

**THE CORPORATION OF THE
TOWNSHIP OF ALGONQUIN HIGHLANDS
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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

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



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Algonquin Highlands, which comprise of the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of operations, the consolidated change in its net financial assets and consolidated cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Township of Algonquin Highlands as at December 31, 2016, and the consolidated results of its operations, the consolidated change in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Huntsville, Ontario
May 04, 2017

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 ALGONQUIN HIGHLANDS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 4,082,604	\$ 4,248,906
Accounts receivable	1,285,567	1,311,761
	5,368,171	5,560,667
LIABILITIES		
Accounts payable and accrued liabilities	667,747	1,105,564
Deferred revenue (Note 4)	226,268	194,473
Municipal debt (Note 5)	219,150	267,850
Landfill closure and post-closure liability (Note 7)	1,707,129	1,679,959
	2,820,294	3,247,846
NET FINANCIAL ASSETS	2,547,877	2,312,821
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 10, Schedule 1)	13,670,643	13,075,634
Inventories of supplies	31,883	14,187
Prepaid expenses	22,870	19,746
	13,725,396	13,109,567
ACCUMULATED SURPLUS	\$ 16,273,273	\$ 15,422,388

CONTINGENT LIABILITIES (Note 8)

COMMITMENTS (Note 9)

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, 2016

	Budget 2016 (Note 12)	Actual 2016	Actual 2015
REVENUE			
Property taxes	\$ 4,594,873	\$ 4,627,581	\$ 4,310,197
User fees	997,398	1,188,137	1,154,060
Government transfers	1,034,576	1,127,142	1,184,187
Other municipalities	186,590	222,239	166,412
Other	272,230	397,188	365,691
TOTAL REVENUE	7,085,667	7,562,287	7,180,547
EXPENSES			
General government	910,426	884,708	849,874
Protection to persons and property	1,772,062	1,707,329	1,353,047
Transportation services	2,430,528	2,239,434	2,201,762
Environmental services	731,333	716,720	909,156
Health services	23,920	40,621	15,993
Recreation and culture	1,122,519	978,676	939,253
Planning and development	148,541	143,914	111,389
TOTAL EXPENSES	7,139,329	6,711,402	6,380,474
ANNUAL SURPLUS	(53,662)	850,885	800,073
ACCUMULATED SURPLUS, BEGINNING OF YEAR	15,422,388	15,422,388	14,622,315
ACCUMULATED SURPLUS, END OF YEAR	\$ 15,368,726	\$ 16,273,273	\$ 15,422,388

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

THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget 2016 (Note 12)	Actual 2016	Actual 2015
Annual surplus	\$ (53,662)	\$ 850,885	\$ 800,073
Acquisition of tangible capital assets	(1,756,007)	(1,756,007)	(1,807,538)
Amortization of tangible capital assets	1,157,507	1,157,507	1,023,634
Allocation from work in progress	-	-	38,585
Loss (gain) on sale of tangible capital assets	-	(29,438)	(61,416)
Proceeds on sale of tangible capital assets	-	32,929	61,416
Consumption of supplies inventories	-	(17,696)	13,613
Use of prepaid expenses	-	(3,124)	(1,927)
Increase in net financial assets	(652,162)	235,056	66,440
Net financial assets, beginning of year	2,312,821	2,312,821	2,246,381
Net financial assets, end of year	\$ 1,660,659	\$ 2,547,877	\$ 2,312,821

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

THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
Operating transactions		
Annual surplus (deficit)	\$ 850,885	\$ 800,073
Non-cash charges to operations:		
Amortization	1,157,507	1,023,634
Loss (gain) on sale of tangible capital assets	(29,438)	(61,416)
	1,978,954	1,762,291
Changes in non-cash assets and liabilities:		
Accounts receivable	26,194	328,272
Accounts payable and accrued liabilities	(437,817)	163,155
Deferred revenue-general	31,795	(9,987)
Landfill closure and post closure liability	27,170	104,304
Inventories of supplies	(17,696)	13,613
Prepaid expenses	(3,124)	(1,927)
	(373,478)	597,430
Cash provided by operating transactions	1,605,476	2,359,721
Capital transactions		
Acquisition of tangible capital assets	(1,756,007)	(1,807,538)
Allocation from work in progress	-	38,585
Proceeds on disposal of tangible capital asset	32,929	61,416
Cash applied to capital transactions	(1,723,078)	(1,707,537)
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	(166,302)	603,484
Cash and cash equivalents, beginning of year	4,248,906	3,645,422
Cash and cash equivalents, end of year	\$ 4,082,604	\$ 4,248,906
Cash flow supplementary information:		
Taxation and investment interest income received	\$ 188,232	\$ 189,850
Interest paid	9,560	11,349
Net interest received	\$ 178,672	\$ 178,501

