

FINANCIAL STATEMENTS
THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
For year ended
DECEMBER 31, 2012

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements:

The accompanying consolidated financial statements of **THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN** are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of the 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.

The Township's management maintains a system of internal controls 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. These systems are monitored and evaluated by management.

The Township's Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the Council's approval of the financial statements.

The consolidated financial statements have been audited by Welch LLP, independent external auditors appointed by the Township. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Township's financial statements.

Clerk Treasurer

Mayor

Harold Luckasavitch

Jane Dumas

April 4, 2013

INDEPENDANT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the
CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

We have audited the accompanying consolidated financial statements of **THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN**, which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statements of operations, 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.

Auditors' Responsibility

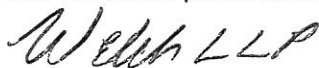
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 judgement, 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 of 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 SOUTH ALGONQUIN** as at December 31, 2012, and the results of its operations, change in net financial assets and cash flows for the year then ended, in accordance with Canadian public sector accounting standards.



CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Pembroke, Ontario
April 4, 2013

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
FINANCIAL ASSETS		
Cash	\$ 513,826	\$ 587,529
Taxes receivable (Note 3)	182,432	191,263
Accounts receivable	<u>223,646</u>	<u>199,090</u>
	<u>919,904</u>	<u>977,882</u>
LIABILITIES		
Accounts payable and accrued liabilities	117,711	293,640
Deferred revenue (Note 4)	149,365	105,260
Solid waste landfill closure and post closure liabilities (Note 5)	98,569	81,323
Net long-term liabilities (Note 6)	<u>46,550</u>	<u>93,285</u>
	<u>412,195</u>	<u>573,508</u>
NET FINANCIAL ASSETS	507,709	404,374
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	<u>13,536,936</u>	<u>13,984,944</u>
ACCUMULATED SURPLUS (Note 8)	<u>\$ 14,044,645</u>	<u>\$ 14,389,318</u>

(See accompanying notes and schedule)

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budget <u>2012</u>	Actual <u>2012</u>	Actual <u>2011</u>
REVENUE			
Property taxation	\$ 1,659,277	\$ 1,661,643	\$ 1,535,527
Payment in lieu of taxes	25,204	25,204	20,861
Province of Ontario	965,938	973,093	1,001,261
Government of Canada	-	-	1,232
Licenses and permits	16,248	21,992	15,716
Penalties and interest	15,000	30,298	25,966
Rents	31,074	29,454	30,905
Fees, service charges	22,966	24,526	34,343
Donations including tangible capital assets contibuted	6,000	5,751	24,376
Gain on disposal of capital assets	-	1,287	33,378
Sale of shoreline allowances	5,367	1,778	5,443
Gas tax funding and interest earned thereon	<u>182,132</u>	<u>32,767</u>	<u>9,422</u>
	<u>2,929,206</u>	<u>2,807,793</u>	<u>2,738,430</u>
EXPENSES			
General government	392,842	406,516	433,407
Protection to persons and property	399,913	420,400	360,653
Transportation services	865,306	1,276,432	1,149,627
Environmental services	229,032	218,799	219,212
Health services	20,273	19,170	17,653
Social and family services	571,450	571,521	554,016
Recreation and cultural services	154,506	194,077	231,289
Planning and development	<u>45,359</u>	<u>45,551</u>	<u>41,791</u>
	<u>2,678,681</u>	<u>3,152,466</u>	<u>3,007,648</u>
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	250,525	(344,673)	(269,218)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>14,389,318</u>	<u>14,389,318</u>	<u>14,658,536</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 14,639,843</u>	<u>\$ 14,044,645</u>	<u>\$ 14,389,318</u>

(See accompanying notes and schedule)

**THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budget <u>2012</u>	Actual <u>2012</u>	Actual <u>2011</u>
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	\$ 250,525	\$ (344,673)	\$ (269,218)
Acquisition of tangible capital assets	(264,501)	(223,347)	(230,770)
Proceeds on disposal of tangible capital assets	61,500	4,128	60,601
Amortization of tangible capital assets	-	668,514	641,439
(Gain) loss on sale of tangible capital assets	<u>-</u>	<u>(1,287)</u>	<u>(33,378)</u>
	<u>(203,001)</u>	<u>448,008</u>	<u>437,892</u>
INCREASE IN NET FINANCIAL ASSETS	47,524	103,335	168,674
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>277,661</u>	<u>404,374</u>	<u>235,700</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 325,185</u>	<u>\$ 507,709</u>	<u>\$ 404,374</u>

