

**THE CORPORATION OF THE
TOWNSHIP OF ALGONQUIN HIGHLANDS
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019**

THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS
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PAHAPILL and ASSOCIATES Chartered Accountants

Professional Corporation

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the consolidated financial statements of The Corporation of the Township of Algonquin Highlands, which comprise the consolidated statement of financial position as at December 31, 2019, 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 Algonquin Highlands as at December 31, 2019, 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.

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:

- 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.



PAHAPILL and ASSOCIATES Chartered Accountants Professional Corporation

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.

Pahapill and Associates

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

Huntsville, Ontario
June 18, 2020

THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 7,370,888	\$ 5,909,846
Accounts receivable, no allowance	1,170,362	1,210,798
	8,541,250	7,120,644
LIABILITIES		
Accounts payable and accrued liabilities	924,662	934,181
Deferred revenue (<i>Note 4</i>)	512,851	275,091
Municipal debt (<i>Note 5</i>)	73,050	121,750
Landfill closure and post-closure liability (<i>Note 7</i>)	1,485,715	1,467,551
	2,996,278	2,798,573
NET FINANCIAL ASSETS	5,544,972	4,322,071
NON-FINANCIAL ASSETS		
Tangible capital assets - net (<i>Schedule 1</i>)	14,259,938	13,883,389
Inventories of supplies	41,749	31,625
Prepaid expenses	31,296	28,387
	14,332,983	13,943,401
ACCUMULATED SURPLUS	\$ 19,877,955	\$ 18,265,472

CONTINGENT LIABILITIES (*Note 8*)

COMMITMENTS (*Note 9*)

APPROVED ON BEHALF OF COUNCIL:

 Mayor

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 AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget 2019 (Note 11)	Actual 2019	Actual 2018
REVENUE			
Property taxes	\$ 5,430,959	\$ 5,462,420	\$ 5,228,764
User fees	1,256,985	1,661,603	1,288,287
Government transfers	1,544,272	2,018,905	1,487,856
Other municipalities	199,828	218,916	197,925
Other	379,327	574,695	634,799
TOTAL REVENUE	8,811,371	9,936,539	8,837,631
EXPENSES			
General government	1,192,294	1,187,182	1,040,014
Protection to persons and property	2,180,430	2,161,454	2,218,373
Transportation services	3,119,915	2,739,428	2,638,820
Environmental services	943,055	860,495	526,062
Health services	11,300	28,539	33,188
Recreation and culture	1,295,153	1,171,780	1,103,380
Planning and development	238,471	175,178	184,040
TOTAL EXPENSES	8,980,618	8,324,056	7,743,877
ANNUAL SURPLUS	(169,247)	1,612,483	1,093,754
ACCUMULATED SURPLUS, BEGINNING OF YEAR	18,265,472	18,265,472	17,171,718
ACCUMULATED SURPLUS, END OF YEAR	\$ 18,096,225	\$ 19,877,955	\$ 18,265,472

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, 2019

	Budget 2019 (Note 11)	Actual 2019	Actual 2018
Annual surplus	\$ (169,247)	\$ 1,612,483	\$ 1,093,754
Acquisition of tangible capital assets	(1,714,210)	(1,714,210)	(1,388,571)
Amortization of tangible capital assets	1,319,669	1,319,669	1,334,735
Loss (gain) on sale of tangible capital assets	-	(55,492)	(86,265)
Proceeds on sale of tangible capital assets	-	73,485	126,278
Consumption of supplies inventories	-	(10,124)	4,973
Use of prepaid expenses	-	(2,910)	(22,264)
Increase in net financial assets	(563,788)	1,222,901	1,062,640
Net financial assets, beginning of year	4,322,071	4,322,071	3,259,431
Net financial assets, end of year	\$ 3,758,283	\$ 5,544,972	\$ 4,322,071

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, 2019

	2019	2018
Operating transactions		
Annual surplus (deficit)	\$ 1,612,483	\$ 1,093,754
Non-cash charges to operations:		
Amortization	1,319,669	1,334,735
Loss (gain) on sale of tangible capital assets	(55,492)	(86,265)
	2,876,660	2,342,224
Changes in non-cash assets and liabilities:		
Accounts receivable	40,436	(15,142)
Accounts payable and accrued liabilities	(9,519)	113,373
Deferred revenue-general	237,760	62,363
Landfill closure and post closure liability	18,164	(266,748)
Inventories of supplies	(10,124)	4,973
Prepaid expenses	(2,910)	(22,264)
	273,807	(123,445)
Cash provided by operating transactions	3,150,467	2,218,779
Capital transactions		
Acquisition of tangible capital assets	(1,714,210)	(1,388,571)
Proceeds on disposal of tangible capital asset	73,485	126,278
Cash applied to capital transactions	(1,640,725)	(1,262,293)
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	1,461,042	907,786
Cash and cash equivalents, beginning of year	5,909,846	5,002,060
Cash and cash equivalents, end of year	\$ 7,370,888	\$ 5,909,846
Cash flow supplementary information:		
Taxation and investment interest income received	\$ 297,257	\$ 248,843
Interest paid	4,083	5,900
Net interest received	\$ 293,174	\$ 242,943

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2019

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 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:

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, 2019

(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.

