

**The Corporation of the
Township of Lake of the
Woods
Financial Statements
For the year ended
December 31, 2010**

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Financial Statements
For the year ended December 31, 2010**

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Independent Auditors' Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Township of Lake of the Woods

We have audited the accompanying financial statements of the Corporation of the Township of Lake of the Woods, as at December 31, 2010, which are comprised of the Statement of Financial Position as at December 31, 2010, and the Statement of Operations, the Statement of Change in Net Assets and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Lake of the Woods as at December 31, 2010, and their financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO CANADA LLP

Chartered Accountants, Licenced Public Accountants

Fort Frances, Ontario
May 19, 2011

The Corporation of the Township of Lake of the Woods Statement of Financial Position

December 31	2010	2009
Financial assets		
Cash and cash equivalents	\$ 20,232	\$ -
Taxes receivable	77,344	61,302
Accounts receivable	293,332	195,789
Investments (Note 1)	450,406	753,179
	841,314	1,010,270
Liabilities		
Bank indebtedness	-	13,993
Accounts payable and accrued liabilities	10,608	17,130
Deferred revenue (Note 2)	41,780	174,664
Solid waste closure and post-closure liabilities (Note 3)	42,987	36,173
	95,375	241,960
Net financial assets	745,939	768,310
Non-financial assets		
Tangible capital assets (Note 4)	3,255,017	2,341,066
Tangible capital assets under construction	-	417,427
	3,255,017	2,758,493
Accumulated surplus (Note 5)	\$ 4,000,956	\$ 3,526,803

Contingent liabilities (Note 8)

Commitments (Note 10)

_____ Treasurer

_____ Mayor

The Corporation of the Township of Lake of the Woods Statement of Operations

For the year ended December 31	Budget 2010	2010	2009
Revenue			
Taxation	\$ 471,659	\$ 476,116	\$ 461,526
Government grants - Federal	97,706	97,216	95,628
Government grants - Provincial	856,371	852,817	811,784
User fees and service charges	7,100	10,962	7,625
Permits, licenses and fines	31,500	35,398	34,168
Investment income	10,947	14,475	12,084
Municipal grants	10,500	8,515	31,244
Other income (Note 6)	4,000	18,026	27,378
	1,489,783	1,513,525	1,481,437
Expenses			
General government	132,921	120,979	115,660
Protection services	133,971	101,823	123,768
Transportation services	305,271	326,220	281,036
Environmental services	68,267	79,231	71,093
Health services	147,666	150,297	146,424
Social and family services	116,335	116,335	143,774
Social housing	66,906	66,906	65,246
Recreation and cultural services	70,461	66,498	73,653
Planning and development	15,956	11,083	7,549
	1,057,754	1,039,372	1,028,203
Annual surplus	432,029	474,153	453,234
Accumulated surplus, beginning of year	3,526,803	3,526,803	3,073,569
Accumulated surplus, end of year	\$ 3,958,832	\$ 4,000,956	\$ 3,526,803

**The Corporation of the Township of Lake of the Woods
Statement of Change in Net Financial Assets**

For the year ended December 31	Budget 2010	2010	2009
Annual surplus	\$ 432,029	\$ 474,153	\$ 453,234
Acquisition of tangible capital assets	(639,289)	(645,684)	(130,017)
Amortization of tangible capital assets	126,773	149,160	123,911
Gain on disposal of tangible capital assets	-	-	(1,000)
Proceeds on sale of tangible capital assets	-	-	1,150
Acquisition of assets under construction	-	-	(296,943)
Net change in net financial assets	(80,487)	(22,371)	150,335
Net financial assets, beginning of year	768,310	768,310	617,975
Net financial assets, end of year	\$ 687,823	\$ 745,939	\$ 768,310

