

**The Corporation of the  
Township of Lake of the  
Woods  
Consolidated Financial Statements  
For the year ended  
December 31, 2012**

**The Corporation of the Township of  
Lake of the Woods  
Consolidated Financial Statements  
For the year ended December 31, 2012**

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BDO Canada LLP  
375 Scott Street  
Fort Frances ON P9A 1H1 Canada

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## Independent Auditor's Report

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### 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, 2012, which are comprised of the consolidated Statement of Financial Position as at December 31, 2012, 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 overall presentation of the consolidated financial statements.

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

#### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Lake of the Woods as at December 31, 2012, 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 24, 2013

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

December 31	2012	2011
<b>Financial assets</b>		
Cash and cash equivalents	\$ 47,350	\$ 29,448
Taxes receivable	82,285	95,558
Accounts receivable	58,864	36,363
Investments (Note 1)	1,059,355	871,722
	<u>1,247,854</u>	<u>1,033,091</u>
<b>Liabilities</b>		
Bank indebtedness (Note 4)	7,972	8,898
Accounts payable and accrued liabilities	37,072	19,467
Deferred revenue (Note 2)	20,696	4,798
Solid waste closure and post-closure liabilities (Note 3)	59,284	50,660
	<u>125,024</u>	<u>83,823</u>
<b>Net financial assets</b>	<u>1,122,830</u>	<u>949,268</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 5)	3,046,813	3,196,123
Prepaid expenses	23,181	-
Tangible capital assets under construction	50,983	-
	<u>3,120,977</u>	<u>3,196,123</u>
<b>Accumulated surplus (Note 6)</b>	<u>\$ 4,243,807</u>	<u>\$ 4,145,391</u>

Contingent liability (Note 9)

Commitments (Note 11)

\_\_\_\_\_ Treasurer

\_\_\_\_\_ Mayor

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

For the year ended December 31	Budget 2012	2012	2011
<b>Revenue</b>			
Taxation	\$ 504,671	\$ 506,146	\$ 494,125
Government grants - Federal	20,000	3,425	61,342
Government grants - Provincial	581,043	577,543	575,976
User fees and service charges	8,225	1,650	5,486
Permits, licenses and fines	25,550	30,343	25,735
Investment income	14,217	20,069	12,853
Municipal grants	8,350	15,369	9,580
Other income (Note 7)	-	11,769	25,834
	<b>1,162,056</b>	<b>1,166,314</b>	<b>1,210,931</b>
<b>Expenses</b>			
General government	127,557	128,557	119,314
Protection services	114,178	102,062	102,195
Transportation services	351,444	347,411	354,627
Environmental services	83,554	92,260	77,894
Health services	166,326	159,711	155,224
Social and family services	75,201	71,940	85,364
Social housing	84,927	84,927	78,234
Recreation and cultural services	82,018	73,508	83,401
Planning and development	34,795	7,522	10,243
	<b>1,120,000</b>	<b>1,067,898</b>	<b>1,066,496</b>
<b>Annual surplus</b>	<b>42,056</b>	<b>98,416</b>	<b>144,435</b>
<b>Accumulated surplus, beginning of year</b>	<b>4,145,391</b>	<b>4,145,391</b>	<b>4,000,956</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 4,187,447</b>	<b>\$ 4,243,807</b>	<b>\$ 4,145,391</b>

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**

<b>For the year ended December 31</b>	<b>Budget 2012</b>	<b>2012</b>	<b>2011</b>
<b>Annual surplus</b>	<b>\$ 42,056</b>	<b>\$ 98,416</b>	<b>\$ 144,435</b>
Acquisition of tangible capital assets	-	(26,484)	(128,194)
Amortization of tangible capital assets	174,998	175,794	187,088
Acquisition of assets under construction	-	(50,983)	-
	<b>217,054</b>	<b>196,743</b>	<b>203,329</b>
Acquisition of prepaid expenses and inventory of supplies	-	(23,181)	-
<b>Net change in net financial assets</b>	<b>217,054</b>	<b>173,562</b>	<b>203,329</b>
<b>Net financial assets, beginning of year</b>	<b>949,268</b>	<b>949,268</b>	<b>745,939</b>
<b>Net financial assets, end of year</b>	<b>\$ 1,166,322</b>	<b>\$ 1,122,830</b>	<b>\$ 949,268</b>