(See accompanying notes and schedule)

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue)	\$ (344,673)	\$ (269,218)
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	668,514	641,439
Loss (gain) on disposal of tangible capital assets	<u>(1,287)</u>	<u>(33,378)</u>
	322,554	338,843
Non-cash charges to operations (net change):		
Decrease (increase) in taxes receivable	8,831	2,550
Decrease (increase) in accounts receivable	(24,556)	286,631
Increase (decrease) in accounts payable and accrued liabilities	(175,929)	(71,721)
Increase (decrease) in deferred revenue	44,106	61,441
Increase in provision for landfill closure/post-closure	<u>17,246</u>	<u>16,215</u>
	<u>192,252</u>	<u>633,959</u>
CASH FLOWS FROM (USED IN) CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(223,347)	(230,770)
Sale of tangible capital assets	<u>4,128</u>	<u>60,601</u>
	<u>(219,219)</u>	<u>(170,169)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
(Decrease) increase in bank indebtedness	-	(200,000)
Long-term liabilities issued	-	82,000
Long-term liabilities repaid	<u>(46,736)</u>	<u>(47,249)</u>
	<u>(46,736)</u>	<u>(165,249)</u>
NET CHANGE IN CASH	(73,703)	298,541
CASH, BEGINNING OF YEAR	<u>587,529</u>	<u>288,988</u>
CASH, END OF YEAR	<u>\$ 513,826</u>	<u>\$ 587,529</u>

(See accompanying notes and schedule)

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
SCHEDULE OF TANGIBLE CAPITAL ASSETS

YEAR ENDED DECEMBER 31, 2012

SCHEDULE 1

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Linear Assets</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>2012</u>	<u>2011</u>
COST:								
BALANCE, BEGINNING OF YEAR	\$ 43,942	\$ 326,852	\$ 3,259,781	\$ 15,261,937	\$ 527,101	\$ 1,152,885	\$ 20,572,498	\$ 20,397,292
Acquisition of tangible capital assets	-	-	48,652	28,664	17,205	128,826	223,347	147,684
Construction-in-progress	-	-	-	-	-	-	-	83,086
Disposal of tangible capital assets	-	-	(28,443)	-	(13,300)	(117,336)	(159,079)	(55,564)
BALANCE, END OF YEAR	<u>43,942</u>	<u>326,852</u>	<u>3,279,990</u>	<u>15,290,601</u>	<u>531,006</u>	<u>1,164,375</u>	<u>20,636,766</u>	<u>20,572,498</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	125,071	475,728	4,837,884	304,503	844,368	6,587,554	5,974,456
Annual amortization	-	17,358	58,853	483,693	20,680	87,930	668,514	641,439
Accumulated amortization on disposals	-	-	(28,443)	-	(13,300)	(114,495)	(156,238)	(28,341)
BALANCE, END OF YEAR	<u>-</u>	<u>142,429</u>	<u>506,138</u>	<u>5,321,577</u>	<u>311,883</u>	<u>817,803</u>	<u>7,099,830</u>	<u>6,587,554</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 43,942</u>	<u>\$ 184,423</u>	<u>\$ 2,773,852</u>	<u>\$ 9,969,024</u>	<u>\$ 219,123</u>	<u>\$ 346,572</u>	<u>\$ 13,536,936</u>	<u>\$ 13,984,944</u>
2011 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 43,942</u>	<u>\$ 201,781</u>	<u>\$ 2,784,053</u>	<u>\$ 10,424,053</u>	<u>\$ 222,598</u>	<u>\$ 308,517</u>	<u>\$ 13,984,944</u>	<u>\$ 13,984,944</u>

(See accompanying notes)

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

The Township of South Algonquin is an incorporated municipality in the Province of Ontario. The Township conducts its operations as described by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Township of South Algonquin are the representations of management, prepared in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Township are as follows:

Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Township and are, therefore, accountable to the Township Council for the administration of their financial affairs and resources. Included with the municipality are the following:

South Algonquin Public Library Board

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

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 reporting period. Management makes accounting estimates when determining the estimated useful life of its tangible capital assets and landfill sites, and its allowance for doubtful accounts. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from these estimates.

