

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements:

The accompanying consolidated financial statements of **THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN** are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

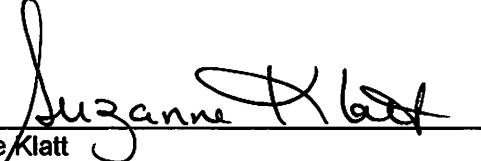
A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Township's Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the Council's approval of the financial statements.


The consolidated financial statements have been audited by Welch LLP, independent external auditors appointed by the Township. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Township's financial statements.

Chief Administrative Officer


Suzanne Klatt

April 21, 2016

Mayor


Jane Dumas

INDEPENDANT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the
CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

We have audited the accompanying consolidated financial statements of **THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN**, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations, change in net financial assets and 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.

Auditors' Responsibility

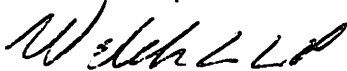
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN** as at December 31, 2015, and the results of its operations, change in net financial assets and cash flows for the year then ended, in accordance with Canadian public sector accounting standards.



**CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

Pembroke, Ontario
April 21, 2016

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THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Cash and temporary investments	\$ 1,313,768	\$ 865,043
Taxes receivable (Note 3)	149,290	172,950
Accounts receivable	<u>158,651</u>	<u>136,515</u>
	<u>1,621,709</u>	<u>1,174,508</u>
LIABILITIES		
Accounts payable and accrued liabilities	238,129	180,819
Deferred revenue (Note 4)	72,232	2,102
Solid waste landfill closure and post closure liabilities (Note 5)	172,365	173,492
Net long-term liabilities (Note 6)	<u>53,790</u>	<u>109,035</u>
	<u>536,516</u>	<u>465,448</u>
NET FINANCIAL ASSETS	1,085,193	709,060
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	<u>12,457,166</u>	<u>12,969,520</u>
ACCUMULATED SURPLUS (Note 8)	<u>\$ 13,542,359</u>	<u>\$ 13,678,580</u>

(See accompanying notes and schedule)

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget <u>2015</u>	Actual <u>2015</u>	Actual <u>2014</u>
REVENUE			
Property taxation	\$ 1,896,470	\$ 1,899,442	\$ 1,795,936
Payment in lieu of taxes	62,054	62,055	52,581
Province of Ontario	873,292	899,840	927,206
Government of Canada	-	7,590	1,155
Licenses and permits	11,900	14,884	9,376
Penalties and interest	25,000	27,229	28,296
Rents	40,674	43,684	37,326
Fees, service charges	25,074	101,775	40,151
Investment income	-	2,709	-
Assumption of recreation committee	-	93,872	-
Donations and fundraising including tangible capital assets contibuted	12,000	30,580	-
Gain(loss) on disposal of capital assets	-	(14,285)	6,500
Sale of shoreline allowances	2,500	-	3,628
Gas tax funding and interest earned thereon	70,000	-	70,082
	<u>3,018,964</u>	<u>3,169,375</u>	<u>2,972,237</u>
EXPENSES			
General government	451,390	464,123	455,761
Protection to persons and property	487,658	448,204	406,563
Transportation services	739,350	1,198,680	1,259,399
Environmental services	255,941	269,585	264,591
Health services	20,001	16,055	15,577
Social and family services	572,218	572,218	563,211
Recreation and cultural services	173,032	274,005	187,701
Planning and development	75,413	62,726	42,357
	<u>2,775,003</u>	<u>3,305,596</u>	<u>3,195,160</u>
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	243,961	(136,221)	(222,923)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>13,678,580</u>	<u>13,678,580</u>	<u>13,901,503</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 13,922,541</u>	<u>\$ 13,542,359</u>	<u>\$ 13,678,580</u>

(See accompanying notes and schedule)

**THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget <u>2015</u>	Actual <u>2015</u>	Actual <u>2014</u>
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	\$ 243,961	\$ (136,221)	\$ (222,923)
Acquisition of tangible capital assets	(333,590)	(170,461)	(131,064)
Proceeds on disposal of tangible capital assets	-	9,100	6,500
Amortization of tangible capital assets	-	659,430	668,206
(Gain) loss on sale of tangible capital assets	-	<u>14,285</u>	<u>(6,500)</u>
	<u>(333,590)</u>	<u>512,354</u>	<u>537,142</u>
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(89,629)	376,133	314,219
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>709,060</u>	<u>709,060</u>	<u>394,841</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 619,431</u>	<u>\$ 1,085,193</u>	<u>\$ 709,060</u>

