

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.

CAO/Clerk Treasurer

Mayor



Suzanne Klatt



Jane Dumas

April 2, 2015

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, 2014, 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

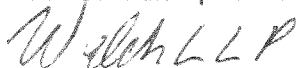
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain 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, 2014, 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 2, 2015

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

| | <u>2014</u> | <u>2013</u> |
|--|--------------------------|--------------------------|
| FINANCIAL ASSETS | | |
| Cash | \$ 865,043 | \$ 512,309 |
| Taxes receivable (Note 3) | 172,950 | 185,403 |
| Accounts receivable | <u>136,515</u> | <u>182,709</u> |
| | <u>1,174,508</u> | <u>880,421</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 180,819 | 224,555 |
| Deferred revenue (Note 4) | 2,102 | - |
| Solid waste landfill closure and post closure liabilities (Note 5) | 173,492 | 138,111 |
| Net long-term liabilities (Note 6) | <u>109,035</u> | <u>122,914</u> |
| | <u>465,448</u> | <u>485,580</u> |
| NET FINANCIAL ASSETS | 709,060 | 394,841 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Schedule 1) | <u>12,969,520</u> | <u>13,506,662</u> |
| ACCUMULATED SURPLUS (Note 8) | <u>\$ 13,678,580</u> | <u>\$ 13,901,503</u> |

(See accompanying notes and schedule)

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

| | Budget <u>2014</u> | Actual <u>2014</u> | Actual <u>2013</u> |
|--|-----------------------|-----------------------|-----------------------|
| REVENUE | | | |
| Property taxation | \$ 1,790,014 | \$ 1,795,936 | \$ 1,722,550 |
| Payment in lieu of taxes | 52,581 | 52,581 | 38,238 |
| Province of Ontario | 927,601 | 927,206 | 1,081,717 |
| Government of Canada | - | 1,155 | 1,232 |
| Licenses and permits | 15,200 | 9,376 | 15,890 |
| Penalties and interest | 23,000 | 28,296 | 29,168 |
| Rents | 37,474 | 37,326 | 38,417 |
| Fees, service charges | 14,510 | 40,151 | 19,852 |
| Donations including tangible capital assets contributed | 12,000 | - | - |
| Gain(loss) on disposal of capital assets | - | 6,500 | (4,453) |
| Sale of shoreline allowances | 3,000 | 3,628 | 3,225 |
| Gas tax funding and interest earned thereon | - | 70,082 | 226,237 |
| | <u>2,875,380</u> | <u>2,972,237</u> | <u>3,172,073</u> |
| EXPENSES | | | |
| General government | 436,241 | 455,761 | 451,188 |
| Protection to persons and property | 432,241 | 406,563 | 427,745 |
| Transportation services | 762,806 | 1,259,399 | 1,348,489 |
| Environmental services | 234,834 | 264,591 | 275,683 |
| Health services | 20,273 | 15,577 | 18,387 |
| Social and family services | 568,089 | 563,211 | 569,920 |
| Recreation and cultural services | 160,446 | 187,701 | 181,906 |
| Planning and development | 42,187 | 42,357 | 41,897 |
| | <u>2,657,117</u> | <u>3,195,160</u> | <u>3,315,215</u> |
| EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE) | 218,263 | (222,923) | (143,142) |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | <u>13,901,503</u> | <u>13,901,503</u> | <u>14,044,645</u> |
| ACCUMULATED SURPLUS, END OF YEAR | <u>\$ 14,119,766</u> | <u>\$ 13,678,580</u> | <u>\$ 13,901,503</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, 2014

| | Budget <u>2014</u> | Actual <u>2014</u> | Actual <u>2013</u> |
|--|-----------------------|-----------------------|-----------------------|
| EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE) | \$ 218,263 | \$ (222,923) | \$ (143,142) |
| Acquisition of tangible capital assets | (137,202) | (131,064) | (656,655) |
| Proceeds on disposal of tangible capital assets | 6,500 | 6,500 | 4,008 |
| Amortization of tangible capital assets | - | 668,206 | 678,468 |
| (Gain) loss on sale of tangible capital assets | <u>-</u> | <u>(6,500)</u> | <u>4,453</u> |
| | <u>(130,702)</u> | <u>537,142</u> | <u>30,274</u> |
| INCREASE (DECREASE) IN NET FINANCIAL ASSETS | 87,561 | 314,219 | (112,868) |
| NET FINANCIAL ASSETS, BEGINNING OF YEAR | <u>277,661</u> | <u>394,841</u> | <u>507,709</u> |
| NET FINANCIAL ASSETS, END OF YEAR | <u>\$ 365,222</u> | <u>\$ 709,060</u> | <u>\$ 394,841</u> |