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Landfill closure and post-closure liabilities

The Township is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

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

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

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. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<u>Years</u>
Land improvements	15-50
Buildings	20-60
Linear Assets	15-40
Machinery and equipment	5-20
Vehicles	5-25

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.

Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Natural Resources

Natural resources that have not been purchased are not recognized as assets in the financial statements.

Segment disclosures

The Township was required to adopt Section PS 2700 - Segment Disclosures, for the fiscal year beginning on January 1, 2008. A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. Management has determined that existing disclosures in the consolidated statement of operations and within the related notes for both the prior and current years sufficiently disclose information of all appropriate segments and therefore no additional disclosure is required.

NOTE 2 OPERATIONS OF SCHOOL BOARDS

During the year, requisitions were made by School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	<u>2012</u>	<u>2011</u>
Property taxes	\$ 507,044	\$ 488,923
Taxation from other governments	<u>3,546</u>	<u>2,502</u>
Amount requisitioned	<u>\$ 510,590</u>	<u>\$ 491,425</u>

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

NOTE 3 TAXES RECEIVABLE

	<u>2012</u>	<u>2011</u>
Current taxes	\$ 103,840	\$ 111,890
Prior year taxes	66,469	63,992
Penalties	<u>12,123</u>	<u>15,381</u>
	<u>\$ 182,432</u>	<u>\$ 191,263</u>

NOTE 4 DEFERRED REVENUE

Deferred revenue at the end of the year consists of gas tax rebates for which funding has been received but the service has not yet been provided:

	<u>2012</u>	<u>2011</u>
Balance at beginning of year	\$ 105,260	\$ 37,374
Gas tax funding received in year	76,872	76,872
Interest received	-	437
Qualified expenditures in year	<u>(32,767)</u>	<u>(9,423)</u>
Balance at end of year	<u>\$ 149,365</u>	<u>\$ 105,260</u>

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

NOTE 5 SOLID WASTE LANDFILL CLOSURE AND POST CLOSURE LIABILITY

The Township operates two landfill sites and as a result is liable for the closure and post closure costs associated with each site. These financial statements recognize a liability for closure and post closure care to the extent that the solid waste landfill sites have been used to date. Specifically, usage is measured as cumulative capacity used versus total estimated capacity available. Furthermore, as costs are expected to be incurred in the future, expected closure and post closure costs have been discounted at 5% which is the Township's estimated long term borrowing rate. The following summarizes the Township's estimated closure and post closure costs and remaining capacity of the landfill sites at December 31, 2012:

	<u>Airy Site</u>	<u>Madawaska Site</u>	<u>Total 2012</u>	<u>Total 2011</u>
Expected total expenditures	\$ 170,900	\$ 95,198	\$ 266,098	\$ 266,098
Amount remaining to be recognized	<u>127,765</u>	<u>39,764</u>	<u>167,529</u>	<u>200,990</u>
Liability recognized to date	<u>\$ 43,135</u>	<u>\$ 55,434</u>	<u>\$ 98,569</u>	<u>\$ 65,108</u>
Landfill site's estimated remaining capacity in cubic metres	<u>44,540</u>	<u>10,010</u>		
Remaining useful life of sites (years)	<u>19</u>	<u>6</u>		
Years needed for post closure care	<u>10</u>	<u>10</u>		

The Township has set aside a reserve of \$70,000 (2011 - \$60,000) to finance the expected closure and post closure care liabilities.

NOTE 6 LONG-TERM LIABILITIES

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

	<u>2012</u>	<u>2011</u>
Loan payable maturing in August 2014, due in monthly instalments of \$2,403 including interest at the financial institutions prime lending rate plus .50% per annum. At year end the financial institutions prime lending rate was 3%	\$ 46,550	\$ 73,245
Long-term debt repaid in year	<u>-</u>	<u>20,040</u>
	<u>\$ 46,550</u>	<u>\$ 93,285</u>

(b) Of the net long-term liabilities reported in (a) of this note all are payable from 2013 to 2014. The principal payments will be recovered from general taxation.