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 Cash Flows

For the year ended December 31	2012	2011
<b>Operating transactions</b>		
Annual surplus	\$ 98,416	\$ 144,435
Item not involving cash		
Amortization	175,794	187,088
Changes in non-cash operating balances		
Taxes receivable	13,273	(18,214)
Accounts receivable	(22,501)	256,969
Prepaid expenses and inventories of supplies	(23,181)	-
Accounts payable and accrued liabilities	17,604	8,858
Deferred revenue	15,898	(36,982)
Solid waste closure and post-closure liabilities	8,625	7,673
	<u>283,928</u>	<u>549,827</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	<u>(77,467)</u>	<u>(128,194)</u>
<b>Investing transactions</b>		
Acquisition of investments	<u>(187,633)</u>	<u>(421,315)</u>
<b>Net change in cash and cash equivalents</b>	<b>18,828</b>	<b>318</b>
<b>Cash and cash equivalents, beginning of year</b>	<u>20,550</u>	<u>20,232</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 39,378</u>	<u>\$ 20,550</u>
<b>Cash and cash equivalents consists of:</b>		
Cash and cash equivalents	\$ 47,350	\$ 29,448
Bank indebtedness	<u>(7,972)</u>	<u>(8,898)</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 39,378</u>	<u>\$ 20,550</u>

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

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

December 31, 2012

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**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.



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# The Corporation of the Township of Lake of the Woods

## Summary of Significant Accounting Policies

December 31, 2012

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### 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

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# The Corporation of the Township of Lake of the Woods

## Summary of Significant Accounting Policies

**December 31, 2012**

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### **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, 2012**

### 1. Investments

	2012	2011
Bonds	\$ 139,106	\$ 134,789
Money market	920,249	736,933
	\$ 1,059,355	\$ 871,722

The income from investments for the year was \$20,069 (2011 - \$12,349). The market value of the Municipality's investments was \$1,052,487 (2011 - \$876,119).

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 6)

### 2. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 814	\$ 19,816	\$ 66	\$ -	\$ 20,696
Locum housing	3,984	11,769	-	(15,753)	-
	\$ 4,798	\$ 31,585	\$ 66	\$ (15,753)	\$ 20,696

#### 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.

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

December 31, 2012

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### 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 \$59,284 (2011 - \$50,660) and reflects a discount rate of 8.0% (2011 - 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 11,588 cubic metres which is 33% (2011 - 38%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$290,000 (2011 - \$290,000) leaving an amount to be recognized of \$232,803 (2011 - \$241,428). 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 10,317 cubic metres which is 52% (2011 - 56%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$280,000 (2011 - \$280,000) leaving an amount to be recognized of \$270,241 (2011 - \$277,913). The estimated length of time needed for post-closure care is 25 years.

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### 4. Bank Indebtedness

Bank indebtedness at year end is a result of outstanding cheques. Physical balance in the operating account at December 31, 2012, is \$7,972 (2011 - \$8,898). The Township has unused credit facilities at year end of \$25,000 (2011 - \$25,000).

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

December 31, 2012

**5. Tangible Capital Assets**

	2012							
	Land and improvements	Buildings	Equipment	Roads and bridges	Culverts	Vehicles	Other	Total
Cost, beginning of year	\$ 640,076	\$ 1,161,294	\$ 369,205	\$ 1,748,982	\$ 443,238	\$ 374,777	\$ 92,873	\$ 4,830,445
Additions	-	-	8,241	7,592	3,207	-	7,444	26,484
Cost, end of year	640,076	1,161,294	377,446	1,756,574	446,445	374,777	100,317	4,856,929
Accumulated amortization, beginning of year	3,357	283,842	250,741	793,538	157,816	102,903	42,125	1,634,322
Amortization	2,239	24,163	20,000	94,419	11,105	20,439	3,429	175,794
Disposals	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	5,596	308,005	270,741	887,957	168,921	123,342	45,554	1,810,116
Net carrying amount, end of year	\$ 634,480	\$ 853,289	\$ 106,705	\$ 868,617	\$ 277,524	\$ 251,435	\$ 54,763	\$ 3,046,813

The net book value of tangible capital assets not being amortized because they are under construction is \$50,983 (2011 - \$NIL). These items are recognized separately as tangible capital assets under construction in the consolidated statement of financial position.

