algonquin Highlands Cemetery Board

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

**(ii) Accounting for school board and the County of Haliburton transactions**

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

**(iii) 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**

Sources of financing and expenditures are reported on the accrual basis of accounting. This method recognizes revenues as they become available 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) 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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

---

**(a) Tangible capital assets**

Tangible capital assets are recorded at cost less accumulated amortization, 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. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements - 15 years  
Buildings - 40 years  
Machinery, equipment and furniture - 5 to 20 years  
Vehicles - 3 to 10 years  
Roads - 15 to 40 years  
Bridges - 15 to 40 years  
Lagoon - 15 to 40 years

A full year of amortization is taken in the year of acquisition and no amortization is taken in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

The Municipality has a capitalization threshold of \$5,000; individual tangible capital assets, or pooled assets of lesser value are expensed in the year of purchase.

**(b) Inventories of supplies**

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

**(iii) 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.

**(iv) Government transfers**

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

**(v) Deferred revenue**

The Municipality receives gas tax revenue from the Federal Government and payments in lieu of parkland under the authority of provincial legislation and Municipal by-laws. These funds are restricted in their use and until applied to the applicable expenditures are recorded as deferred revenue. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended. The Municipality also defers recognition of certain government grants which have been collected but for which the related expenditures have yet to be incurred. These amounts will be recognized as revenues in the fiscal year the services are performed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2015

(vi) Taxation and related revenues

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known. 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

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.

(viii) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles established by PSAB 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. Significant items subject to such estimates and assumptions include valuation allowances for accounts receivable and solid waste landfill closure and post-closure liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future. The estimates are reviewed periodically and any resulting adjustments are reported in earnings in the year in which they become known.

2. RESTATEMENT

Effective January 1, 2009, the Municipality changed its accounting and financial reporting to conform with the revised guidelines in the Public Sector Accounting Handbook on financial statement presentation (section 1200) and tangible capital assets (section 3150).

During the year management conducted an internal review of its capital assets ledgers and discovered errors in the amortization calculations that overstated expenses and understated capital assets. The Township has restated its financial statements to account for this error in accumulated amortization of tangible capital assets.

The effects of this restatement are as follows:

Year ended December 31, 2014

|  |                      |
|--|----------------------|
| <b>ACCUMULATED SURPLUS</b>                               |                      |
| Accumulated surplus, as previously reported              | 14,290,164           |
| Tangible capital assets accumulated amortization revised | 332,151              |
| <b>ACCUMULATED SURPLUS, AS RESTATED</b>                  | <b>\$ 14,622,315</b> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2015

|   |                     |
|---|---------------------|
| <b>ANNUAL SURPLUS</b>                           |                     |
| Annual surplus (deficit) as previously reported | 3,213,444           |
| Adjustment to accumulated amortization          | (332,151)           |
| Adjustment to amortization expense              | 248,900             |
| <b>ANNUAL SURPLUS (DEFICIT), AS RESTATED</b>    | <b>\$ 3,130,193</b> |

3. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HALIBURTON

Further to Note 1(a)(ii), the Municipality is required to collect property taxes and payments-in-lieu of taxes on the behalf of the school boards and the County of Haliburton. The amounts collected, remitted and outstanding are as follows:

|   | 2015<br>School<br>Boards | 2015<br>County   | 2015<br>Total    | 2014<br>Total    |
|---|--------------------------|------------------|------------------|------------------|
| Payable at the beginning of the year              | \$ 42,962                | \$ 29,409        | \$ 72,371        | \$ 60,449        |
| Taxation and payments-in-lieu, net of adjustments | 3,083,443                | 2,828,585        | 5,912,028        | 5,812,051        |
| Remitted during the year                          | (3,089,766)              | (2,832,268)      | (5,922,034)      | (5,800,129)      |
| <b>Payable at the end of the year</b>             | <b>\$ 36,639</b>         | <b>\$ 25,726</b> | <b>\$ 62,365</b> | <b>\$ 72,371</b> |

4. TRUST FUNDS

Trust funds administered by the Township amounting to \$111,735 (2014 \$107,316) 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

The 2015 continuity of transactions within the obligatory reserve funds and other deferred revenue are described below:

|                 | Balance<br>beginning of<br>year | Contributions<br>received | Interest<br>earned | Amounts<br>taken into<br>revenue | Balance<br>end of year |
|-----------------|---------------------------------|---------------------------|--------------------|----------------------------------|------------------------|
| Parkland        | \$ 98,016                       | \$ 800                    | \$ 809             | \$ -                             | \$ 99,625              |
| Federal gas tax | 65,954                          | 62,428                    | 784                | (103,694)                        | 25,472                 |
| Other           | 40,490                          | 55,396                    | -                  | (26,510)                         | 69,376                 |
|                 | <b>\$ 204,460</b>               | <b>\$ 118,624</b>         | <b>\$ 1,593</b>    | <b>\$ (130,204)</b>              | <b>\$ 194,473</b>      |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2015

