

**THE CORPORATION OF THE
TOWNSHIP OF ALGONQUIN HIGHLANDS
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017**

THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS
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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, 2017 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, 2017, 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
April 19, 2018

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, 2017

	2017	2016
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 5,002,060	\$ 4,082,604
Accounts receivable	1,195,656	1,285,567
	6,197,716	5,368,171
LIABILITIES		
Accounts payable and accrued liabilities	820,808	667,747
Deferred revenue (Note 4)	212,728	226,268
Municipal debt (Note 5)	170,450	219,150
Landfill closure and post-closure liability (Note 7)	1,734,299	1,707,129
	2,938,285	2,820,294
NET FINANCIAL ASSETS	3,259,431	2,547,877
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 10, Schedule 1)	13,869,566	13,670,643
Inventories of supplies	36,598	31,883
Prepaid expenses	6,123	22,870
	13,912,287	13,725,396
ACCUMULATED SURPLUS	\$ 17,171,718	\$ 16,273,273
CONTINGENT LIABILITIES (Note 8)		
COMMITMENTS (Note 9)		

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, 2017

	Budget 2017 (Note 12)	Actual 2017	Actual 2016
REVENUE			
Property taxes	\$ 4,950,415	\$ 5,023,308	\$ 4,627,581
User fees	1,098,200	1,232,746	1,188,137
Government transfers	1,190,171	1,204,385	1,127,142
Other municipalities	180,520	186,066	222,239
Other	299,430	604,173	420,026
TOTAL REVENUE	7,718,736	8,250,678	7,585,125
EXPENSES			
General government	995,533	911,324	884,708
Protection to persons and property	2,000,588	1,963,302	1,707,329
Transportation services	2,897,449	2,441,387	2,262,272
Environmental services	709,944	809,027	716,720
Health services	14,520	32,858	40,621
Recreation and culture	1,197,655	1,047,326	978,676
Planning and development	175,575	147,009	143,914
TOTAL EXPENSES	7,991,264	7,352,233	6,734,240
ANNUAL SURPLUS	(272,528)	898,445	850,885
ACCUMULATED SURPLUS, BEGINNING OF YEAR	16,273,273	16,273,273	15,422,388
ACCUMULATED SURPLUS, END OF YEAR	\$ 16,000,745	\$ 17,171,718	\$ 16,273,273

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, 2017

	Budget 2017 (Note 12)	Actual 2017	Actual 2016
Annual surplus	\$ (272,528)	\$ 898,445	\$ 850,885
Acquisition of tangible capital assets	(1,459,363)	(1,459,363)	(1,756,007)
Amortization of tangible capital assets	1,208,055	1,208,055	1,157,507
Loss (gain) on sale of tangible capital assets	-	(116,351)	(29,438)
Proceeds on sale of tangible capital assets	-	168,736	32,929
Consumption of supplies inventories	-	(4,715)	(17,696)
Use of prepaid expenses	-	16,747	(3,124)
Increase in net financial assets	(523,836)	711,554	235,056
Net financial assets, beginning of year	2,547,877	2,547,877	2,312,821
Net financial assets, end of year	\$ 2,024,041	\$ 3,259,431	\$ 2,547,877

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, 2017

	2017	2016
Operating transactions		
Annual surplus (deficit)	\$ 898,445	\$ 850,885
Non-cash charges to operations:		
Amortization	1,208,055	1,157,507
Loss (gain) on sale of tangible capital assets	(116,351)	(29,438)
	1,990,149	1,978,954
Changes in non-cash assets and liabilities:		
Accounts receivable	89,911	26,194
Accounts payable and accrued liabilities	153,061	(437,817)
Deferred revenue-general	(13,540)	31,795
Landfill closure and post closure liability	27,170	27,170
Inventories of supplies	(4,715)	(17,696)
Prepaid expenses	16,747	(3,124)
	268,634	(373,478)
Cash provided by operating transactions	2,258,783	1,605,476
Capital transactions		
Acquisition of tangible capital assets	(1,459,363)	(1,756,007)
Proceeds on disposal of tangible capital asset	168,736	32,929
Cash applied to capital transactions	(1,290,627)	(1,723,078)
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	919,456	(166,302)
Cash and cash equivalents, beginning of year	4,082,604	4,248,906
Cash and cash equivalents, end of year	\$ 5,002,060	\$ 4,082,604
Cash flow supplementary information:		
Taxation and investment interest income received	\$ 196,717	\$ 188,232
Interest paid	7,716	9,560
Net interest received	\$ 189,001	\$ 178,672