(See accompanying notes and schedule)

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess of expenses over revenue	\$ (136,221)	\$ (222,923)
Non-cash items included in excess of expenses over revenue:		
Amortization of tangible capital assets	659,430	668,206
Loss (gain) on disposal of tangible capital assets	14,285	(6,500)
(Decrease) increase in provision for landfill closure/post-closure	<u>(1,127)</u>	<u>35,381</u>
	536,367	474,164
Non-cash charges to operations (net change):		
Decrease (increase) in taxes receivable	23,660	12,453
Decrease (increase) in accounts receivable	(22,136)	46,194
Increase (decrease) in accounts payable and accrued liabilities	52,309	(43,736)
Increase (decrease) in deferred revenue	<u>75,130</u>	<u>2,102</u>
	<u>665,330</u>	<u>491,177</u>
CASH FLOWS FROM (USED IN) CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(170,461)	(131,064)
Sale of tangible capital assets	<u>9,100</u>	<u>6,500</u>
	<u>(161,361)</u>	<u>(124,564)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Long-term liabilities issued	-	45,500
Long-term liabilities repaid	<u>(55,244)</u>	<u>(59,379)</u>
	<u>(55,244)</u>	<u>(13,879)</u>
NET CHANGE IN CASH AND TEMPORARY INVESTMENTS	448,725	352,734
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>865,043</u>	<u>512,309</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u>\$ 1,313,768</u>	<u>\$ 865,043</u>

(See accompanying notes and schedule)

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

SCHEDULE OF TANGIBLE CAPITAL ASSETS

YEAR ENDED DECEMBER 31, 2015

SCHEDULE 1

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Linear Assets</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>2015</u>	<u>2014</u>
COST:								
BALANCE, BEGINNING OF YEAR	\$ 43,942	\$ 326,852	\$ 3,279,221	\$ 15,576,234	\$ 683,264	\$ 1,371,489	\$ 21,281,002	\$ 21,279,319
Acquisition of tangible capital assets	-	26,970	16,800	77,548	49,142	-	170,460	131,064
Disposal of tangible capital assets	-	-	-	(35,904)	(37,185)	-	(73,089)	(129,381)
BALANCE, END OF YEAR	<u>43,942</u>	<u>353,822</u>	<u>3,296,021</u>	<u>15,617,878</u>	<u>695,221</u>	<u>1,371,489</u>	<u>21,378,373</u>	<u>21,281,002</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	177,144	623,249	6,303,243	364,763	843,083	8,311,482	7,772,657
Annual amortization	-	16,994	59,764	479,688	32,157	70,827	659,430	668,206
Accumulated amortization on disposals	-	-	-	(31,112)	(18,593)	-	(49,705)	(129,381)
BALANCE, END OF YEAR	<u>-</u>	<u>194,138</u>	<u>683,013</u>	<u>6,751,819</u>	<u>378,327</u>	<u>913,910</u>	<u>8,921,207</u>	<u>8,311,482</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 43,942</u>	<u>\$ 159,684</u>	<u>\$ 2,613,008</u>	<u>\$ 8,866,059</u>	<u>\$ 316,894</u>	<u>\$ 457,579</u>	<u>\$ 12,457,166</u>	<u>\$ 12,969,520</u>
2014 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 43,942</u>	<u>\$ 149,708</u>	<u>\$ 2,655,972</u>	<u>\$ 9,272,991</u>	<u>\$ 318,501</u>	<u>\$ 528,406</u>	<u>\$ 12,969,520</u>	

(See accompanying notes)

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

The Township of South Algonquin is an incorporated municipality in the Province of Ontario. The Township conducts its operations as described by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Township of South Algonquin are the representations of management, prepared in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Township are as follows:

Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Township and are, therefore, accountable to the Township Council for the administration of their financial affairs and resources. Included with the municipality are the following:

South Algonquin Public Library Board

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Use of estimates

The preparation of 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 reporting period. Management makes accounting estimates when determining the estimated useful life of its tangible capital assets and landfill sites, and its allowance for doubtful accounts. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from these estimates.

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Landfill closure and post-closure liabilities

The Township is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

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

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<u>Years</u>
Land improvements	15-50
Buildings	20-60
Linear Assets	15-40
Machinery and equipment	5-20
Vehicles	5-25

Amortization is charged in the year of acquisition and not in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

Natural Resources

Natural resources that have not been purchased are not recognized as assets in the financial statements.