**The Corporation of the Township of Lake of the Woods
Statement of Cash Flows**

For the year ended December 31	2010	2009
Operating transactions		
Annual surplus	\$ 474,153	\$ 453,234
Items not involving cash		
Amortization	149,160	123,911
Gain on disposal of tangible capital assets	-	(1,000)
Changes in non-cash operating balances		
Taxes receivable	(16,042)	8,633
Accounts receivable	(97,542)	(167,624)
Accounts payable and accrued liabilities	(6,521)	(23,623)
Deferred revenue	(132,884)	(93,092)
Solid waste closure and post-closure liabilities	6,814	6,040
	<u>377,138</u>	<u>306,479</u>
Capital transactions		
Acquisition of tangible capital assets	(645,684)	(426,960)
Proceeds on sale of tangible capital assets	-	1,150
	<u>(645,684)</u>	<u>(425,810)</u>
Investing transactions		
Acquisition of investments	302,771	112,276
Net change in cash and cash equivalents (bank indebtedness)	34,225	(7,055)
Bank indebtedness, beginning of year	<u>(13,993)</u>	<u>(6,938)</u>
Cash and cash equivalents (bank indebtedness), end of year	\$ 20,232	\$ (13,993)

The Corporation of the Township of Lake of the Woods

Summary of Significant Accounting Policies

December 31, 2010

Management's Responsibility for the Financial Statements

The financial statements of the Corporation of the Township of Lake of the Woods are the representations of management. They have been prepared in accordance with Canadian accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Basis of Consolidation The statements reflect the assets, liabilities, revenues and expenditures of all municipal organizations, committees, and boards which are owned or controlled by Council.

A government partnership exists where the Municipality has shared control over the board or entity. The Municipality's pro-rata share of the assets, liabilities, revenues and expenditures are reflected in the financial statements using the proportionate consolidation method. No proportionate interest or government partnerships are reflected in the financial statements.

The following boards are not consolidated:

Northwestern Health Unit
Rainy River District Social Services Administration Board

Government business enterprises and partnerships are separate legal entities which do not rely on the Municipality for funding. Investments in government business enterprises are accounted for using the modified equity method. No government business enterprises are reflected in the financial statements.

Basis of Accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting 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.

The statement of financial position reflects all of the financial assets and liabilities of the Municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. 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 ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year. Accumulated surplus represents the financial position of the Municipality, and is the difference between its' assets and liabilities. This provides information about the Municipality's overall future revenue requirements and its' ability to finance activities and meet its' obligations.

The Corporation of the Township of Lake of the Woods Summary of Significant Accounting Policies

December 31, 2010

**Cash and Cash
Equivalents**

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

Investments

The Municipality accounts for its investments at cost. The carrying value of an investment is written down to its net recoverable amount if a decline in value is judged to be other than temporary.

**Tangible Capital
Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	20 to 50 years
Roads	10 to 80 years
Machinery and equipment	10 to 20 years
Vehicles	10 to 20 years
Furniture and equipment	10 years
Computer hardware and software	5 to 10 years

**Revenue
Recognition**

The Municipality prepares property tax billings based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC), in accordance with rates established and approved annually by Council and the Province of Ontario. Taxation revenue is recognized in the period in which the taxes are levied.

User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

The Corporation of the Township of Lake of the Woods Summary of Significant Accounting Policies

December 31, 2010

Deferred Revenue	Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.
Government Transfers	Government transfers, which include legislative grants, are recognized in the financial statements 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 amount can be made.
School Boards	The Municipality collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements.
Trust Funds	Funds held in trust by the Municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.
Solid Waste Landfills	The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used.
Use of Estimates	The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The Corporation of the Township of Lake of the Woods Notes to Financial Statements

December 31, 2010

1. Investments

	2010	2009
Bonds	\$ 129,850	\$ 122,651
Money market	320,556	630,528
	\$ 450,406	\$ 753,179

The income from investments for the year was \$12,228 (2009 - \$9,133). The market value of the Municipality's investments was \$453,170 (2009 - \$756,509).

2. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 21,692	\$ 19,885	\$ 203	\$ -	\$ 41,780
Infrastructure programs	152,972	-	-	152,972	-
	\$ 174,664	\$ 19,885	\$ 203	\$ 152,972	\$ 41,780

Federal Gas Tax

The Federal Government advances the Municipality funding related to gasoline tax. This funding must be spent on approved infrastructure projects. The funding can be deferred for a maximum of 3 years.