(See accompanying notes and schedule)

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014

| | <u>2014</u> | <u>2013</u> |
|---|-------------------|-------------------|
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES | | |
| Excess of (expenses over revenue) revenue over expenses | \$ (222,923) | \$ (143,142) |
| Non-cash items included in excess of revenue over expenses: | | |
| Amortization of tangible capital assets | 668,206 | 678,468 |
| Loss (gain) on disposal of tangible capital assets | <u>(6,500)</u> | <u>4,453</u> |
| | 438,783 | 539,779 |
| Non-cash charges to operations (net change): | | |
| Decrease (increase) in taxes receivable | 12,453 | (2,971) |
| Decrease (increase) in accounts receivable | 46,194 | 40,937 |
| Increase (decrease) in accounts payable and accrued liabilities | (43,736) | 106,844 |
| Increase (decrease) in deferred revenue | 2,102 | (149,365) |
| Increase in provision for landfill closure/post-closure | <u>35,381</u> | <u>39,542</u> |
| | <u>491,177</u> | <u>574,766</u> |
| CASH FLOWS FROM (USED IN) CAPITAL ACTIVITIES | | |
| Acquisition of tangible capital assets | (131,064) | (656,655) |
| Sale of tangible capital assets | <u>6,500</u> | <u>4,008</u> |
| | <u>(124,564)</u> | <u>(652,647)</u> |
| CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES | | |
| Long-term liabilities issued | 45,500 | 120,000 |
| Long-term liabilities repaid | <u>(59,379)</u> | <u>(43,636)</u> |
| | <u>(13,879)</u> | <u>76,364</u> |
| NET CHANGE IN CASH | 352,734 | (1,517) |
| CASH, BEGINNING OF YEAR | <u>512,309</u> | <u>513,826</u> |
| CASH, END OF YEAR | <u>\$ 865,043</u> | <u>\$ 512,309</u> |

(See accompanying notes and schedule)

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2014
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>2014</u> | <u>2013</u> |
|---|------------------|--------------------------|---------------------|----------------------|--------------------------------|-------------------|----------------------|----------------------|
| COST: | | | | | | | | |
| BALANCE, BEGINNING OF YEAR | \$ 43,942 | \$ 326,852 | \$ 3,279,990 | \$ 15,576,234 | \$ 552,200 | \$ 1,500,101 | \$ 21,279,319 | \$ 20,636,766 |
| Acquisition of tangible capital assets | - | - | - | - | 131,064 | - | 131,064 | 656,654 |
| Disposal of tangible capital assets | - | - | (769) | - | - | (128,612) | (129,381) | (14,101) |
| BALANCE, END OF YEAR | <u>43,942</u> | <u>326,852</u> | <u>3,279,221</u> | <u>15,576,234</u> | <u>683,264</u> | <u>1,371,489</u> | <u>21,281,002</u> | <u>21,279,319</u> |
| ACCUMULATED AMORTIZATION: | | | | | | | | |
| BALANCE, BEGINNING OF YEAR | - | 159,787 | 565,097 | 5,812,410 | 334,495 | 900,868 | 7,772,657 | 7,099,830 |
| Annual amortization | - | 17,357 | 58,921 | 490,833 | 30,268 | 70,827 | 668,206 | 678,468 |
| Accumulated amortization on disposals | - | - | (769) | - | - | (128,612) | (129,381) | (5,641) |
| BALANCE, END OF YEAR | <u>-</u> | <u>177,144</u> | <u>623,249</u> | <u>6,303,243</u> | <u>364,763</u> | <u>843,083</u> | <u>8,311,482</u> | <u>7,772,657</u> |
| NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | <u>\$ 43,942</u> | <u>\$ 149,708</u> | <u>\$ 2,655,972</u> | <u>\$ 9,272,991</u> | <u>\$ 318,501</u> | <u>\$ 528,406</u> | <u>\$ 12,969,520</u> | <u>\$ 13,506,662</u> |
| 2013 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | <u>\$ 43,942</u> | <u>\$ 167,065</u> | <u>\$ 2,714,893</u> | <u>\$ 9,763,824</u> | <u>\$ 217,705</u> | <u>\$ 599,233</u> | <u>\$ 13,506,662</u> | |