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2017

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, 2017

(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, 2017

- (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:

	2017 School Boards	2017 County	2017 Total	2016 Total
Payable at the beginning of the year	\$ -	\$ -	\$ -	\$ 62,365
Taxation and payments-in-lieu, net of adjustments	2,895,694	3,151,611	6,047,305	6,021,668
Remitted during the year	(2,882,928)	(3,129,924)	(6,012,852)	(6,084,033)
Payable at the end of the year	\$ 12,766	\$ 21,687	\$ 34,453	\$ -

THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2017

3. TRUST FUNDS

Trust funds administered by the Township amounting to \$121,085 (2016 \$117,065) 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 2017 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	\$ 64,058	\$ 2,750	\$ 636	\$ -	\$ 67,444
Federal gas tax	35,364	66,710	615	(14,685)	88,004
Other	126,846	56,814	466	(126,846)	57,280
	\$ 226,268	\$ 126,274	\$ 1,717	\$ (141,531)	\$ 212,728

5. MUNICIPAL DEBT

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

	2017	2016
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.	\$ 170,450	\$ 219,150
	\$ 170,450	\$ 219,150

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

	Principal	Interest
2018	\$ 48,700	\$ 5,900
2019	48,700	4,103
2020	48,700	2,265
2021	24,350	453
2022	-	-
	\$ 170,450	\$ 12,721

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 Year Ended December 31, 2017

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

	2017	2016
Principal payments	\$ 48,700	\$ 48,700
Interest	7,716	9,560
	\$ 56,416	\$ 58,260

The annual principal and interest payments required to service the Municipality's debt were within the annual debt repayment limit of \$1,379,173 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 (2016 \$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 (2016 \$1,000,000) 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 2017-6, of which NIL (2016 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	\$1,734,299
Total expenditures remaining to be recognized	\$1,057,581
Utilization/year	4,088m ³
Estimated remaining usable capacity	161,430m ³
Remaining landfill site life	85 years
Number of years required for post-closure care	25 years

In 2017 Council accepted a bid for approximately \$20,700 for Pine Springs landfill expansion of less than 40,000 cubic metres.

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 with the option to extend for three additional one-year periods. The Township entered into the second additional one-year period on this agreement which has annual costs of approximately \$158,000 with an annual increase of 3%.

The Township entered into a three year service agreement for environmental monitoring and annual reporting for its landfill sites with the option to extend for two additional one-year periods. Two years remain on this agreement which has annual costs of \$221,000.

The Township entered into an agreement with WSP Canada Inc for a septic reinspection program for ratepayers over five years with a cost of approximately \$800,000. Four years remain on this agreement with costs remaining of \$764,600.

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, 2017

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, 2017

11. 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	Recreation and Culture	Planning and Development	Unallocated Amounts	Consolidated
REVENUE									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,023,308	\$ 5,023,308
User fees	47,611	187,003	253,623	268,108	11,810	415,241	49,350	-	1,232,746
Government transfers	32,500	1,826	1,055,835	-	-	114,224	-	-	1,204,385
Other municipalities	-	16,363	153,363	-	-	16,340	-	-	186,066
Other	196,717	88,238	-	3,015	3,404	52,179	-	260,620	604,173
TOTAL REVENUE	276,828	293,430	1,462,821	271,123	15,214	597,984	49,350	5,283,928	8,250,678
EXPENSES									
Salaries, wages and benefits	675,637	511,346	819,234	129,582	18,001	582,080	119,121	-	2,855,001
Long-term debt charges (interest)	-	7,716	-	-	-	-	-	-	7,716
Operating expenses	207,629	1,287,146	720,463	640,899	14,857	392,184	18,283	-	3,281,461
Amortization	28,058	157,094	901,690	38,546	-	73,062	9,605	-	1,208,055
TOTAL EXPENSES	911,324	1,963,302	2,441,387	809,027	32,858	1,047,326	147,009	-	7,352,233
ANNUAL SURPLUS (DEFICIT)	\$ (634,496)	\$ (1,669,872)	\$ (978,566)	\$ (537,904)	\$ (17,644)	\$ (449,342)	\$ (97,659)	\$ 5,283,928	\$ 898,445

THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2017

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	-	109,422	420,026
TOTAL REVENUE	215,257	328,127	1,429,424	215,017	16,538	603,413	40,346	4,737,003	7,585,125
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	547,535	554,732	24,126	381,110	30,945	-	2,833,303
Amortization	8,775	155,893	882,268	39,498	-	64,557	6,516	-	1,157,507
TOTAL EXPENSES	884,708	1,707,329	2,262,272	716,720	40,621	978,676	143,914	-	6,734,240
ANNUAL SURPLUS (DEFICIT)	\$ (669,451)	\$ (1,379,202)	\$ (832,848)	\$ (501,703)	\$ (24,083)	\$ (375,263)	\$ (103,568)	\$ 4,737,003	\$ 850,885

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2017

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. 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, 2017. The results of this valuation disclosed total actuarial liabilities of \$93,614 million with respect to benefits accrued for service with actuarial assets at that date of \$88,211 million indicating an actuarial deficit of \$5,403 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 2017 was \$175,007 (2016 \$167,776) for current service and is included as an expense on the Consolidated Statement of Operations.

14. COMPARATIVE FIGURES

Certain 2016 amounts in these financial statements have been reclassified to conform with their presentation in 2017.

THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

Schedule 1

	Land and Land Improvements	Buildings	Machinery, Equipment and Furniture	Vehicles	Roads and Bridges	Lagoon	Assets Under Construction	TOTAL 2017	TOTAL 2016
COST									
Balance, beginning of year	\$ 5,076,660	\$ 5,017,566	\$ 1,428,423	\$ 4,496,526	\$ 11,547,628	\$ 137,053	\$ 420,611	\$ 28,124,467	\$ 26,917,388
Additions and betterments	37,289	441,032	235,899	336,103	409,040	-	-	1,459,363	1,756,007
Disposals and writedowns	(7,648)	(17,000)	(42,699)	(224,858)	(142,411)	-	-	(434,616)	(548,928)
Allocation from work in progress	-	416,085	4,526	-	-	-	(420,611)	-	-
BALANCE, END OF YEAR	5,106,301	5,857,683	1,626,149	4,607,771	11,814,257	137,053	-	29,149,214	28,124,467
ACCUMULATED AMORTIZATION									
Balance, beginning of year	765,338	1,490,724	703,735	2,501,269	8,965,348	27,410	-	14,453,824	13,841,754
Annual amortization	198,766	139,011	116,634	321,645	428,573	3,426	-	1,208,055	1,157,507
Amortization disposals	-	(8,500)	(40,389)	(221,777)	(111,565)	-	-	(382,231)	(545,437)
BALANCE, END OF YEAR	964,104	1,621,235	779,980	2,601,137	9,282,356	30,836	-	15,279,648	14,453,824
TANGIBLE CAPITAL ASSETS-NET	\$ 4,142,197	\$ 4,236,448	\$ 846,169	\$ 2,006,634	\$ 2,531,901	\$ 106,217	\$ -	\$ 13,869,566	\$ 13,670,643

THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS
SUPPLEMENTARY UNAUDITED SCHEDULE OF SURPLUS

2017
Schedule 2

	2017	2016
RESERVES		
Working capital	\$ 1,135,610	\$ 984,083
General government	112,543	122,637
Protection	735,700	600,420
Transportation	1,421,701	1,269,090
Environmental	924,625	907,826
Health	3,750	3,000
Recreation and culture	713,320	482,358
Planning and development	97,569	93,569
TOTAL RESERVES AND RESERVE FUNDS	5,144,818	4,462,983
OTHER		
Tangible capital assets	13,869,567	13,670,644
General operating surplus (deficit)	(3,843)	98
Amounts to be recovered	(1,904,749)	(1,926,279)
Cemetery board	65,925	65,827
TOTAL OTHER	12,026,900	11,810,290
ACCUMULATED SURPLUS	\$ 17,171,718	\$ 16,273,273