Infrastructure Programs

These programs relate to various capital grants that are required to be spent on infrastructure. Until the funding has been spent on infrastructure it has not been earned and therefore, has been deferred.

The Corporation of the Township of Lake of the Woods Notes to Financial Statements

December 31, 2010

3. Solid Waste Closure and Post-Closure Liabilities

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the Municipality's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities. The reported liability as at year end was \$42,987 (2009 - \$36,173) and reflects a discount rate of 8.0% (2009 - 8.0%).

The liability is based on estimates and assumptions related to events extending over the remaining life of the landfill. The Morson landfill is expected to reach its capacity in 17 years and the estimated remaining capacity is 15,288 cubic metres which is 43% (2009 - 17,138 - 48%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$290,000 (2009 - \$290,000) leaving an amount to be recognized of \$248,771 (2009 - \$255,294). The estimated length of time needed for post-closure care is 25 years.

The Bergland landfill is expected to reach its capacity in 53 years and the estimated remaining capacity is 11,917 cubic metres which is 60% (2009 - 12,717 - 64%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$280,000 (2009 - \$280,000) leaving an amount to be recognized of \$278,241 (2009 - \$278,533). The estimated length of time needed for post-closure care is 25 years.

**The Corporation of the Township of Lake of the Woods
Notes to Financial Statements**

December 31, 2010

	2010							Total
	Land	Buildings	Equipment	Roads and bridges	Culverts	Vehicles	Other	
Cost, beginning of year	\$ 295,089	\$ 1,089,185	\$ 287,259	\$ 1,343,452	\$ 416,366	\$ 205,674	\$ 92,873	\$ 3,729,898
Additions	321,987	72,109	77,067	389,812	33,026	169,103	-	1,063,104
Disposals	-	-	-	(56,769)	-	-	-	(56,769)
Cost, end of year	617,076	1,161,294	364,326	1,676,495	449,392	374,777	92,873	4,736,233
Accumulated amortization, beginning of year	-	236,957	214,402	677,662	157,794	66,253	35,764	1,388,832
Amortization	1,119	22,723	16,847	78,249	10,822	16,212	3,181	149,153
Disposals	-	-	-	(56,769)	-	-	-	(56,769)
Accumulated amortization, end of year	1,119	259,680	231,249	699,142	168,616	82,465	38,945	1,481,216
Net carrying amount, end of year	\$ 615,957	\$ 901,614	\$ 133,077	\$ 977,353	\$ 280,776	\$ 292,312	\$ 53,928	\$ 3,255,017

**The Corporation of the Township of Lake of the Woods
Notes to Financial Statements**

December 31, 2010

4. Tangible Capital Assets (continued)	2009							
	Land	Buildings	Equipment	Roads and bridges	Culverts	Vehicles	Other	Total
Cost, beginning of year	\$ 295,089	\$ 1,089,185	\$ 287,259	\$ 1,235,915	\$ 416,366	\$ 211,674	\$ 70,393	\$ 3,605,881
Additions	-	-	-	107,537	-	-	22,480	130,017
Disposals	-	-	-	-	-	(6,000)	-	(6,000)
Cost, end of year	295,089	1,089,185	287,259	1,343,452	416,366	205,674	92,873	3,729,898
Accumulated amortization, beginning of year	-	215,678	198,738	615,707	147,383	60,119	33,146	1,270,771
Amortization	-	21,279	15,664	61,955	10,411	11,984	2,618	123,911
Disposals	-	-	-	-	-	(5,850)	-	(5,850)
Accumulated amortization, end of year	-	236,957	214,402	677,662	157,794	66,253	35,764	1,388,832
Net carrying amount, end of year	\$ 295,089	\$ 852,228	\$ 72,857	\$ 665,790	\$ 258,572	\$ 139,421	\$ 57,109	\$ 2,341,066

The net book value of tangible capital assets not being amortized because they are under construction is \$NIL (2009 - \$417,427). These items are recognized separately as tangible capital assets under construction in the statement of financial position.

