

**The Corporation of the
Township of Lake of the
Woods
Consolidated Financial Statements
For the year ended
December 31, 2011**

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Lake of the Woods
Consolidated Financial Statements
For the year ended December 31, 2011**

	Contents
Independent Auditor's Report	2
Consolidated Financial Statements	
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Change in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Summary of Significant Accounting Policies	7 - 9
Notes to Consolidated Financial Statements	10 - 21
The Corporation of the Township of Lake of the Woods Trust Funds	
Independent Auditor's Report	22
Balance Sheet and Statement of Continuity	23
Notes to Financial Statements	24

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 consolidated financial statements of the Corporation of the Township of Lake of the Woods, as at December 31, 2011, which are comprised of the consolidated Statement of Financial Position as at December 31, 2011, and the consolidated Statement of Operations, the consolidated Statement of Change in Net Financial Assets and the consolidated 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 Consolidated 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 the consolidated financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the 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 the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Lake of the Woods as at December 31, 2011, and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO CANADA LLP

Chartered Accountants, Licensed Public Accountants

Fort Frances, Ontario
January 27, 2012

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

December 31	2011	2010
Financial assets		
Cash and cash equivalents	\$ 29,448	\$ 20,232
Taxes receivable	95,558	77,344
Accounts receivable	36,363	293,332
Investments (Note 1)	871,722	450,406
	1,033,091	841,314
Liabilities		
Bank indebtedness	8,898	-
Accounts payable and accrued liabilities	19,467	10,608
Deferred revenue (Note 2)	4,798	41,780
Solid waste closure and post-closure liabilities (Note 3)	50,660	42,987
	83,823	95,375
Net financial assets	949,268	745,939
Non-financial assets		
Tangible capital assets (Note 4)	3,196,123	3,255,017
Accumulated surplus (Note 5)	\$ 4,145,391	\$ 4,000,956
Contingent liability (Note 8)		
Commitments (Note 10)		

_____ Treasurer _____ Mayor

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

For the year ended December 31	Budget 2011	2011	2010
Revenue			
Taxation	\$ 492,896	\$ 494,125	\$ 476,116
Government grants - Federal	61,274	61,342	97,216
Government grants - Provincial	580,443	575,976	852,817
User fees and service charges	9,175	5,486	10,962
Permits, licenses and fines	28,550	25,735	35,398
Investment income	10,961	12,853	14,475
Municipal grants	8,200	9,580	8,515
Other income (Note 6)	-	25,834	18,026
	1,191,499	1,210,931	1,513,525
Expenses			
General government	119,350	119,314	120,979
Protection services	123,127	102,195	101,823
Transportation services	345,019	354,627	326,220
Environmental services	81,554	77,894	79,231
Health services	160,499	155,224	150,297
Social and family services	85,364	85,364	116,335
Social housing	78,234	78,234	66,906
Recreation and cultural services	78,018	83,401	66,498
Planning and development	14,456	10,243	11,083
	1,085,621	1,066,496	1,039,372
Annual surplus	105,878	144,435	474,153
Accumulated surplus, beginning of year	4,000,956	4,000,956	3,526,803
Accumulated surplus, end of year	\$ 4,106,834	\$ 4,145,391	\$ 4,000,956

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

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

For the year ended December 31	Budget 2011	2011	2010
Annual surplus	\$ 105,878	\$ 144,435	\$ 474,153
Acquisition of tangible capital assets	-	(128,194)	(645,684)
Amortization of tangible capital assets	173,182	187,088	149,160
Net change in net financial assets	279,060	203,329	(22,371)
Net financial assets, beginning of year	745,939	745,939	768,310
Net financial assets, end of year	\$ 1,024,999	\$ 949,268	\$ 745,939

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

For the year ended December 31	2011	2010
Operating transactions		
Annual surplus	\$ 144,435	\$ 474,153
Item not involving cash		
Amortization	187,088	149,153
Changes in non-cash operating balances		
Taxes receivable	(18,214)	(16,042)
Accounts receivable	256,969	(97,542)
Accounts payable and accrued liabilities	8,858	(6,521)
Deferred revenue	(36,982)	(132,884)
Solid waste closure and post-closure liabilities	7,673	6,814
	<u>549,827</u>	<u>377,131</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(128,194)</u>	<u>(645,684)</u>
Investing transactions		
Acquisition of investments	<u>(421,315)</u>	<u>302,778</u>
Net change in cash and cash equivalents	318	34,225
Cash and cash equivalents (bank indebtedness), beginning of year	<u>20,232</u>	<u>(13,993)</u>
Cash and cash equivalents, end of year	<u>\$ 20,550</u>	<u>\$ 20,232</u>
Cash and cash equivalents consists of:		
Cash	\$ 29,448	\$ 20,232
Bank indebtedness	<u>(8,898)</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 20,550</u>	<u>\$ 20,232</u>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