The Municipality has a policy of expensing borrowing costs related to the acquisition of tangible capital assets.

(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, 2019

- (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. 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:

	2019 School Boards	2019 County	2019 Total	2018 Total
Payable at the beginning of the year	\$ 26,383	\$ 37,739	\$ 64,122	\$ 34,453
Taxation and payments-in-lieu, net of adjustments	2,792,338	3,646,844	6,439,182	6,204,910
Remitted during the year	(2,790,876)	(3,657,734)	(6,448,610)	(6,175,241)
Payable at the end of the year	\$ 27,845	\$ 26,849	\$ 54,694	\$ 64,122

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2019

3. TRUST FUNDS

Trust funds administered by the Township amounting to \$139,058 (2018 \$135,608) 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 2019 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	\$ 74,805	\$ 2,050	\$ 1,573	\$ -	\$ 78,428
Federal gas tax	8,388	141,271	904	(70,000)	80,563
Other	191,898	249,083	2,633	(89,754)	353,860
	\$ 275,091	\$ 392,404	\$ 5,110	\$ (159,754)	\$ 512,851

5. MUNICIPAL DEBT

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

	2019	2018
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 which is secured by future funding.	\$ 73,050	\$ 121,750
	\$ 73,050	\$ 121,750

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

	Principal	Interest
2020	\$ 48,700	\$ 2,265
2021	24,350	453
2022	-	-
	\$ 73,050	\$ 2,718

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2019

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

	2019	2018
Principal payments	\$ 48,700	\$ 48,700
Interest	4,083	5,900
	\$ 52,783	\$ 54,600

The annual principal and interest payments required to service the Municipality's debt were within the annual debt repayment limit of \$1,593,486 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 (2018 \$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 \$2,000,000 (2018 \$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 2019-6, of which NIL (2018 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 Professional 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	\$1,485,715
Total expenditures remaining to be recognized	\$1,306,165
Utilization/year	3,003m ³
Estimated remaining usable capacity	160,342m ³
Remaining landfill site life	72 years
Number of years required for post-closure care	25 years

An engineering study received in 2018 has decreased the amount of the reported liability due to a change in valuation methodology of the engineering study.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

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

During the year, 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 two additional one-year periods. This agreement has annual costs of approximately \$200,000.

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. The agreement has been extended for the additional two years which has annual costs of \$74,998..

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. One year remains on this agreement with costs remaining of \$362,976.

During the year, the Township entered into a ten year term for the provision of high speed fibre internet services at the Dorset Health Hub for the purposes of the Telemedicine Network at a cost of \$475 per month.

During the year, the Township entered into a three year agreement for the supply of furnace oil, diesel fuel (marked and clear), and gasoline in the amount of \$0.0075/L above rack price for the period of May 1, 2019, to April 30, 2022.

THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2019

10. 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, 2019

10. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2019

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,462,420	\$ 5,462,420
User fees	6,165	206,171	323,112	291,068	17,331	778,756	39,000	-	1,661,603
Government transfers	532,292	21,237	1,387,498	-	-	77,878	-	-	2,018,905
Other municipalities	-	20,834	178,821	1,463	-	17,798	-	-	218,916
Other	297,257	89,950	-	2,410	4,081	58,726	-	122,271	574,695
TOTAL REVENUE	835,714	338,192	1,889,431	294,941	21,412	933,158	39,000	5,584,691	9,936,539
EXPENSES									
Salaries, wages and benefits	764,303	589,638	864,063	146,360	12,897	605,477	142,048	-	3,124,786
Long-term debt charges (interest)	-	4,083	-	-	-	-	-	-	4,083
Operating expenses	392,810	1,393,220	901,496	671,596	15,642	473,918	26,838	-	3,875,520
Amortization	30,069	174,513	973,869	42,539	-	92,385	6,292	-	1,319,667
TOTAL EXPENSES	1,187,182	2,161,454	2,739,428	860,495	28,539	1,171,780	175,178	-	8,324,056
ANNUAL SURPLUS (DEFICIT)	\$ (351,468)	\$ (1,823,262)	\$ (849,997)	\$ (565,554)	\$ (7,127)	\$ (238,622)	\$ (136,178)	\$ 5,584,691	\$ 1,612,483