Segment Disclosures

The Township was required to adopt Section PS 2700 - Segment Disclosures, for the fiscal year beginning on January 1, 2008. A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. Management has determined that existing disclosures in the consolidated statement of operations and within the related notes for both the prior and current years sufficiently disclose information of all appropriate segments and therefore no additional disclosure is required.

Tax Revenue

Tax revenues are recognized when the tax has been authorized by by-law and the taxable event has occurred.

Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

NOTE 2 OPERATIONS OF SCHOOL BOARDS

During the year, requisitions were made by School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	<u>2015</u>	<u>2014</u>
Property taxes	\$ 502,739	\$ 503,136
Taxation from other governments	<u>5,126</u>	<u>3,832</u>
Amount requisitioned	<u>\$ 507,865</u>	<u>\$ 506,968</u>

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

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

NOTE 3 TAXES RECEIVABLE

	<u>2015</u>	<u>2014</u>
Current taxes	\$ 97,511	\$ 113,088
Prior year taxes	43,812	48,982
Penalties	<u>7,967</u>	<u>10,880</u>
	<u>\$ 149,290</u>	<u>\$ 172,950</u>

NOTE 4 DEFERRED REVENUE

Deferred revenue at the end of the year consists of gas tax funding for which funding has been received but the service has not yet been provided:

	<u>2015</u>	<u>2014</u>
Balance at beginning of year	\$ 2,102	\$ -
Gas tax funding received in year	70,130	72,184
Qualified expenditures in year	<u>-</u>	<u>(70,082)</u>
Balance at end of year	<u>\$ 72,232</u>	<u>\$ 2,102</u>

NOTE 5 SOLID WASTE LANDFILL CLOSURE AND POST CLOSURE LIABILITY

The Township operates two landfill sites and as a result is liable for the closure and post closure costs associated with each site. These financial statements recognize a liability for closure and post closure care to the extent that the solid waste landfill sites have been used to date. Specifically, usage is measured as cumulative capacity used versus total estimated capacity available. Furthermore, as costs are expected to be incurred in the future, expected closure and post closure costs have been discounted at 4% which is the Township's estimated long term borrowing rate. The following summarizes the Township's estimated closure and post closure costs and remaining capacity of the landfill sites at December 31, 2015:

	<u>Airy Site</u>	<u>Madawaska Site</u>	<u>Total 2015</u>	<u>Total 2014</u>
Expected total expenditures	\$ 220,900	\$ 145,198	\$ 366,098	\$ 366,098
Amount remaining to be recognized	<u>153,407</u>	<u>40,326</u>	<u>193,733</u>	<u>192,606</u>
Liability recognized to date	<u>\$ 67,493</u>	<u>\$ 104,872</u>	<u>\$ 172,365</u>	<u>\$ 173,492</u>
Landfill site's estimated remaining capacity in cubic metres	<u>42,140</u>	<u>3,205</u>		
Remaining useful life of sites (years)	<u>22</u>	<u>4</u>		
Years needed for post closure care	<u>10</u>	<u>10</u>		

The Township has set aside a reserve of \$70,000 (2014 - \$94,950) to finance the expected closure and post closure care liabilities.

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

NOTE 6 LONG-TERM LIABILITIES

(a) The balance of net long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

	<u>2015</u>	<u>2014</u>
Loan payable maturing in July 2016, due in monthly instalments of \$3,497 including interest at 3.14% per annum	\$ 24,228	\$ 64,742
Loan payable maturing in November 2017, due in monthly instalments of \$1,326 including interest at 3.15% per annum	<u>29,562</u>	<u>44,293</u>
	<u>\$ 53,790</u>	<u>\$ 109,035</u>

(b) Of the net long-term liabilities reported in (a) of this note all are payable from 2014 to 2017. The principal payments will be recovered from general taxation.

(c) The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(d) The estimated future payments over the next five years on existing net long-term liabilities at December 31, 2015 are as follows:

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2016	\$ 970	\$ 39,429	\$ 40,399
2017	<u>227</u>	<u>14,361</u>	<u>14,588</u>
	<u>\$ 1,197</u>	<u>\$ 53,790</u>	<u>\$ 54,987</u>

Interest on long-term debt amounted to \$3,141 (2014 - \$2,548).

