

**THE CORPORATION OF THE
TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the consolidated financial statements of The Corporation of the Township of South Algonquin, which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, the consolidated change in its net financial assets (debt) and its consolidated cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The comparative financial statements as at December 31, 2017 have been restated as disclosed in Note 2 to the financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



PAHAPILL and ASSOCIATES Chartered Accountants Professional Corporation

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Huntsville, Ontario
September 04, 2019

Pahapill and Associates

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 SOUTH ALGONQUIN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	2018	2017 (Note 2)
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 1,291,827	\$ 1,944,895
Accounts receivable, no allowance	636,529	118,312
Taxes receivable	175,434	162,804
	2,103,790	2,226,011
LIABILITIES		
Accounts payable and accrued liabilities	200,958	186,599
Deferred revenue (Note 5)	138,540	118,967
Municipal debt (Note 6)	9,744	28,833
Landfill closure and post-closure liability (Note 8)	278,647	273,925
	627,889	608,324
NET FINANCIAL ASSETS	1,475,901	1,617,687
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 11, Schedule 1)	8,521,346	6,556,617
Prepaid expenses	11,471	6,812
	8,532,817	6,563,429
ACCUMULATED SURPLUS	\$ 10,008,718	\$ 8,181,116
CONTINGENT LIABILITIES (Note 10)		

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

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget 2018 (Note 13)	Actual 2018	Actual 2017 (Note 2)
REVENUE			
Property taxes	\$ 2,226,140	\$ 2,223,700	\$ 2,150,056
User fees	44,640	62,017	58,830
Government transfers	2,475,350	2,471,601	964,827
Other	223,100	334,947	166,671
TOTAL REVENUE	4,969,230	5,092,265	3,340,384
EXPENSES			
General government	508,908	491,300	430,754
Protection to persons and property	599,571	556,454	547,836
Transportation services	1,026,947	945,071	931,158
Environmental services	291,001	296,403	278,794
Health services	32,633	25,553	32,851
Social and family services	597,771	597,610	591,275
Recreation and culture	296,217	268,329	238,571
Planning and development	96,160	83,943	92,081
TOTAL EXPENSES	3,449,208	3,264,663	3,143,320
ANNUAL SURPLUS	1,520,022	1,827,602	197,064
ACCUMULATED SURPLUS, BEGINNING OF YEAR	8,181,116	8,181,116	7,984,052
ACCUMULATED SURPLUS, END OF YEAR	\$ 9,701,138	\$ 10,008,718	\$ 8,181,116

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

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget 2018 (Note 13)	Actual 2018	Actual 2017 (Note 2)
Annual surplus	\$ 1,520,022	\$ 1,827,602	\$ 197,064
Acquisition of tangible capital assets	(2,422,985)	(2,422,985)	(313,377)
Amortization of tangible capital assets	436,027	436,027	465,168
(Gain) loss on sale of tangible capital assets	-	(87,410)	461
Proceeds on sale of tangible capital assets	-	109,639	-
Change in prepaid expenses	-	(4,659)	3,840
Increase in net financial assets	(466,936)	(141,786)	353,156
Net financial assets, beginning of year	1,617,687	1,617,687	1,264,531
Net financial assets, end of year	\$ 1,150,751	\$ 1,475,901	\$ 1,617,687

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

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017 (Note 2)
Operating transactions		
Annual surplus (deficit)	\$ 1,827,602	\$ 197,064
Non-cash charges to operations:		
Amortization	436,027	465,168
Loss (gain) on sale of tangible capital assets	(87,410)	461
	2,176,219	662,693
Changes in non-cash assets and liabilities:		
Accounts receivable	(518,217)	(23,568)
Taxes receivable	(12,630)	10,064
Accounts payable and accrued liabilities	14,359	54,143
Deferred revenue	19,573	32,010
Landfill closure and post closure liability	4,722	4,722
Prepaid expenses	(4,659)	3,840
	(496,852)	81,211
Cash provided by operating transactions	1,679,367	743,904
Capital transactions		
Acquisition of tangible capital assets	(2,422,985)	(313,377)
Proceeds on disposal of tangible capital asset	109,639	-
Cash applied to capital transactions	(2,313,346)	(313,377)
Investing transactions		
Cash provided by investing transactions	-	-
Financing transactions		
Debt principal repayments	(19,089)	(32,932)
Cash applied to financing transactions	(19,089)	(32,932)
Net change in cash and cash equivalents	(653,068)	397,595
Cash and cash equivalents, beginning of year	1,944,895	1,547,300
Cash and cash equivalents, end of year	\$ 1,291,827	\$ 1,944,895