6. MUNICIPAL DEBT

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

|  | 2015              | 2014              |
|--|-------------------|-------------------|
| Debenture issued to Ontario Infrastructure Projects Corporation, repayable in semi-annual instalments of \$24,350 plus interest at 3.73% per annum, due May 3, 2021. | \$ 267,850        | \$ 316,550        |
|  | <b>\$ 267,850</b> | <b>\$ 316,550</b> |

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

|      | Principal         | Interest         |
|------|-------------------|------------------|
| 2016 | \$ 48,700         | \$ 9,560         |
| 2017 | 48,700            | 7,716            |
| 2018 | 48,700            | 5,900            |
| 2019 | 48,700            | 4,103            |
| 2020 | 48,700            | 2,265            |
| 2021 | 24,350            | 453              |
|      | <b>\$ 267,850</b> | <b>\$ 29,997</b> |

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

|                    | 2015             | 2014             |
|--------------------|------------------|------------------|
| Principal payments | \$ 48,700        | \$ 48,700        |
| Interest           | 11,349           | 13,091           |
|                    | <b>\$ 60,049</b> | <b>\$ 61,791</b> |

The annual principal and interest payments required to service the Municipality's debt were within the annual debt repayment limit of \$1,216,089 prescribed by the Ministry of Municipal Affairs and Housing.

7. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time for facility A is limited to \$700,000 (2014 \$700,000) via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate plus 0.50% per annum. The amount available at any time for facility B is limited to \$2,000,000 (2014 \$3,000,000) via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate plus 0.50% per annum. Council authorized the temporary borrowing limit by By-law 2015-1, of which NIL (2014 NIL) was used at the end of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2015

---

8. LANDFILL CLOSURE AND POST CLOSURE LIABILITY

Commencing in 2001, the local government accounting standards issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants require that municipalities recognize a liability related to the closure of solid waste landfill sites. This liability encompasses all costs related to the closure and subsequent maintenance of such sites. The liability is recognized in the financial statements over the operating life of the solid waste disposal site, in proportion to its utilized capacity.

The Township is responsible for the operation and maintenance of five waste disposal sites. The total landfill closure and post-closure estimates for the usable footprints are as follows:

|  |                       |
|--|-----------------------|
| Total estimated expenditures for closure and post-closure care | \$2,791,880           |
| Reported liability in current year                             | \$1,679,959           |
| Total expenditures remaining to be recognized                  | \$1,111,921           |
| Utilization/year   | 4,088m <sup>3</sup>   |
| Estimated remaining usable capacity                            | 170,190m <sup>3</sup> |
| Remaining landfill site life                                   | 87 years              |
| Number of years required for post-closure care                 | 25 years              |

9. CONTINGENT LIABILITIES

In the normal course of business, the municipality is named to lawsuits related to its operations. Management is of the view that these lawsuits are without merit and any settlement would not be material to the financial position of the municipality.

10. COMMITMENTS

The Township entered into a two year service agreement for surface and groundwater monitoring and reporting for its landfill sites. One year remains on this agreement which has annual costs of \$99,260 per year.

The Township entered into a three year service agreement for site attendant services at all five (5) of the Townships municipal landfill sites and recycling centres. Two years remain on this agreement which has annual costs of approximately \$140,000 with an annual increase of 2%.

11. TANGIBLE CAPITAL ASSETS

Schedule 1 provides information on the tangible capital assets of the Municipality by major asset class. Additional information relating to these assets is provided below.

(a) Works of art and historical artifacts

Works of art and historical artifacts owned by the Municipality are not included in the tangible capital assets reported on the Consolidated Statement of Financial Position. The Municipality owns a number of paintings and other pieces of artwork that are prominently displayed in municipal buildings as well as many historical artifacts housed at the Municipality's museum.

(b) Capitalization of interest

The Municipality has a policy of expensing borrowing costs related to the acquisition of tangible capital assets.

# THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2015

---

### 12. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT

The Municipality and its Boards and Committees provide a wide range of services to its citizens. The schedule and 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 and lagoon management.

#### Health Services

This segment includes cemeteries.

#### Recreation and Culture

This segment includes parks, recreation programs, recreation facilities and library services.

