THE CORPORATION OF THE

TOWNSHIP OF ALGONQUIN HIGHLANDS

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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 financial statements of The Corporation of the Township of Algonquin Highlands, which comprise of the consolidated statement of financial position as at December 31, 2013 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 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 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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 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, 2013, and the consolidated results of its operations, the consolidated change in its net financial assets and its consolidated cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Pahapill and Associates

Huntsville, Ontario
May 01, 2014

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

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THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013

	2013	2012
FINANCIAL ASSETS		
Cash and cash equivalents	$ 4,188,467	$ 3,228,973
Accounts receivable	1,345,879	1,261,906
	5,534,346	**4,490,879**
LIABILITIES		
Accounts payable and accrued liabilities	618,069	482,176
Deferred revenue *(Note 4)*	382,939	162,364
Municipal debt *(Note 5)*	365,250	413,950
Landfill closure and post-closure liability *(Note 7)*	1,548,923	1,512,726
	2,915,181	**2,571,216**
NET FINANCIAL ASSETS	**2,619,165**	**1,919,663**
NON-FINANCIAL ASSETS		
Tangible capital assets - net *(Note 10, Schedule 1)*	8,440,223	8,805,133
Prepaid expenses	17,332	531
	8,457,555	**8,805,664**
ACCUMULATED SURPLUS	**$ 11,076,720**	**$ 10,725,327**

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, 2013

	Budget 2013 (Note 12)	Actual 2013	Actual 2012
REVENUE			
Property taxes	$ 3,889,997	$ 3,861,265	$ 3,842,744
User fees	1,004,781	1,006,322	1,109,587
Government transfers	1,842,264	916,711	1,010,078
Other municipalities	144,180	175,251	156,519
Other	221,575	266,745	257,882
TOTAL REVENUE	**7,102,797**	**6,226,294**	**6,376,810**
EXPENSES			
General government	877,936	844,885	791,162
Protection to persons and property	1,278,864	1,294,217	1,252,266
Transportation services	2,272,034	2,065,366	2,092,461
Environmental services	693,510	616,407	643,013
Health services	23,175	20,214	16,889
Recreation and culture	876,600	928,644	806,188
Planning and development	119,819	105,168	123,048
TOTAL EXPENSES	**6,141,938**	**5,874,901**	**5,725,027**
ANNUAL SURPLUS	**960,859**	**351,393**	**651,783**
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**10,725,327**	**10,725,327**	**10,073,544**
ACCUMULATED SURPLUS, END OF YEAR	**$ 11,686,186**	**$ 11,076,720**	**$ 10,725,327**

THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget 2013 (Note 12)	Actual 2013	Actual 2012
Annual surplus	$ 960,859	$ 351,393	$ 651,783
Acquisition of tangible capital assets	(506,340)	(506,340)	(945,215)
Amortization of tangible capital assets	835,432	835,432	1,009,143
Allocation from work in progress	-	-	85,509
Loss (gain) on sale of tangible capital assets	-	(7,370)	(2,310)
Proceeds on sale of tangible capital assets	-	43,188	3,905
Use of prepaid expenses	-	(16,801)	1,084
Increase in net financial assets	1,289,951	699,502	803,899
Net financial assets, beginning of year	1,919,663	1,919,663	1,115,764
Net financial assets, end of year	**$ 3,209,614**	**$ 2,619,165**	**$ 1,919,663**

THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2013

		2013		2012
Operating transactions				
Annual surplus (deficit)	$	351,393	$	651,783
Non-cash charges to operations:				
Amortization		835,432		1,009,143
Loss (gain) on sale of tangible capital assets		(7,370)		(2,310)
		1,179,455		1,658,616
Changes in non-cash assets and liabilities:				
Accounts receivable		(83,973)		75,475
Accounts payable and accrued liabilities		135,893		(173,315)
Deferred revenue-general		220,575		(167,628)
Landfill closure and post closure liability		36,197		36,196
Prepaid expenses		(16,801)		1,084
		291,891		(228,188)
Cash provided by operating transactions		1,471,346		1,430,428
Capital transactions				
Acquisition of tangible capital assets		(506,340)		(945,215)
Allocation from work in progress		-		85,509
Proceeds on disposal of tangible capital asset		43,188		3,905
Cash applied to capital transactions		(463,152)		(855,801)
Investing transactions				
Cash provided by investing transactions		-		-
Financing transactions				
Debt principal repayments		(48,700)		(48,700)
Cash applied to financing transactions		(48,700)		(48,700)
Net change in cash and cash equivalents		**959,494**		**525,927**
Cash and cash equivalents, beginning of year		**3,228,973**		**2,703,046**
Cash and cash equivalents, end of year	**$**	**4,188,467**	**$**	**3,228,973**
Cash flow supplementary information:				
Taxation and investment interest income received	$	192,120	$	190,211
Interest paid		15,062		16,846
Net interest received	$	177,058	$	173,365