The Corporation of the Township of Lake of the Woods Notes to Financial Statements

December 31, 2010

5. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2010	2009
<u>Investment in tangible capital assets</u>		
Tangible capital assets	\$ 3,255,017	\$ 2,341,066
Investment in tangible capital assets under construction	-	417,427
	3,255,017	2,758,493
<u>Current operations</u>		
General operating	196,818	215,003
<u>Other allocated deficits</u>		
Landfill closure	(42,987)	(36,173)
<u>Reserve funds</u>		
Replacement of equipment	277,796	275,755
Landfill closures	62,726	62,336
Recreation	31,586	31,389
	372,108	369,480
Working capital reserve	220,000	220,000
 Total surplus	 \$ 4,000,956	 \$ 3,526,803

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by by-law or Council resolution for specific purposes.

The Corporation of the Township of Lake of the Woods Notes to Financial Statements

December 31, 2010

6. Other Income

	2010	2009
Gain on sale of capital assets	\$ -	\$ 1,000
Donations	-	24,349
Parkland revenue	315	2,029
Excess tax sale proceeds	17,711	-
	\$ 18,026	\$ 27,378

7. Expenses by Object

	2010	2009
Salaries, wages and employee benefits	\$ 164,669	\$ 170,614
Materials	134,254	127,718
Contracted services	178,840	179,934
Rents and financial expenses	89,513	75,702
Contributions to other organizations	322,943	350,324
Amortization	149,153	123,911
	\$ 1,039,372	\$ 1,028,203

8. Contingent Liability

A lawsuit has been filed against the Corporation for incidents which arose in the ordinary course of business. An initial assessment found the Municipality liable for a portion of the incidents. Should any more losses result from the resolution of this claim, such loss will be charged to the general fund in the year of resolution.

9. Pension Agreement

The Municipality makes contributions to the Ontario Municipal Employees' Retirement Fund (OMERS), a multi-employer plan, on behalf of 2 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. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of the Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2010 was \$6,210 (2009 - \$5,973) for current service. The OMERS Board rate was 6.4% to 9.7% depending on income level for 2010 (2009 - 6.3% to 9.5% depending on income level).

The Corporation of the Township of Lake of the Woods Notes to Financial Statements

December 31, 2010

10. Commitments

As a result of the restructuring of Rainycrest Home for the Aged, the Corporation has agreed to annual contributions to Riverside Health Care Facilities, Inc. for support of Long-Term Care Programs and Services, until the period ending December 31, 2016.

The committed annual payments for the next five years and thereafter are as follows:

Year	Amount
2011	\$39,819
2012	\$33,182
2013	\$26,546
2014	\$19,910
2015	\$13,273
Thereafter	\$ 6,637

11. Operations of School Boards

During the year, the following taxation revenue was raised and remitted:

	2010	2009
School boards	\$ 206,675	\$ 207,432

12. Trust Funds

The trust funds administered by the Municipality amounting to \$110,908 (2009 - \$79,803) have not been included in the statement of financial position nor have the operations been included in the statement of continuity.

13. Contributions to Unconsolidated Boards

The following contributions were made by the Municipality to these boards.

	2010	2009
Northwestern Health Unit	\$ 16,548	\$ 16,734
Rainy River District Social Services Administration Board	259,939	280,498
	\$ 276,487	\$ 297,232

The Corporation of the Township of Lake of the Woods

Notes to Financial Statements

December 31, 2010

14. Segmented Information

The Corporation of the Township of Lake of the Woods is a diversified municipal government institution that provides a wide range of services to its citizens. The management of the Municipality considers decisions based on separate service areas. These service areas are: general government, protection services, transportation services, environmental services, health services, social and family services, social housing, recreation and cultural services and planning and development.

Descriptions of the services and funds that management bases their decisions on, are as follows:

General Government

General government consists of governance, corporate management and program support. These categories relate to operations of all of the various programs and services that the Municipality offers to its citizens.

Protection Services

Protection is comprised of police service and fire protection. Police service is contracted out to the Ontario Provincial Police. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education related to prevention, detection or extinguishment of fires. The members of the fire department consist of volunteers.

Transportation Services

The transportation services area provides construction and maintenance of roadways throughout the Municipality.

Environmental Services

Environmental services consists of maintenance of the two waste disposal facilities located within the municipal borders.