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear Ended December 31, 2016

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

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Township of Algonquin Highlands (the "Municipality") are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended in the Public Sector Accounting Board of the Chartered Professional Accountants Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenues, expenses and reserve and reserve fund balances of the reporting entity. The reporting entity is comprised of all committees of Council and the boards, joint boards and municipal enterprises for which Council is politically accountable as follows:

(i) Consolidated entities

The following local boards are consolidated:
Algonquin Highlands Cemetery Board

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

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

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

(iii) Trust funds

Trust funds administered by the Municipality are not included in these consolidated financial statements, but are reported separately on the trust funds financial statements.

(b) Basis of Accounting**(i) Accrual basis of accounting**

Sources of financing and expenditures are reported on the accrual basis of accounting. This method recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Non-financial assets

Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of Municipal services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2016

(a) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets received as donations are recorded at their fair value at the date of receipt. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

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

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

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

(b) Inventories of supplies

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

(iii) Reserves and reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Consolidated Statement of Financial Position.

(iv) Government transfers

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

(v) Deferred revenue

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

(vi) Taxation and related revenues

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

(vii) Pensions

The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan.

(viii) Use of estimates

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

2. 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:

	2016 School Boards	2016 County	2016 Total	2015 Total
Payable at the beginning of the year	\$ 36,639	\$ 25,726	\$ 62,365	\$ 72,371
Taxation and payments-in-lieu, net of adjustments	3,029,645	2,992,023	6,021,668	5,912,028
Remitted during the year	(3,066,284)	(3,017,749)	(6,084,033)	(5,922,034)
Payable at the end of the year	\$ -	\$ -	\$ -	\$ 62,365

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

3. TRUST FUNDS

Trust funds administered by the Township amounting to \$117,065 (2015 \$111,735) 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 2016 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	\$ 99,625	\$ 3,700	\$ 733	\$ (40,000)	\$ 64,058
Federal gas tax	25,472	65,549	343	(56,000)	35,364
Other	69,376	126,846	-	(69,376)	126,846
	\$ 194,473	\$ 196,095	\$ 1,076	\$ (165,376)	\$ 226,268

5. MUNICIPAL DEBT

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

	2016	2015
Debt 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.	\$ 219,150	\$ 267,850
	\$ 219,150	\$ 267,850

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

	Principal	Interest
2017	\$ 48,700	\$ 7,717
2018	48,700	5,900
2019	48,700	4,103
2020	48,700	2,265
2021	24,350	453
	\$ 219,150	\$ 20,438

THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

10

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2016

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

	2016	2015
Principal payments	\$ 48,700	\$ 48,700
Interest	9,560	11,349
	\$ 58,260	\$ 60,049

The annual principal and interest payments required to service the Municipality's debt were within the annual debt repayment limit of \$1,255,441 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 for facility A is limited to \$700,000 (2015 \$700,000) via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate plus 0.50% per annum. The amount available at any time for facility B is limited to \$1,000,000 (2015 \$2,000,000) via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate plus 0.50% per annum. Council authorized the temporary borrowing limit by By-law 2016-2, of which NIL (2015 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	\$2,791,880
Reported liability in current year	\$1,707,129
Total expenditures remaining to be recognized	\$1,084,751
Utilization/year	4,088m ³
Estimated remaining usable capacity	165,810m ³
Remaining landfill site life	86 years
Number of years required for post-closure care	25 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2016

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

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

Subsequent to the year end, the Township entered into a construction services agreement in the amount of \$268,000 for the completion of improvements to the municipal offices.

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, 2016

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 solid waste and lagoon management.

Health Services

This segment includes cemeteries.

Recreation and Culture

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

Planning and Development

This segment includes activities related to planning, zoning and economic development.

Unallocated Amounts

Items are recorded as unallocated amounts when there is no reasonable basis for allocating them to a segment. Major items included in this category are property taxation and related penalty and interest charges, and the municipality's annual Ontario Municipal Partnership Fund unconditional grant.