The Corporation of the Township of Lake of the Woods

Summary of Significant Accounting Policies

December 31, 2011

**Management's
Responsibility for the
Consolidated
Financial Statements**

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

The Municipality has a government partnership in place. The partnership is accounted for on a proportionate consolidation basis whereby the Municipality's pro-rata share of each of the assets, liabilities, revenue and expenditures are combined on a line by line basis in the consolidated financial statements. The Municipality has a 25% ownership in the government partnership. The government partnership that has been consolidated is:

Rainy River Health Care Committee

The following boards are not consolidated:

Northwestern Health Unit

Rainy River District Social Services Administration Board

Government business enterprises 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 consolidated financial statements.

**Cash and Cash
Equivalents**

The policy of the Municipality is to disclose bank balances under cash and cash equivalents including bank overdrafts and lines of credit with balances that fluctuate frequently from being positive to being overdrawn and temporary investments with a maturity of three months or less from the date of acquisition.

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.

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

December 31, 2011

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 consolidated 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.

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 at one half of the annual rate in the year of capitalization. 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

The Corporation of the Township of Lake of the Woods

Summary of Significant Accounting Policies

December 31, 2011

**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.

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 consolidated statement of financial position. The revenue is recognized in the consolidated 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 consolidated 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 consolidated financial statements.

Trust Funds

Funds held in trust by the Municipality, and their related operations, are not included in these consolidated 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 consolidated 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 consolidated 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 estimates used in preparation of these consolidated financial statements are the useful lives of the property, plant and equipment, the capacity of the landfill sites, the useful lives of the landfill sites and the post-closure costs of the landfills.

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

December 31, 2011

1. Investments

	2011	2010
Bonds	\$ 134,789	\$ 129,850
Money market	736,933	320,556
	\$ 871,722	\$ 450,406

The income from investments for the year was \$12,349 (2010 - \$12,228). The market value of the Municipality's investments was \$876,119 (2010 - \$453,170).

Certain surplus funds are set aside by by-laws or Council resolution for specific purposes and referred to as reserve funds. Investments restricted by Council resolution represent the assets that are maintained in respect of those reserve funds. (Note 5)

2. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 41,780	\$ 19,816	\$ 560	\$ (61,342)	\$ 814
Locum housing	-	29,818	-	(25,834)	3,984
	\$ 41,780	\$ 49,634	\$ 560	\$ (87,176)	\$ 4,798

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.

Locum Housing

A partnership was formed to build housing for physicians and medical students. The amount recorded in this note represents the Municipality's portion of the deferred revenue.

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

December 31, 2011

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 \$50,660 (2010 - \$42,987) and reflects a discount rate of 8.0% (2010 - 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 16 years and the estimated remaining capacity is 13,438 cubic metres which is 38% (2010 - 43%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$290,000 (2010 - \$290,000) leaving an amount to be recognized of \$241,428 (2010 - \$248,771). The estimated length of time needed for post-closure care is 25 years.

The Bergland landfill is expected to reach its capacity in 52 years and the estimated remaining capacity is 11,117 cubic metres which is 56% (2010 - 60%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$280,000 (2010 - \$280,000) leaving an amount to be recognized of \$277,913 (2010 - \$278,241). 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 Consolidated Financial Statements**

December 31, 2011

4. Tangible Capital Assets

	2011							
	Land and improvements	Buildings	Equipment	Roads and bridges	Culverts	Vehicles	Other	Total
Cost, beginning of year	\$ 617,076	\$ 1,161,294	\$ 364,326	\$ 1,676,495	\$ 449,392	\$ 374,777	\$ 92,873	\$ 4,736,233
Additions	23,000	-	4,879	72,487	27,828	-	-	128,194
Disposals	-	-	-	-	(33,982)	-	-	(33,982)
Cost, end of year	640,076	1,161,294	369,205	1,748,982	443,238	374,777	92,873	4,830,445
Accumulated amortization, beginning of year	1,119	259,680	231,249	699,142	168,616	82,465	38,945	1,481,216
Amortization	2,238	24,162	19,492	94,396	23,182	20,438	3,180	187,088
Disposals	-	-	-	-	(33,982)	-	-	(33,982)
Accumulated amortization, end of year	3,357	283,842	250,741	793,538	157,816	102,903	42,125	1,634,322
Net carrying amount, end of year	\$ 636,719	\$ 877,452	\$ 118,464	\$ 955,444	\$ 285,422	\$ 271,874	\$ 50,748	\$ 3,196,123