#### 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.

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

# THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2015

### 12. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2015

|                                   | General<br>Government | Protection to<br>Persons and<br>Property | Transportation<br>Services | Environmental<br>Services | Health<br>Services | Recreation<br>and<br>Culture | Planning<br>and<br>Development | Unallocated<br>Amounts | Consolidated      |
|-----------------------------------|-----------------------|--|----------------------------|---------------------------|--------------------|------------------------------|--------------------------------|------------------------|-------------------|
| <b>REVENUE</b>                    |                       |  |                            |                           |                    |                              |                                |                        |                   |
| Property taxes                    | \$ -                  | \$ -                                     | \$ -                       | \$ -                      | \$ -               | \$ -                         | \$ -                           | \$ 4,310,197           | \$ 4,310,197      |
| User fees                         | 135,326               | 151,856                                  | 264,130                    | 205,392                   | 11,884             | 366,802                      | 18,670                         | -                      | 1,154,060         |
| Government transfers              | -                     | 4,861                                    | 1,003,902                  | 69,259                    | -                  | 106,165                      | -                              | -                      | 1,184,187         |
| Other municipalities              | 5,000                 | 18,157                                   | 132,071                    | -                         | -                  | 11,184                       | -                              | -                      | 166,412           |
| Other                             | 189,850               | 71,229                                   | -                          | 2,175                     | 2,996              | 26,380                       | 46,354                         | 26,707                 | 365,691           |
| <b>TOTAL REVENUE</b>              | <b>330,176</b>        | <b>246,103</b>                           | <b>1,400,103</b>           | <b>276,826</b>            | <b>14,880</b>      | <b>510,531</b>               | <b>65,024</b>                  | <b>4,336,904</b>       | <b>7,180,547</b>  |
| <b>EXPENSES</b>                   |                       |  |                            |                           |                    |                              |                                |                        |                   |
| Salaries, wages and benefits      | 634,569               | 460,361                                  | 764,105                    | 147,096                   | 12,193             | 527,778                      | 67,844                         | -                      | 2,613,946         |
| Long-term debt charges (interest) | -                     | 11,349                                   | -                          | -                         | -                  | -                            | -                              | -                      | 11,349            |
| Operating expenses                | 206,529               | 765,522                                  | 641,490                    | 720,701                   | 3,800              | 355,916                      | 37,587                         | -                      | 2,731,545         |
| Amortization                      | 8,776                 | 115,815                                  | 796,167                    | 41,359                    | -                  | 55,559                       | 5,958                          | -                      | 1,023,634         |
| <b>TOTAL EXPENSES</b>             | <b>849,874</b>        | <b>1,353,047</b>                         | <b>2,201,762</b>           | <b>909,156</b>            | <b>15,993</b>      | <b>939,253</b>               | <b>111,389</b>                 | <b>-</b>               | <b>6,380,474</b>  |
| <b>ANNUAL SURPLUS (DEFICIT)</b>   | <b>\$ (519,698)</b>   | <b>\$ (1,106,944)</b>                    | <b>\$ (801,659)</b>        | <b>\$ (632,330)</b>       | <b>\$ (1,113)</b>  | <b>\$ (428,722)</b>          | <b>\$ (46,365)</b>             | <b>\$ 4,336,904</b>    | <b>\$ 800,073</b> |

# THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2015

### 12. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2014

|                                   | General<br>Government | Protection to<br>Persons and<br>Property | Transportation<br>Services | Environmental<br>Services | Health<br>Services | Recreation<br>and<br>Culture | Planning<br>and<br>Development | Unallocated<br>Amounts | Consolidated        |
|-----------------------------------|-----------------------|--|----------------------------|---------------------------|--------------------|------------------------------|--------------------------------|------------------------|---------------------|
| <b>REVENUE</b>                    |                       |  |                            |                           |                    |                              |                                |                        |                     |
| Property taxes                    | \$ -                  | \$ -                                     | \$ -                       | \$ -                      | \$ -               | \$ -                         | \$ -                           | \$ 4,050,194           | \$ 4,050,194        |
| User fees                         | 12,621                | 152,262                                  | 206,725                    | 177,321                   | 8,960              | 338,853                      | 32,041                         | -                      | 928,783             |
| Government transfers              | -                     | 3,068                                    | 3,252,388                  | -                         | -                  | 90,459                       | -                              | -                      | 3,345,915           |
| Other municipalities              | 5,000                 | 18,648                                   | 163,426                    | -                         | -                  | 16,884                       | -                              | -                      | 203,958             |
| Other                             | 189,300               | 53,117                                   | -                          | 226                       | 3,268              | 44,039                       | -                              | 126,756                | 416,706             |
| <b>TOTAL REVENUE</b>              | <b>206,921</b>        | <b>227,095</b>                           | <b>3,622,539</b>           | <b>177,547</b>            | <b>12,228</b>      | <b>490,235</b>               | <b>32,041</b>                  | <b>4,176,950</b>       | <b>8,945,556</b>    |
| <b>EXPENSES</b>                   |                       |  |                            |                           |                    |                              |                                |                        |                     |
| Salaries, wages and benefits      | 653,542               | 495,803                                  | 723,402                    | 113,970                   | 11,336             | 515,143                      | 76,395                         | -                      | 2,589,591           |
| Long-term debt charges (interest) | -                     | 13,091                                   | -                          | -                         | -                  | -                            | -                              | -                      | 13,091              |
| Operating expenses                | 203,964               | 617,652                                  | 595,254                    | 481,685                   | 22,756             | 348,126                      | 18,573                         | -                      | 2,288,010           |
| Amortization                      | 4,805                 | 96,110                                   | 718,291                    | 16,367                    | -                  | 90,645                       | (1,547)                        | -                      | 924,671             |
| <b>TOTAL EXPENSES</b>             | <b>862,311</b>        | <b>1,222,656</b>                         | <b>2,036,947</b>           | <b>612,022</b>            | <b>34,092</b>      | <b>953,914</b>               | <b>93,421</b>                  | <b>-</b>               | <b>5,815,363</b>    |
| <b>ANNUAL SURPLUS (DEFICIT)</b>   | <b>\$ (655,390)</b>   | <b>\$ (995,561)</b>                      | <b>\$ 1,585,592</b>        | <b>\$ (434,475)</b>       | <b>\$ (21,864)</b> | <b>\$ (463,679)</b>          | <b>\$ (61,380)</b>             | <b>\$ 4,176,950</b>    | <b>\$ 3,130,193</b> |