(See accompanying notes)

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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, 2014

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 not 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, 2014

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.

Tax Revenue

Tax revenues are recognized when the tax has been authorized by by-law and the taxable event has occurred.

Requisitions by School Boards operate as a flow through and are excluded from municipal revenue.

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>2014</u> | <u>2013</u> |
|---------------------------------|-------------------|-------------------|
| Property taxes | \$ 503,136 | \$ 417,733 |
| Taxation from other governments | <u>3,832</u> | <u>3,347</u> |
| Amount requisitioned | <u>\$ 506,968</u> | <u>\$ 421,080</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>2014</u> | <u>2013</u> |
|------------------|-------------------|-------------------|
| Current taxes | \$ 113,088 | \$ 129,047 |
| Prior year taxes | 48,982 | 48,373 |
| Penalties | <u>10,880</u> | <u>7,983</u> |
| | <u>\$ 172,950</u> | <u>\$ 185,403</u> |

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

NOTE 4 DEFERRED REVENUE

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

| | <u>2014</u> | <u>2013</u> |
|----------------------------------|-----------------|------------------|
| Balance at beginning of year | \$ - | \$ 149,365 |
| Gas tax funding received in year | 72,184 | 76,872 |
| Qualified expenditures in year | <u>(70,082)</u> | <u>(226,237)</u> |
| Balance at end of year | <u>\$ 2,102</u> | <u>\$ -</u> |

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 4% 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, 2014:

| | <u>Airy Site</u> | <u>Madawaska Site</u> | <u>Total 2014</u> | <u>Total 2013</u> |
|--|----------------------|---------------------------|-----------------------|-----------------------|
| Expected total expenditures | \$ 220,900 | \$ 145,198 | \$ 366,098 | \$ 366,098 |
| Amount remaining to be recognized | <u>156,958</u> | <u>35,648</u> | <u>192,606</u> | <u>227,987</u> |
| Liability recognized to date | <u>\$ 63,942</u> | <u>\$ 109,550</u> | <u>\$ 173,492</u> | <u>\$ 138,111</u> |
| Landfill site's estimated remaining capacity in cubic metres | <u>44,140</u> | <u>4,000</u> | | |
| Remaining useful life of sites (years) | <u>22</u> | <u>3</u> | | |
| Years needed for post closure care | <u>10</u> | <u>10</u> | | |

The Township has set aside a reserve of \$94,950 (2013 - \$70,000) to finance the expected closure and post closure care liabilities.

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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>2014</u> | <u>2013</u> |
|---|-------------------|-------------------|
| Loan payable maturing in July 2016, due in monthly instalments of \$3,497 including interest at 3.14% per annum | \$ 64,742 | \$ 104,009 |
| Loan payable maturing in November 2017, due in monthly instalments of \$1,326 including interest at 3.15% per annum | \$ 44,293 | \$ - |
| Long-term debt repaid in year | <u>-</u> | <u>18,905</u> |
| | <u>\$ 109,035</u> | <u>\$ 122,914</u> |

(b) Of the net long-term liabilities reported in (a) of this note all are payable from 2014 to 2017. 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.

(d) The estimated future payments over the next five years on existing net long-term liabilities at December 31, 2014 are as follows:

| | <u>Interest</u> | <u>Principal</u> | <u>Total</u> |
|------|-----------------|-------------------|-------------------|
| 2015 | \$ 2,634 | \$ 55,249 | \$ 57,883 |
| 2016 | 970 | 39,425 | 40,395 |
| 2017 | <u>227</u> | <u>14,361</u> | <u>14,588</u> |
| | <u>\$ 3,831</u> | <u>\$ 109,035</u> | <u>\$ 112,866</u> |

Interest on long-term debt amounted to \$3,141 (2013 - \$2,548).