Health Services

Health services are comprised of public health services and ambulance service. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

Social and Family Services

Social and family services are comprised of general assistance, childcare and assistance to the aged. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

Social Housing

The Municipality contributes to a local board, which provides social housing if the citizens of the Corporation of the Township of Lake of the Woods require the service.

The Corporation of the Township of Lake of the Woods Notes to Financial Statements

December 31, 2010

14. Segmented Information (continued)

Recreation and Cultural Services

This service area consists of various small recreation programs. Also, the Municipality contributes to the library board of another Municipality in order to ensure a library is available to the citizens of the Municipality.

Planning and Development

This services relates to zoning issues as well as planning of various municipal maintenance projects.

The Corporation of the Township of Lake of the Woods Notes to Financial Statements

December 31, 2010

14. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Family Services	Social and Social Housing	Recreation and Cultural Services	Planning and Development	2010 Total
Revenue										
Taxation	\$ 53,775	\$ 40,959	\$ 171,778	\$ 26,951	\$ 58,974	\$ 48,770	\$ 28,048	\$ 44,102	\$ 2,759	\$ 476,116
Fees and user charges	25	-	1,075	108	6,605	-	-	-	3,149	10,962
Conditional grants	4,942	8,253	159,064	-	-	-	-	184,650	1,424	358,333
Unconditional grants	66,830	50,902	213,480	33,494	73,291	60,610	34,857	54,807	3,429	591,700
Municipal grants	-	-	5,315	3,200	-	-	-	-	-	8,515
Other	7,669	5,841	24,497	3,844	8,410	6,955	4,001	6,289	393	67,899
	<u>133,241</u>	<u>105,955</u>	<u>575,209</u>	<u>67,597</u>	<u>147,280</u>	<u>116,335</u>	<u>66,906</u>	<u>289,848</u>	<u>11,154</u>	<u>1,513,525</u>
Expenses										
Wages and benefits	61,840	3,347	75,891	22,582	852	-	-	157	-	164,669
Materials	10,449	19,548	76,753	3,556	-	-	-	23,294	653	134,253
Contracted services	26,048	61,767	12,365	45,874	9,228	-	-	13,128	10,430	178,840
Rents and financial	22,278	5,844	47,475	7,219	515	-	-	6,183	-	89,514
External transfers	-	-	-	-	139,702	116,335	66,906	-	-	322,943
Amortization	364	11,318	113,737	-	-	-	-	23,734	-	149,153
	<u>120,979</u>	<u>101,824</u>	<u>326,221</u>	<u>79,231</u>	<u>150,297</u>	<u>116,335</u>	<u>66,906</u>	<u>66,496</u>	<u>11,083</u>	<u>1,039,372</u>
Net surplus (deficit)	<u>\$ 12,262</u>	<u>\$ 4,131</u>	<u>\$ 248,988</u>	<u>\$ (11,634)</u>	<u>\$ (3,017)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,352</u>	<u>\$ 71</u>	<u>\$ 474,153</u>

The Corporation of the Township of Lake of the Woods Notes to Financial Statements

December 31, 2010

14. Segmented Information (continued)

For the year ended December 31		General Government	Protection Services	Transportation Services	Environmental Services	Health Services			Social and Family Services		Social Housing	Recreation and Cultural Services	Planning and Development	2009 Total
						Health Services	Family Services	Social Services	Social Services	Family Services				
Revenue														
Taxation	\$	82,588	44,780	26,275	21,049	96,396	95,207	59,958	1,213	34,060				461,526
Fees and user charges		-	-	1,100	-	5,325	-	-	-	1,200				7,625
Conditional grants		-	24,005	215,456	-	-	-	-	-	-				310,412
Unconditional grants		106,830	57,925	33,987	27,227	124,692	123,154	77,558	70,951	44,058				597,000
Municipal grants		-	7,044	7,044	24,200	-	-	-	-	-				31,244
Other		13,176	7,144	4,192	3,358	15,379	15,189	9,566	193	5,433				73,630
		202,594	133,854	288,054	75,834	241,792	233,550	147,082	73,926	84,751				1,481,437
Expenses														
Wages and benefits		62,590	5,591	79,779	19,464	1,251	-	-	1,939	-				170,614
Materials		9,790	27,748	59,318	190	-	-	-	29,729	943				127,718
Contracted services		25,525	70,873	11,757	44,995	3,419	-	-	16,759	6,606				179,934
Rent and financial		17,490	7,993	38,101	6,444	450	-	-	5,224	-				75,702
External transfers		-	-	-	-	141,304	143,774	65,246	-	-				350,324
Amortization		265	11,563	92,081	-	-	-	-	20,002	-				123,911
		115,660	123,768	281,036	71,093	146,424	143,774	65,246	73,653	7,549				1,028,203
Net surplus	\$	86,934	10,086	7,018	4,741	95,368	89,776	81,836	273	77,202				453,234