THE CORPORATION OF THE TOWNSHIP OF ALGONQUIN HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

10. 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	Recreation and Culture	Planning and Development	Unallocated Amounts	Consolidated
REVENUE									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,228,764	\$ 5,228,764
User fees	12,094	169,346	322,329	295,558	12,945	441,865	34,150	-	1,288,287
Government transfers	-	2,798	1,418,700	2,500	-	63,858	-	-	1,487,856
Other municipalities	-	18,463	161,772	-	-	17,690	-	-	197,925
Other	248,843	103,966	-	2,570	4,108	68,287	1,593	205,432	634,799
TOTAL REVENUE	260,937	294,573	1,902,801	300,628	17,053	591,700	35,743	5,434,196	8,837,631
EXPENSES									
Salaries, wages and benefits	755,315	557,963	841,294	135,630	14,305	604,806	132,034	-	3,041,347
Long-term debt charges (interest)	-	5,900	-	-	-	-	-	-	5,900
Operating expenses	254,800	1,494,518	788,928	350,135	18,883	408,917	45,714	-	3,361,895
Amortization	29,899	159,992	1,008,598	40,297	-	89,657	6,292	-	1,334,735
TOTAL EXPENSES	1,040,014	2,218,373	2,638,820	526,062	33,188	1,103,380	184,040	-	7,743,877
ANNUAL SURPLUS (DEFICIT)	\$ (779,077)	\$ (1,923,800)	\$ (736,019)	\$ (225,434)	\$ (16,135)	\$ (511,680)	\$ (148,297)	\$ 5,434,196	\$ 1,093,754

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

11. 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.

12. 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, 2019. The results of this valuation disclosed total actuarial liabilities of \$106,433 million with respect to benefits accrued for service with actuarial assets at that date of \$103,046 million indicating an actuarial deficit of \$3,397 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 2019 was \$185,108 (2018 \$184,545) 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, 2019

Schedule 1

	Land and Land Improvements	Buildings	Machinery, Equipment and Furniture	Vehicles	Roads and Bridges	Lagoon	Assets Under Construction	TOTAL 2019	TOTAL 2018
COST									
Balance, beginning of year	\$ 5,254,137	\$ 5,914,389	\$ 1,670,978	\$ 4,739,610	\$ 12,181,261	\$ 137,053	\$ 4,284	\$ 29,901,712	\$ 29,149,214
Additions and betterments	30,191	272,734	53,367	814,396	495,342	-	48,180	1,714,210	1,388,571
Disposals and writedowns	-	(11,160)	-	(367,742)	(42,712)	-	-	(421,614)	(636,073)
BALANCE, END OF YEAR	5,284,328	6,175,963	1,724,345	5,186,264	12,633,891	137,053	52,464	31,194,308	29,901,712
ACCUMULATED AMORTIZATION									
Balance, beginning of year	1,172,725	1,748,861	907,842	2,616,683	9,537,949	34,263	-	16,018,323	15,279,648
Annual amortization	210,635	148,043	128,494	362,565	466,505	3,427	-	1,319,669	1,334,735
Amortization disposals	-	(3,880)	-	(357,030)	(42,712)	-	-	(403,622)	(596,060)
BALANCE, END OF YEAR	1,383,360	1,893,024	1,036,336	2,622,218	9,961,742	37,690	-	16,934,370	16,018,323
TANGIBLE CAPITAL ASSETS-NET	\$ 3,900,968	\$ 4,282,939	\$ 688,009	\$ 2,564,046	\$ 2,672,149	\$ 99,363	\$ 52,464	\$ 14,259,938	\$ 13,883,389

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

2019
Schedule 2

	2019	2018
RESERVES		
Working capital	\$ 1,778,433	\$ 1,015,319
General government	229,301	273,101
Protection	551,955	720,584
Transportation	1,907,870	1,727,467
Environmental	1,117,629	1,205,944
Health	14,016	9,500
Recreation and culture	1,418,499	947,852
Planning and development	100,553	90,553
TOTAL RESERVES AND RESERVE FUNDS	7,118,256	5,990,320
OTHER		
Tangible capital assets	14,259,938	13,883,389
General operating surplus (deficit)	(101)	(81,017)
Amounts to be recovered	(1,558,765)	(1,589,301)
Cemetery board	58,627	62,081
TOTAL OTHER	12,759,699	12,275,152
ACCUMULATED SURPLUS	\$ 19,877,955	\$ 18,265,472