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2018

The Corporation of the Township of South Algonquin 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 South Algonquin (the "Municipality") are prepared by management in accordance with Canadian public sector accounting standards for local governments as recommended in the Public Sector Accounting Board "PSAB" 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:
South Algonquin Public Library Board

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

(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.

(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 - 15-50 years
Buildings - 20-60 years
Machinery, equipment and furniture - 5-20 years
Vehicles - 5-25 years
Linear assets- 15-40 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, 2018

(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 public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. 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

The comparative figures included in these financial statements have been restated to conform with the accounting and reporting practices adopted for the current year.

During the year, the Township completed an internal review of its capital assets. As a result of this review, several errors in certain recorded historical costs and related amortization were identified, primarily related to roads. These errors have been corrected on a retroactive restated basis.

The effects of this restatement are as follows:

Year ended December 31, 2017

ACCUMULATED SURPLUS	
Accumulated surplus, as previously reported	13,474,514
Net book value change of tangible capital assets recorded	(5,296,371)
Work in progress not capitalized	2,973
ACCUMULATED SURPLUS, AS RESTATED	\$ 8,181,116

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2018

ANNUAL SURPLUS	
Annual surplus (deficit) as previously reported	(19,083)
Adjustment to amortization expense	213,174
Transfer to work in process	2,973
ANNUAL SURPLUS (DEFICIT), AS RESTATED	\$ 197,064

3. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2018	2017
District of Nipissing Social Services Administration Board	\$ 478,910	\$ 474,743
Renfrew County and District Health Unit	19,476	19,476
East Nipissing District Home for the Aged	105,963	104,714
Total contributions made	\$ 604,349	\$ 598,933

The Municipality is contingently liable for its share, if any, of the accumulated deficits as at the end of the year for these boards. The Municipality's share of the accumulated surpluses (or deficits) of these boards has not been determined at this time.

The Municipality is also contingently liable for its share, if any, of the long-term liabilities issued by other municipalities for these boards. The Municipality's share of these long-term liabilities has not been determined at this time.

4. OPERATIONS OF SCHOOL BOARDS

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

	2018	2017
Payable at the beginning of the year	\$ -	\$ -
Taxation and payments-in-lieu, net of adjustments	483,019	495,140
Remitted during the year	(483,019)	(495,140)
Payable (Receivable) at the end of the year	\$ -	\$ -

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2018

5. DEFERRED REVENUE

The 2018 continuity of transactions within the obligatory reserve funds and other deferred revenue are described below:

	Balance beginning of year	Contributions received	Interest earned	Amounts taken into revenue	Balance end of year
Federal gas tax	87,048	77,143	734	(70,000)	94,925
Library Conditional Grant	6,796	-	-	(6,796)	-
Other	25,123	38,615	-	(20,123)	43,615
	\$ 118,967	\$ 115,758	\$ 734	\$ (96,919)	\$ 138,540

6. MUNICIPAL DEBT

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

	2018	2017
Loan payable, due June 2019, repayable in monthly instalments of \$1,637 including interest at 2.75% per annum and is unsecured.	9,744	28,833
	\$ 9,744	\$ 28,833

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

	Principal		Interest	
2019	\$	9,744	\$	78
	\$	9,744	\$	78

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

	2018		2017	
Principal payments	\$	19,089	\$	32,932
Interest		554		1,298
	\$	19,643	\$	34,230

7. CREDIT FACILITY AGREEMENT

The Township has an authorized operating loan with its main financial institution. The amount available at any time is limited to \$300,000 (2017 \$300,000), of which NIL (2017 NIL) was used at the end of the year. Any balance borrowed will accrue interest at 3.95% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2018

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 two waste disposal sites. The total landfill closure and post-closure estimates for the usable footprints are as follows:

<u>Airy site</u>		
Total estimated expenditures for closure and post-closure care		\$220,900
Reported liability in current year		\$137,732
Total expenditures remaining to be recognized		\$83,168
Utilization/year		1,000 m ³
Estimated remaining usable capacity		40,140 m ³
Remaining landfill site life		41 years
Number of years required for post-closure care		10 years
 <u>Madawaska site</u>		
Total estimated expenditures for closure and post-closure care		\$145,198
Reported liability in current year		\$140,915
Total expenditures remaining to be recognized		\$4,283
Utilization/year		730 m ³
Estimated remaining usable capacity		1,180 m ³
Remaining landfill site life		2 years
Number of years required for post-closure care		10 years

The Township has set aside a reserve of \$266,100 (2017 \$266,100) to meet closure and post-closure obligations.

9. CONTRACTUAL OBLIGATIONS

The municipality has a contract with the Province of Ontario for policing services. The contract for 2018 was \$340,102 (2017 - \$341,342).

10. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2018

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.

- (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 SOUTH ALGONQUIN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2018

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 management.

Health Services

This segment includes ambulance services as well as payments to the district health unit.

Social and Family Services

This segment consists primarily of payments made to the district social services administration board and home for the aged for the provision of social services such as childcare, social housing, general assistance and assistance to the elderly.

Recreation and Culture

This segment includes parks, recreation programs, recreation facilities 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 SOUTH ALGONQUIN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2018

12. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2018

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Culture	Planning and Development	Unallocated Amounts	Consolidated
REVENUE									\$ 2,223,700	\$ 2,223,700
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,512	\$ -	-	62,017
User fees	4,204	21,427	19,367	15,507	-	-	64,627	-	-	2,471,601
Government transfers	1,017,071	2,878	1,382,663	4,362	-	-	33,662	21,739	87,947	334,947
Other	143,437	14,311	587	3,923	29,341	-	99,801	21,739	-	-
TOTAL REVENUE	1,164,712	38,616	1,402,617	23,792	29,341	-	99,801	21,739	2,311,647	5,092,265
EXPENSES										
Salaries, wages and benefits	329,399	107,571	344,052	153,208	-	-	113,645	17,975	-	1,065,850
Long-term debt charges (interest)	-	554	-	-	-	-	-	-	-	554
Operating expenses	143,033	416,798	293,522	130,774	20,670	596,189	95,278	65,968	-	1,762,232
Amortization	18,868	31,531	307,497	12,421	4,883	1,421	59,406	-	-	436,027
TOTAL EXPENSES	491,300	556,454	945,071	296,403	25,553	597,610	268,329	83,943	-	3,264,663
ANNUAL SURPLUS (DEFICIT)	\$ 673,412	\$ (517,838)	\$ 457,546	\$ (272,611)	\$ 3,788	\$ (597,610)	\$ (168,528)	\$ (62,204)	\$ 2,311,647	\$ 1,827,602

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2018

12. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2017

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Culture	Planning and Development	Unallocated Amounts	Consolidated (Restated - Note 2)
REVENUE									\$ 2,150,056	\$ 2,150,056
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	58,830
User fees	5,589	21,653	1,260	28,965	-	-	1,363	-	-	964,827
Government transfers	861,400	2,045	78,644	5,706	-	-	17,032	-	-	166,671
Other	68,671	20,369	1,089	7,025	27,463	-	37,720	4,795	(461)	
TOTAL REVENUE	935,660	44,067	80,993	41,696	27,463	-	56,115	4,795	2,149,595	3,340,384
EXPENSES										
Salaries, wages and benefits	286,390	96,289	357,411	141,949	-	-	88,736	14,130	-	984,905
Long-term debt charges (Interest)	-	1,071	227	-	-	-	-	-	-	1,298
Operating expenses	126,945	419,841	231,514	125,028	27,968	589,854	92,848	77,951	-	1,691,949
Amortization	17,419	30,635	342,006	11,817	4,883	1,421	56,987	-	-	465,168
TOTAL EXPENSES	430,754	547,836	931,158	278,794	32,851	591,275	238,571	92,081	-	3,143,320
ANNUAL SURPLUS (DEFICIT)	\$ 504,906	\$ (503,769)	\$ (850,165)	\$ (237,098)	\$ (5,388)	\$(591,275)	\$ (182,456)	\$ (87,286)	\$ 2,149,595	\$ 197,064