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

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 Canadian Institute of Chartered Accountants. 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.

(a) Tangible capital assets
Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets received as donations are recorded at their fair value at the date of receipt. 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) 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.

(iv) Deferred revenue
The Municipality receives gas tax revenue from the Federal Government, payments in lieu of parkland and building permit fees 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.

(v) 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.

(vi) 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.

(vii) Use of estimates
The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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. Actual results could differ from these estimates. The estimates are reviewed periodically and any resulting adjustments are reported in earnings in the year in which they become known.

2. 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:

	2013 School Boards	2013 County	2013 Total	2012 Total
Payable at the beginning of the year	$ 28,858	$ 18,408	$ 47,266	$ -
Taxation and payments-in-lieu, net of adjustments	3,172,145	2,626,521	5,798,666	5,917,410
Remitted during the year	(3,169,014)	(2,616,469)	(5,785,483)	(5,870,144)
Payable at the end of the year	**$ 31,989**	**$ 28,460**	**$ 60,449**	**$ 47,266**

3. TRUST FUNDS

Trust funds administered by the Township amounting to $103,576 (2012 $98,116) 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.

4. DEFERRED REVENUE

The 2013 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
Parkland	$ 125,941	$ 1,600	$ 1,272	$ -	$ 128,813
Federal gas tax	8,823	60,614	234	(68,000)	1,671
Other	27,600	285,074	-	(60,219)	252,455
	$ 162,364	**$ 347,288**	**$ 1,506**	**$ (128,219)**	**$ 382,939**

5. MUNICIPAL DEBT

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

	2013	2012
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.	$ 365,250	$ 413,950
	$ 365,250	**$ 413,950**

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

	Principal	Interest
2014	$ 48,700	$ 13,126
2015	48,700	11,322
2016	48,700	9,560
2017	48,700	7,716
2018	48,700	5,900
2019 onwards	121,750	6,821
	$ 365,250	**$ 54,445**

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

	2013	2012
Principal payments	$ 48,700	$ 48,700
Interest	15,062	16,846
	$ 63,762	**$ 65,546**

The annual principal and interest payments required to service the Municipality's debt were within the annual debt repayment limit of $1,199,519 prescribed by the Ministry of Municipal Affairs and Housing.

6. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to $700,000 (2012 $700,000) 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 13-02, of which NIL (2012 NIL) was used at the end of the year.

7. 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	$1,770,120
Reported liability in current year	$1,548,923
Total expenditures remaining to be recognized	$221,197
Utilization/year	3,779m^3
Estimated remaining usable capacity	39,777m^3
Remaining landfill site life	114 years
Number of years required for post-closure care	25 years

8. 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.

9. COMMITMENTS

In 2010 the Township entered into a contract related to the Airport Development Project in the amount of $2,266,000. As at December 31, 2013, $565,000 of this contract had been completed. Two thirds of the project will be funded through Federal and Provincial grants and the one third Municipal contribution will be funded through short-term borrowings.

The Township entered into a four 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 $97,760 per year.

10. 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, 2013

11. 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 sanitary sewers, waterworks and solid waste management.

Health Services
This segment includes cemeteries, ambulance services as well as payments to the district health unit.