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

December 31, 2011

4. Tangible Capital Assets (continued)

	2010							
	Land and improvements	Buildings	Equipment	Roads and bridges	Culverts	Vehicles	Other	Total
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 Consolidated Financial Statements

December 31, 2011

5. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2011	2010
<u>Investment in tangible capital assets</u>		
Tangible capital assets	\$ 3,196,123	\$ 3,255,017
<u>Current operations</u>		
General operating	268,224	196,818
<u>Other allocated deficits</u>		
Landfill closure	(50,660)	(42,987)
<u>Reserve funds</u>		
Replacement of equipment	416,227	277,796
Landfill closures	63,501	62,726
Recreation	31,976	31,586
Total reserve funds	511,704	372,108
Working capital reserve	220,000	220,000
Total surplus	\$ 4,145,391	\$ 4,000,956

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 Consolidated Financial Statements

December 31, 2011

6. Other Income

	2011	2010
Donations and fundraising	\$ 25,834	\$ -
Parkland revenue	-	315
Excess tax sale proceeds	-	17,711
	<u>\$ 25,834</u>	<u>\$ 18,026</u>

7. Expenses by Object

	2011	2010
Salaries, wages and employee benefits	\$ 177,868	\$ 164,669
Materials	130,175	134,253
Contracted services	190,699	178,840
Rents and financial expenses	70,370	89,514
Contributions to other organizations	310,296	322,943
Amortization	187,088	149,153
	<u>\$ 1,066,496</u>	<u>\$ 1,039,372</u>

8. Contingent Liability

The Municipality was formerly a member of a reciprocal insurance Company licensed under the Insurance Act. In the event that a claim is experienced relating to the period that the Municipality was a member of the Company, they may be required to pay additional premiums or losses related to the event. Should any premium demands or losses occur, such loss will be recognized in the year of resolution or settlement of the claim.

9. Pension Agreement

The Municipality makes contributions to the Ontario Municipal Employees' Retirement Fund (OMERS), a multi-employer plan, on behalf of two 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 2011 was \$7,102 (2010 - \$6,210) for current service. The OMERS Board rate was 7.4% to 10.7% depending on income level for 2011 (2010 - 6.4% to 9.7% depending on income level).

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

December 31, 2011

10. Commitments

Rainycrest Home for the Aged

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 are as follows:

Year	Amount
2012	\$33,182
2013	\$26,546
2014	\$19,910
2015	\$13,273
2016	\$ 6,636

Locum Housing

The Municipality has entered into an agreement with three other organizations to construct housing for locum doctors in the Town of Rainy River. In the event that insufficient grants, contributions, donations or fundraising proceeds are available to cover the costs of the construction and furnishings of the housing, the parties to the agreement have agreed to provide the necessary funds to complete the project by way of repayable loans, bearing interest at prime up to the maximum set by the committee.

11. Operations of School Boards

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

	<u>2011</u>	<u>2010</u>
School boards	<u>\$ 204,652</u>	<u>\$ 206,675</u>

12. Trust Funds

The Trust Funds administered by the Municipality amounting to \$118,731 (2010 - \$110,908) have not been included in the consolidated statement of financial position nor have the operations been included in the statement of continuity.

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

December 31, 2011

13. Contributions to Unconsolidated Boards

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

	2011	2010
Northwestern Health Unit	\$ 15,183	\$ 16,548
Rainy River District Social Services Administration Board	255,294	259,939
	\$ 270,477	\$ 276,487

14. Government Partnership

On July 11, 2011, the Municipality entered into an agreement with three other communities to jointly construct and maintain housing for locum physicians and medical students. All revenues and cost related to the development and operations will be shared based on each community's financial contribution to the project. Currently each community has contributed \$25,000 towards the project and therefore, have 25% proportional interest.

	2011	
	Total	Municipality Portion
Financial assets	\$ 115,939	\$ 28,985
Financial liabilities	15,939	3,985
Net financial assets	100,000	25,000
Non-financial assets	92,000	23,000
Accumulated surplus	\$ 192,000	\$ 48,000
Results of operations		
	2011	
	Total	Municipality Portion
Revenue	\$ 103,335	\$ 25,834
Expenses	11,335	2,834
Annual surplus	\$ 92,000	\$ 23,000

Revenue of the partnership is the result of donations and fundraising. Accumulated surplus includes the current year surplus from operations and capital contribution of \$25,000.