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

THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

11. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2016

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Culture	Planning and Development	Unallocated Amounts	Consolidated
REVENUE									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,627,581	\$ 4,627,581
User fees	22,025	211,713	262,679	213,520	13,642	424,212	40,346	-	1,188,137
Government transfers	-	2,813	986,200	(2,118)	-	140,247	-	-	1,127,142
Other municipalities	5,000	18,618	180,545	-	-	18,076	-	-	222,239
Other	188,232	94,983	-	3,615	2,896	20,878	-	86,584	397,188
TOTAL REVENUE	215,257	328,127	1,429,424	215,017	16,538	603,413	40,346	4,714,165	7,562,287
EXPENSES									
Salaries, wages and benefits	650,231	472,723	832,469	122,490	16,495	533,009	106,453	-	2,733,870
Long-term debt charges (interest)	-	9,560	-	-	-	-	-	-	9,560
Operating expenses	225,702	1,069,153	524,697	554,732	24,126	381,110	30,945	-	2,810,465
Amortization	8,775	155,893	882,268	39,498	-	64,557	6,516	-	1,157,507
TOTAL EXPENSES	884,708	1,707,329	2,239,434	716,720	40,621	978,676	143,914	-	6,711,402
ANNUAL SURPLUS (DEFICIT)	\$ (669,451)	\$ (1,379,202)	\$ (810,010)	\$ (501,703)	\$ (24,083)	\$ (375,263)	\$ (103,568)	\$ 4,714,165	\$ 850,885

THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

11. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2015

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Culture	Planning and Development	Unallocated Amounts	Consolidated
REVENUE									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,310,197	\$ 4,310,197
User fees	135,326	151,856	264,130	205,392	11,884	366,802	18,670	-	1,154,060
Government transfers	-	4,861	1,003,902	69,259	-	106,165	-	-	1,184,187
Other municipalities	5,000	18,157	132,071	-	-	11,184	-	-	166,412
Other	189,850	71,229	-	2,175	2,996	26,380	46,354	26,707	365,691
TOTAL REVENUE	330,176	246,103	1,400,103	276,826	14,880	510,531	65,024	4,336,904	7,180,547
EXPENSES									
Salaries, wages and benefits	634,569	460,361	764,105	147,096	12,193	527,778	67,844	-	2,613,946
Long-term debt charges (interest)	-	11,349	-	-	-	-	-	-	11,349
Operating expenses	206,529	765,522	641,490	720,701	3,800	355,916	37,587	-	2,731,545
Amortization	8,776	115,815	798,167	41,359	-	55,559	5,958	-	1,023,634
TOTAL EXPENSES	849,874	1,353,047	2,201,762	909,156	15,993	939,253	111,389	-	6,380,474
ANNUAL SURPLUS (DEFICIT)	\$ (519,698)	\$ (1,106,944)	\$ (801,659)	\$ (632,330)	\$ (1,113)	\$ (428,722)	\$ (46,365)	\$ 4,336,904	\$ 800,073

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2016

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 2016 was \$167,776 (2015 \$155,230) 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, 2016

Schedule 1

	Land and Land Improvements	Buildings	Machinery, Equipment and Furniture	Vehicles	Roads and Bridges	Lagoon	Assets Under Construction	TOTAL 2016	TOTAL 2015
COST									
Balance, beginning of year	\$ 5,027,288	\$ 4,930,871	\$ 1,342,645	\$ 4,103,998	\$ 11,388,763	\$ 137,053	\$ -	\$ 26,930,616	\$ 25,223,079
Additions and betterments	49,374	104,469	85,778	684,915	410,860	-	420,611	1,756,007	1,807,538
Disposals and writedowns	-	(17,774)	-	(279,159)	(251,995)	-	-	(548,928)	(61,416)
Allocation from work in progress	-	-	-	-	-	-	-	-	(38,585)
BALANCE, END OF YEAR	5,076,660	5,017,566	1,428,423	4,509,754	11,547,628	137,053	420,611	28,137,695	26,930,616
ACCUMULATED AMORTIZATION									
Balance, beginning of year	569,058	1,390,489	600,938	2,499,535	8,770,978	23,984	-	13,854,982	12,892,764
Annual amortization	196,280	118,009	102,797	290,630	446,365	3,426	-	1,157,507	1,023,634
Amortization disposals	-	(17,774)	-	(275,668)	(251,995)	-	-	(545,437)	(61,416)
BALANCE, END OF YEAR	765,338	1,490,724	703,735	2,514,497	8,965,348	27,410	-	14,467,052	13,854,982
TANGIBLE CAPITAL ASSETS-NET	\$ 4,311,322	\$ 3,526,842	\$ 724,688	\$ 1,995,257	\$ 2,582,280	\$ 109,643	\$ 420,611	\$ 13,670,643	\$ 13,075,634