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

---

**13. BUDGET FIGURES**

The unaudited budget adopted for the current year was prepared on a fund basis, and has been restated to conform with the accounting and reporting standards adopted for the current year actual results.

**14. 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 2015 was \$155,230 (2014 \$161,628) for current service and is included as an expense on the Consolidated Statement of Operations.

# THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule 1

|                                    | Land<br>and<br>Land<br>Improvements | Buildings           | Machinery,<br>Equipment<br>and<br>Furniture | Vehicles            | Roads<br>and<br>Bridges | Lagoon            | Assets<br>Under<br>Construction | TOTAL<br>2015        | TOTAL<br>2014<br>(Note 2) |
|------------------------------------|-------------------------------------|---------------------|---|---------------------|-------------------------|-------------------|---------------------------------|----------------------|---------------------------|
| <b>COST</b>                        |                                     |                     |   |                     |                         |                   |                                 |                      |                           |
| Balance, beginning of year         | \$ 4,931,587                        | \$ 3,955,492        | \$ 1,012,773                                | \$ 4,065,014        | \$ 11,082,575           | \$ 137,053        | \$ 38,585                       | \$ 25,223,079        | \$ 21,303,764             |
| Additions and betterments          | 95,699                              | 975,379             | 349,872                                     | 80,400              | 306,188                 | -                 | -                               | 1,807,538            | 5,377,320                 |
| Disposals and writedowns           | -                                   | -                   | (20,000)                                    | (41,416)            | -                       | -                 | -                               | (61,416)             | (486,827)                 |
| Allocation from work in progress   | -                                   | -                   | -   | -                   | -                       | -                 | (38,585)                        | (38,585)             | (971,178)                 |
| <b>BALANCE, END OF YEAR</b>        | <b>5,027,286</b>                    | <b>4,930,871</b>    | <b>1,342,645</b>                            | <b>4,103,998</b>    | <b>11,388,763</b>       | <b>137,053</b>    | <b>-</b>                        | <b>26,930,616</b>    | <b>25,223,079</b>         |
| <b>ACCUMULATED AMORTIZATION</b>    |                                     |                     |   |                     |                         |                   |                                 |                      |                           |
| Balance, beginning of year         | 376,069                             | 1,273,564           | 520,730                                     | 2,318,536           | 8,383,307               | 20,558            | -                               | 12,892,764           | 12,448,142                |
| Annual amortization                | 192,989                             | 116,925             | 100,208                                     | 222,415             | 387,671                 | 3,426             | -                               | 1,023,634            | 924,671                   |
| Amortization disposals             | -                                   | -                   | (20,000)                                    | (41,416)            | -                       | -                 | -                               | (61,416)             | (480,049)                 |
| <b>BALANCE, END OF YEAR</b>        | <b>569,058</b>                      | <b>1,390,489</b>    | <b>600,938</b>                              | <b>2,499,535</b>    | <b>8,770,978</b>        | <b>23,984</b>     | <b>-</b>                        | <b>13,854,982</b>    | <b>12,892,764</b>         |
| <b>TANGIBLE CAPITAL ASSETS-NET</b> | <b>\$ 4,458,228</b>                 | <b>\$ 3,540,382</b> | <b>\$ 741,707</b>                           | <b>\$ 1,604,463</b> | <b>\$ 2,617,785</b>     | <b>\$ 113,069</b> | <b>\$ -</b>                     | <b>\$ 13,075,634</b> | <b>\$ 12,330,315</b>      |