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

Recreation and Culture
This segment includes parks, recreation programs, recreation facilities 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, 2013

11. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2013	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Culture	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$3,861,265	$3,861,265
User fees	20,405	157,249	245,716	189,623	16,740	-	353,289	23,300	-	1,006,322
Government transfers	21,478	8,199	764,431	-	-	-	89,417	33,186	-	916,711
Other municipalities	5,000	21,280	132,272	-	-	-	16,699	-	-	175,251
Other	192,120	31,919	-	160	3,187	-	24,432	-	14,927	266,745
TOTAL REVENUE	239,003	218,647	1,142,419	189,783	19,927	-	483,837	56,486	3,876,192	6,226,294
EXPENSES										
Salaries, wages and benefits	625,203	510,413	716,198	114,044	15,400	-	494,903	61,142	-	2,537,303
Long-term debt charges (interest)	-	15,062	-	-	-	-	-	-	-	15,062
Operating expenses	209,396	649,269	749,748	486,694	4,814	-	349,026	38,157	-	2,487,104
Amortization	10,286	119,473	599,420	15,669	-	-	84,715	5,869	-	835,432
TOTAL EXPENSES	844,885	1,294,217	2,065,366	616,407	20,214	-	928,644	105,168	-	5,874,901
ANNUAL SURPLUS (DEFICIT)	$ (605,882)	$(1,075,570)	$ (922,947)	$ (426,624)	$ (287)	$ -	$ (444,807)	$ (48,682)	$3,876,192	$ 351,393

THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2013

11. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2012	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										
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,842,744	$ 3,842,744
User fees	11,444	119,534	362,275	226,064	10,455	-	354,081	25,734	-	1,109,587
Government transfers	-	13,743	940,200	-	-	-	54,345	1,790	-	1,010,078
Other municipalities	5,000	15,942	122,374	-	-	-	13,203	-	-	156,519
Other	190,211	20,616	-	80	2,780	-	25,923	-	18,272	257,882
TOTAL REVENUE	206,655	169,835	1,424,849	226,144	13,235	-	447,552	27,524	3,861,016	6,376,810
EXPENSES										
Salaries, wages and benefits	588,195	423,322	687,945	149,836	12,304	-	441,368	56,767	-	2,359,737
Long-term debt charges (interest)	-	16,846	-	-	-	-	-	-	-	16,846
Operating expenses	192,682	696,031	586,456	477,508	4,585	-	321,627	60,412	-	2,339,301
Amortization	10,285	116,067	818,060	15,669	-	-	43,193	5,869	-	1,009,143
TOTAL EXPENSES	791,162	1,252,266	2,092,461	643,013	16,889	-	806,188	123,048	-	5,725,027
ANNUAL SURPLUS (DEFICIT)	$ (584,507)	$ (1,082,431)	$ (667,612)	$ (416,869)	$ (3,654)	$ -	$ (358,636)	$ (95,524)	$ 3,861,016	$ 651,783

12. 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.

13. 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 2013 was $141,707 (2012 $129,513) 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, 2013

Schedule 1

	Land and Land Improvements	Buildings	Machinery, Equipment and Furniture	Vehicles	Roads and Bridges	Lagoon	Assets Under Construction	TOTAL 2013	TOTAL 2012
COST									
Balance, beginning of year	$ 2,182,490	$ 2,192,848	$ 956,898	$ 3,925,488	$ 10,644,208	$ 137,053	$ 870,881	$ 20,909,866	$ 20,082,056
Additions and betterments	10,405	-	56,872	170,023	168,743	-	100,297	506,340	945,215
Disposals and writedowns	-	-	-	(83,203)	-	-	-	(83,203)	(117,405)
BALANCE, END OF YEAR	2,192,895	2,192,848	1,013,770	4,012,308	10,812,951	137,053	971,178	21,333,003	20,909,866
ACCUMULATED AMORTIZATION									
Balance, beginning of year	131,590	1,168,667	411,052	2,624,120	7,755,599	13,705	-	12,104,733	11,125,891
Annual amortization	57,825	54,309	77,722	231,022	411,127	3,427	-	835,432	1,009,143
Amortization disposals	-	-	-	(47,385)	-	-	-	(47,385)	(30,301)
BALANCE, END OF YEAR	189,415	1,222,976	488,774	2,807,757	8,166,726	17,132	-	12,892,780	12,104,733
TANGIBLE CAPITAL ASSETS-NET	$ 2,003,480	$ 969,872	$ 524,996	$ 1,204,551	$ 2,646,225	$ 119,921	$ 971,178	$ 8,440,223	$ 8,805,133