The Corporation of the Township of Lake of the Woods

Notes to Consolidated Financial Statements

December 31, 2011

15. 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.

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

December 31, 2011

15. Segmented Information (continued)

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.

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 service 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 Consolidated Financial Statements

December 31, 2011

15. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Family Services	Social and Services	Social Housing	Recreation and Cultural Services	Planning and Development	2011 Total
Revenue											
Taxation	\$ 93,439	\$ 45,967	\$ 148,679	\$ 36,311	\$ 55,782	\$ 38,134	\$ 34,949	\$ 36,318	\$ 4,546	\$ 494,125	
Fees and user charges	5	-	788	23	4,520	-	-	-	150	5,486	
Conditional grants	-	-	61,342	-	-	-	-	2,576	-	63,918	
Unconditional grants	108,430	53,341	172,532	42,136	64,732	44,252	40,556	42,145	5,276	573,400	
Municipal grants	-	-	6,205	3,375	-	-	-	-	-	9,580	
Other	7,297	3,590	11,611	2,836	30,190	2,978	2,729	2,836	355	64,422	
	209,171	102,898	401,157	84,681	155,224	85,364	78,234	83,875	10,327	1,210,931	
Expenses											
Wages and benefits	64,375	2,504	82,675	21,976	2,692	-	-	3,646	-	177,868	
Materials	9,824	14,052	69,744	175	2,444	-	-	33,240	696	130,175	
Contracted services	26,791	68,388	22,848	47,666	2,333	-	-	13,126	9,547	190,699	
Rent and financial	17,595	5,791	31,918	8,077	1,057	-	-	5,932	-	70,370	
External transfers	-	-	-	-	146,698	85,364	78,234	-	-	310,296	
Other	729	11,460	147,442	-	-	-	-	27,457	-	187,088	
	119,314	102,195	354,627	77,894	155,224	85,364	78,234	83,401	10,243	1,066,496	
Net surplus	\$ 89,857	\$ 703	\$ 46,530	\$ 6,787	\$ -	\$ -	\$ -	\$ 474	\$ 84	\$ 144,435	

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

December 31, 2011

15. 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	2010 Total
					Health Services	Family Services						
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
	133,241	105,955	575,209	67,597	147,280	116,335	66,906	289,848	11,154	1,513,525		
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		
	120,979	101,824	326,221	79,231	150,297	116,335	66,906	66,496	11,083	1,039,372		
Net surplus (deficit)	\$ 12,262	\$ 4,131	\$ 248,988	\$ (11,634)	\$ (3,017)	\$ -	\$ -	\$ 223,352	\$ 71	\$ 474,153		

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.



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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, 2011, 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, 2011 and the continuity thereof, in accordance with Canadian Generally Accepted Accounting Principles.

BDO CANADA LLP

Chartered Accountants, Licensed Public Accountants

Fort Frances, Ontario
January 27, 2012

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

December 31	RRD Stewardship Council	Cemetery Perpetual Care	2011	2010
Assets				
Investments	\$ 53,296	\$ 64,842	\$ 118,138	\$ 110,270
Other receivable	593	-	593	638
	\$ 53,889	\$ 64,842	\$ 118,731	\$ 110,908
Liabilities				
Accounts payable	\$ 2,515	\$ -	\$ 2,515	\$ -
Balance - capital	51,374	64,842	116,216	110,908
	\$ 53,889	\$ 64,842	\$ 118,731	\$ 110,908

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

December 31	RRD Stewardship Council	Cemetery Perpetual Care	2011	2010
Balance, beginning of year	\$ 48,283	\$ 62,625	\$ 110,908	\$ 79,803
Revenue				
Care and maintenance fees	-	700	700	1,490
Grants	13,987	-	13,987	32,100
Sales	5,102	-	5,102	4,549
Interest earned	578	2,217	2,795	3,616
	19,667	2,917	22,584	41,755
Expenditures				
Transferred to revenue fund	578	700	1,278	1,490
Other expenses	15,998	-	15,998	8,949
Return to province and administration fee	-	-	-	211
	16,576	700	17,276	10,650
Balance, end of year	\$ 51,374	\$ 64,842	\$ 116,216	\$ 110,908

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

December 31, 2011

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 Fund was established in accordance with the Cemeteries Act for the care and maintenance of certain cemetery grounds.

The RRD Stewardship Council Trust Fund 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.