For each reported segment, revenues and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes, certain government grants and other revenue have been apportioned based on a percentage of budgeted expenditures.

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Township of Lake of the Woods

We have audited the accompanying balance sheet of the Trust Funds of the Corporation of the Township of Lake of the Woods, as at December 31, 2010, the statement of continuity for the year then ended and a summary of significant accounting policies and other explanatory information (together "the financial statements").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of the 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 the financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Lake of the Woods Trust Funds as at December 31, 2010 and the continuity thereof, in accordance with Canadian Generally Accepted Accounting Principles.

BDO CANADA LLP

Chartered Accountants, Licensed Public Accountants

Fort Frances, Ontario
May 19, 2011

**The Corporation of the Township of Lake of the Woods
Trust Funds
Balance Sheet**

December 31	SKRR Stewardship Council	Cemetery Perpetual Care	2010	2009
Assets				
Investments	\$ 47,645	\$ 62,625	\$ 110,270	\$ 84,285
Other receivable	638	-	638	184
	<u>\$ 48,283</u>	<u>\$ 62,625</u>	<u>\$ 110,908</u>	<u>\$ 84,469</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 4,666
Balance - capital	48,283	62,625	110,908	79,803
	<u>\$ 48,283</u>	<u>\$ 62,625</u>	<u>\$ 110,908</u>	<u>\$ 84,469</u>

**The Corporation of the Township of Lake of the Woods
Trust Funds
Statement of Continuity**

December 31	SKRR Stewardship Council	Cemetery Perpetual Care	2010	2009
Balance, beginning of year	\$ 20,583	\$ 59,220	\$ 79,803	\$ 58,120
Revenue				
Care and maintenance fees	-	1,490	1,490	910
Grants	32,100	-	32,100	25,000
Sales	4,549	-	4,549	4,557
Interest earned	211	3,405	3,616	1,165
	<u>36,860</u>	<u>4,895</u>	<u>41,755</u>	<u>31,632</u>
Expenditures				
Transferred to revenue fund	-	1,490	1,490	910
Other expenses	8,949	-	8,949	9,039
Return to province and administration fee	211	-	211	-
	<u>9,160</u>	<u>1,490</u>	<u>10,650</u>	<u>9,949</u>
Balance, end of year	<u>\$ 48,283</u>	<u>\$ 62,625</u>	<u>\$ 110,908</u>	<u>\$ 79,803</u>

**The Corporation of the Township of Lake of the Woods
Trust Funds
Notes to Financial Statements**

December 31, 2010

1. Summary of Significant Accounting Policies

Management's Responsibility The financial statements of the Corporation of the Township of Lake of the Woods Trust Funds are the representation of management and have been prepared in accordance with Canadian Generally Accepted Accounting Principles. Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgement and review.

Accrual Basis of Accounting Sources of financing and expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

2. Nature of Trust Funds

The Cemetery Care and Maintenance Trust Funds was established in accordance with the Cemeteries Act for the care and maintenance of certain cemetery grounds.

The SKRR Stewardship Council Trust Funds is a Ministry of Natural Resources sponsored organization with the objective to encourage projects that focus on preserving and protecting species at risk.

3. Statement of Changes in Financial Position

A statement of changes in financial position has not been provided since the sources and uses of cash are readily apparent from the information included in the financial statements.