(c) The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

NOTE 6 LONG-TERM LIABILITIES (cont'd)

(d) The estimated future repayments over the next five years on existing net long-term liabilities at December 31, 2012 are as follows:

2013	\$27,648
2014	\$18,902

NOTE 7 EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2012</u>	<u>2011</u>
Tangible capital assets (Schedule 1)	\$ 20,636,766	\$ 20,572,498
Accumulated amortization (Schedule 1)	(7,099,830)	(6,587,554)
Long-term liabilities (Note 6)	<u>(46,550)</u>	<u>(93,285)</u>
	<u>\$ 13,490,386</u>	<u>\$ 13,891,659</u>

NOTE 8 MUNICIPAL FUND BALANCES AT END OF YEAR

	<u>2012</u>	<u>2011</u>
Internally restricted reserves		
Working capital	\$ 183,946	\$ 185,029
Recreation capital expenditure	14,000	4,877
General government	14,115	-
Waste Disposal Reserve	70,000	60,000
Waste collection	41,000	20,000
Municipal I.D. system	-	18,000
Public Works	213,108	79,608
Fire Services	116,631	91,631
Library	<u>18,500</u>	<u>14,500</u>
	671,300	473,645
Unrestricted surplus	(18,472)	105,337
Provision for landfill closure and post-closure costs	(98,569)	(81,323)
Equity in tangible capital assets (Note 7)	<u>13,490,386</u>	<u>13,891,659</u>
	<u>\$ 14,044,645</u>	<u>\$ 14,389,318</u>

NOTE 9 CONTRIBUTIONS TO UNCONSOLIDATED ENTITIES

Contributions were made to these entities as follows:

	<u>2012</u>	<u>2011</u>
Renfrew County and District Health Unit	\$ 20,273	\$ 16,429
District of Nipissing Social Services Board	478,787	469,521
East Nipissing Home for the Aged	<u>92,734</u>	<u>84,495</u>
	<u>\$ 591,794</u>	<u>\$ 570,445</u>

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

NOTE 10 CONTRACTUAL OBLIGATION

Policing

The municipality has a contract with the Province of Ontario for policing services. The contract for 2012 was \$212,856 (2011 - \$163,240)

NOTE 11 FINANCIAL INSTRUMENTS

The Township's financial instruments consist of cash, taxes receivable, accounts receivable, accounts payable and accrued liabilities and net long-term liabilities.

Risk

It is management's opinion that the Township is not exposed to significant interest, currency or credit risks arising from its financial instruments.

Fair market value

Except for the net long-term liabilities, the fair value of the Township's financial instruments approximates their carrying value due to their short term nature. It is not practicable to determine the fair value of net long-term liabilities. The terms and conditions of these liabilities are disclosed in Note 6 to the financial statements.

NOTE 12 BUDGET FIGURES

Budget established for capital projects are based on project-oriented basis, the cost of which may be carried out over one or more years. Although they may not be directly comparable with current year actual amounts, they have been reflected on the Consolidated Statement of Net Financial Assets. Budget figures are unaudited.

NOTE 13 PENSION AGREEMENT

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of permanent members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. OMERS is financed by employer and employee contributions and by investment earnings of the OMERS Fund.

Contributions for current service are recorded as expenditures in the year in which they became due.

The amount contributed to OMERS during the year was \$31,943 (2011 - \$26,242) for current services and is included as an expenditure on the Consolidated Statement of Operations.

At December 31, 2012, OMERS disclosed on actuarial deficiency of \$9.924 billion

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2012

NOTE 14 EXPENSES BY OBJECT

The consolidated statement of operations reports expenses for the Township by function. The following is a summary of expenses by object.

	<u>Budget</u>	<u>2012</u>	<u>2011</u>
Salaries, wages and benefits	\$ 824,272	\$ 823,785	\$ 776,878
Material and supplies and contracted services	1,231,736	1,018,782	963,759
Rentals and financial rentals and financial expenses	24,750	31,075	37,542
Taxation adjustments and vacancy rebates	1,200	1,270	1,370
Transfers to unconsolidated boards	591,723	591,794	570,445
Provision for landfill closure and post closure cost	5,000	17,246	16,215
Amortization of tangible capital assets	-	668,514	641,439
	<u>\$ 2,678,681</u>	<u>\$ 3,152,466</u>	<u>\$ 3,007,648</u>