NOTE 7 EQUITY IN TANGIBLE CAPITAL ASSETS

| | <u>2014</u> | <u>2013</u> |
|---------------------------------------|----------------------|----------------------|
| Tangible capital assets (Schedule 1) | \$ 21,281,002 | \$ 21,279,319 |
| Accumulated amortization (Schedule 1) | (8,311,482) | (7,772,657) |
| Long-term liabilities (Note 6) | <u>(109,035)</u> | <u>(122,914)</u> |
| | <u>\$ 12,860,485</u> | <u>\$ 13,383,748</u> |

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

NOTE 8 MUNICIPAL FUND BALANCES AT END OF YEAR

| | <u>2014</u> | <u>2013</u> |
|---|----------------------|----------------------|
| Internally restricted reserves | | |
| Working capital | \$ 178,794 | \$ 183,946 |
| Recreation capital expenditure | 91,600 | 42,300 |
| General government | 8,115 | 6,115 |
| Waste Disposal landfill | 94,950 | 80,000 |
| Waste disposal shelter | 13,000 | 6,500 |
| Public Works | 359,022 | 247,540 |
| Fire Services | 11,631 | 1,631 |
| Library | <u>17,600</u> | <u>16,500</u> |
| | 774,712 | 584,532 |
| Unrestricted surplus | 216,875 | 71,334 |
| Provision for landfill closure and post-closure costs | (173,492) | (138,111) |
| Equity in tangible capital assets (Note 7) | <u>12,860,485</u> | <u>13,383,748</u> |
| | <u>\$ 13,678,580</u> | <u>\$ 13,901,503</u> |

NOTE 9 CONTRIBUTIONS TO UNCONSOLIDATED ENTITIES

Contributions were made to these entities as follows:

| | <u>2014</u> | <u>2013</u> |
|---|-------------------|-------------------|
| Renfrew County and District Health Unit | \$ 15,577 | \$ 18,112 |
| District of Nipissing Social Services Board | 460,303 | 469,457 |
| East Nipissing Home for the Aged | <u>102,908</u> | <u>100,463</u> |
| | <u>\$ 578,788</u> | <u>\$ 588,032</u> |

NOTE 10 CONTRACTUAL OBLIGATION

The municipality has a contract with the Province of Ontario for policing services. The contract for 2014 was \$202,872 (2013 - \$227,171)

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.

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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.

The Township does not provide for amortization of tangible capital assets when preparing its budget.

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 Township is required to make current service contributions to OMERS of 9% of pensionable earnings up to the years maximum pensionable earnings under the Canada Pension Plan and 14.6% on pensionable earnings above the amount. Employees are required to make current service contributions of the same amount.

The amount contributed to OMERS during the year was \$42,268 (2013 - \$43,564) for current services and is included as an expenditure on the Consolidated Statement of Operations.

At December 31, 2014, OMERS disclosed on actuarial deficiency of \$7.1 billion (2013 - \$8.6 billion).

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

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>2014</u> | <u>2013</u> |
|--|---------------------|---------------------|---------------------|
| Salaries, wages and benefits | \$ 891,401 | \$ 848,350 | \$ 869,918 |
| Material and supplies and contracted services | 1,136,157 | 1,020,012 | 1,097,141 |
| Rentals and financial rentals and financial expenses | 34,197 | 37,143 | 34,754 |
| Taxation adjustments and vacancy rebates | 2,000 | 7,280 | 7,360 |
| Transfers to unconsolidated boards | 588,362 | 578,788 | 588,032 |
| Provision for landfill closure and post closure cost | 5,000 | 35,381 | 39,542 |
| Amortization of tangible capital assets | - | 668,206 | 678,468 |
| | <u>\$ 2,657,117</u> | <u>\$ 3,195,160</u> | <u>\$ 3,315,215</u> |