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2018

13. BUDGET FIGURES

The unaudited budget adopted for the current year was prepared on a fund basis, and has been amended 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. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2018. The results of this valuation disclosed total actuarial liabilities of \$99,058 million with respect to benefits accrued for service with actuarial assets at that date of \$94,867 million indicating an actuarial deficit of \$4,191 million. Because OMERS is a multi employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2018 was \$55,181 (2017 \$43,545) for current service and is included as an expense on the Consolidated Statement of Operations.

15. COMPARATIVE FIGURES

Certain 2017 amounts in these financial statements have been reclassified to conform with their presentation in 2018.

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

Schedule 1

	Land	Land Improvements	Buildings	Machinery, Equipment and Furniture	Roads and Bridges	Vehicles	Assets Under Construction	TOTAL 2018	TOTAL 2017 (Note 2)
COST									
Balance, beginning of year	\$ 43,942	\$ 452,050	\$ 3,382,394	\$ 722,059	\$ 7,997,021	\$ 1,422,367	\$ 72,738	\$ 14,092,571	\$ 13,781,713
Additions and betterments	-	22,747	55,745	108,909	1,966,492	248,467	20,625	2,422,985	313,377
Disposals and writedowns	-	-	(66,086)	-	-	(182,291)	-	(248,377)	(2,519)
Allocation from work in progress	-	-	26,841	-	42,924	-	(69,765)	-	-
BALANCE, END OF YEAR	43,942	474,797	3,398,894	830,968	10,006,437	1,488,543	23,598	16,267,179	14,092,571
ACCUMULATED AMORTIZATION									
Balance, beginning of year	-	233,794	810,516	442,904	5,010,732	1,038,008	-	7,535,954	7,072,844
Annual amortization	-	22,687	65,874	32,991	261,533	52,942	-	436,027	465,168
Amortization disposals	-	-	(43,857)	-	-	(182,291)	-	(226,148)	(2,058)
BALANCE, END OF YEAR	-	256,481	832,533	475,895	5,272,265	908,659	-	7,745,833	7,535,954
TANGIBLE CAPITAL ASSETS-NET	\$ 43,942	\$ 218,316	\$ 2,566,361	\$ 355,073	\$ 4,734,172	\$ 579,884	\$ 23,598	\$ 8,521,346	\$ 6,556,617

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
SUPPLEMENTARY FINANCIAL INFORMATION
LIBRARY BOARD

Condensed financial information in respect to South Algonquin Library Board is provided below.

	2018	2017	
FINANCIAL ASSETS			
Cash and cash equivalents	\$ 10,268	\$ 3,804	
Due from own municipality	29,032	35,362	
	39,300	39,166	
LIABILITIES			
Deferred revenue	-	6,796	
	-	6,796	
NET FINANCIAL ASSETS	39,300	32,370	
NON-FINANCIAL ASSETS			
Tangible capital assets - net	215,808	216,217	
	215,808	216,217	
ACCUMULATED SURPLUS	\$ 255,108	\$ 248,587	
	Budget 2018 (Note 13)	Actual 2018	Actual 2017
REVENUE			
Municipal contributions	\$ 67,690	\$ 67,690	\$ 61,703
Provincial grants	14,050	13,860	11,655
Other	150	371	163
TOTAL REVENUE	81,890	81,921	73,521
EXPENSES			
Wages and benefits	35,100	38,099	32,689
Books, periodicals and small equipment	12,800	12,999	11,337
Operating supplies and maintenance	23,260	16,993	16,291
Amortization	7,309	7,309	6,324
TOTAL EXPENSES	78,469	75,400	66,641
ANNUAL SURPLUS (DEFICIT)	3,421	6,521	6,880
ACCUMULATED SURPLUS, BEGINNING OF YEAR	248,587	248,587	241,707
ACCUMULATED SURPLUS, END OF YEAR	\$ 252,008	\$ 255,108	\$ 248,587