NOTE 7 EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2015</u>	<u>2014</u>
Tangible capital assets (Schedule 1)	\$ 21,378,373	\$ 21,281,002
Accumulated amortization (Schedule 1)	(8,921,207)	(8,311,482)
Long-term liabilities (Note 6)	<u>(53,790)</u>	<u>(109,035)</u>
	<u>\$ 12,403,376</u>	<u>\$ 12,860,485</u>

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

NOTE 8 MUNICIPAL FUND BALANCES AT END OF YEAR

	<u>2015</u>	<u>2014</u>
Internally restricted reserves		
Working capital	\$ 198,930	\$ 178,794
General government	40,115	8,115
Protective Services	24,431	11,631
Transportation	448,840	359,022
Environmental	117,950	107,950
Health services	3,500	-
Recreation	185,037	91,600
Library	<u>12,600</u>	<u>17,600</u>
	1,031,403	774,712
Unrestricted surplus	279,945	216,875
Provision for landfill closure and post-closure costs	(172,365)	(173,492)
Equity in tangible capital assets (Note 7)	<u>12,403,376</u>	<u>12,860,485</u>
	<u>\$ 13,542,359</u>	<u>\$ 13,678,580</u>

NOTE 9 CONTRIBUTIONS TO UNCONSOLIDATED ENTITIES

Contributions were made to these entities as follows:

	<u>2015</u>	<u>2014</u>
Renfrew County and District Health Unit	\$ 16,055	\$ 15,577
District of Nipissing Social Services Board	468,074	460,303
East Nipissing Home for the Aged	<u>104,144</u>	<u>102,908</u>
	<u>\$ 588,273</u>	<u>\$ 578,788</u>

NOTE 10 CONTRACTUAL OBLIGATION

The municipality has a contract with the Province of Ontario for policing services. The contract for 2015 was \$241,076 (2014 - \$202,872)

NOTE 11 FINANCIAL INSTRUMENTS

The Township's financial instruments consist of cash, taxes receivable, accounts receivable, accounts payable and accrued liabilities and net long-term liabilities.

Risk

It is management's opinion that the Township is not exposed to significant interest, currency or credit risks arising from its financial instruments.

Fair market value

Except for the net long-term liabilities, the fair value of the Township's financial instruments approximates their carrying value due to their short term nature. It is not practicable to determine the fair value of net long-term liabilities. The terms and conditions of these liabilities are disclosed in Note 6 to the financial statements.

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THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

NOTE 12 BUDGET FIGURES

Budget established for capital projects are based on project-oriented basis, the cost of which may be carried out over one or more years. Although they may not be directly comparable with current year actual amounts, they have been reflected on the Consolidated Statement of Net Financial Assets.

The Township does not provide for amortization of tangible capital assets when preparing its budget.

The budget figures presented in these statements are from the budget approved by council on May 14, 2015.

NOTE 13 PENSION AGREEMENT

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of permanent members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. OMERS is financed by employer and employee contributions and by investment earnings of the OMERS Fund.

Contributions for current service are recorded as expenditures in the year in which they became due.

The Township is required to make current service contributions to OMERS of 9% of pensionable earnings up to the years maximum pensionable earnings under the Canada Pension Plan and 14.6% on pensionable earnings above the amount. Employees are required to make current service contributions of the same amount.

The amount contributed to OMERS during the year was \$36,233 (2014 - \$36,771) for current services and is included as an expenditure on the Consolidated Statement of Operations.

At December 31, 2015, OMERS disclosed on actuarial deficiency of \$ 5.3 billion.

NOTE 14 EXPENSES BY OBJECT

The consolidated statement of operations reports expenses for the Township by function. The following is a summary of expenses by object.

	<u>Budget</u>	<u>2015</u>	<u>2014</u>
Salaries, wages and benefits	\$ 964,599	\$ 926,088	\$ 848,350
Material and supplies and contracted services	1,182,294	1,098,366	1,020,012
Rentals and financial rentals and financial expenses	33,191	35,206	37,143
Taxation adjustments and vacancy rebates	2,700	(640)	7,280
Transfers to unconsolidated boards	592,219	588,273	578,788
Provision for landfill closure and post closure cost	-	(1,127)	35,381
Amortization of tangible capital assets	-	659,430	668,206
	<u>\$ 2,775,003</u>	<u>\$ 3,305,596</u>	<u>\$ 3,195,160</u>

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

NOTE 15 CONTAMINATED SITES LIABILITY

On January 1, 2015, the Township adopted PS 3260 Liability for Contaminated Sites. The standard was applied in a retro-active basis and did not result in any adjustments to the financial assets, tangible capital assets or accumulated surplus of the Township.