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

**December 31, 2012**

**5. Tangible Capital Assets (continued)**

	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, 2012

### 6. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2012	2011
<u>Investment in tangible capital assets</u>		
Tangible capital assets	\$ 3,097,796	\$ 3,196,123
<u>Current operations</u>		
General operating	389,179	268,224
<u>Other allocated deficits</u>		
Landfill closure	(59,284)	(50,660)
<u>Reserve funds</u>		
Replacement of equipment	496,850	416,227
Landfill closures	64,358	63,501
Recreation	34,908	31,976
Total reserve funds	596,116	511,704
Working capital reserve	220,000	220,000
Total surplus	\$ 4,243,807	\$ 4,145,391

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.

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

December 31, 2012

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### 7. Other Income

	2012	2011
Donations and fundraising	\$ 11,769	\$ 25,834

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### 8. Expenses by Object

	2012	2011
Salaries, wages and employee benefits	\$ 179,715	\$ 177,868
Materials	120,297	130,175
Contracted services	195,402	190,699
Rents and financial expenses	85,179	70,370
Contributions to other organizations	311,511	310,296
Amortization	175,794	187,088
	<u>\$ 1,067,898</u>	<u>\$ 1,066,496</u>

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### 9. 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.

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### 10. 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 2012 was \$8,521 (2011 - \$7,102) for current service. The OMERS Board rate was 8.3% to 10.7% depending on income level for 2012 (2011 - 7.4% to 10.7% depending on income level).



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

December 31, 2012

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### 11. 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 four years are as follows:

Year	Amount
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.

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### 12. Operations of School Boards

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

	2012	2011
School boards	\$ 201,786	\$ 204,652

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### 13. Trust Funds

The Trust Funds administered by the Municipality amounting to \$111,082 (2011 - \$116,216) 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, 2012

### 14. Contributions to Unconsolidated Boards

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

	2012	2011
Northwestern Health Unit	\$ 14,442	\$ 15,183
Rainy River District Social Services Administration Board	261,886	255,294
	\$ 276,328	\$ 270,477

### 15. 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 or agreed to contribute \$100,000 (2011 - \$25,000) towards the project and therefore, have 25% proportional interest.

	2012		2011	
	Total	Municipality Portion	Total	Municipality Portion
Financial assets	\$ 278,773	\$ 69,693	\$ 115,939	\$ 28,985
Financial liabilities	278,773	69,693	115,939	28,985
Net financial assets	-	-	-	-
Non-financial assets	256,995	64,249	92,000	23,000
Accumulated surplus	\$ 256,995	\$ 64,249	\$ 92,000	\$ 23,000

	2012		2011	
	Total	Municipality Portion	Total	Municipality Portion
Revenue	\$ 168,308	\$ 42,077	\$ 103,335	\$ 25,834
Expenses	3,313	828	11,335	2,834
Annual surplus	164,995	41,249	92,000	23,000
Accumulated surplus, beginning of year	92,000	23,000	-	-
Accumulated surplus, end of year	\$ 256,995	\$ 64,249	\$ 92,000	\$ 23,000

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# The Corporation of the Township of Lake of the Woods

## Notes to Consolidated Financial Statements

December 31, 2012

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### 16. 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.

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

**December 31, 2012**

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**16. 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, 2012

### 16. 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	2012 Total
<b>Revenue</b>											
Taxation	\$ 95,712	\$ 47,085	\$ 152,296	\$ 37,194	\$ 57,139	\$ 39,062	\$ 35,799	\$ 37,202	\$ 4,657	\$ 506,146	
Fees and user charges	100	-	50	-	1,500	-	-	-	-	1,650	
Conditional grants	-	-	3,425	-	-	-	-	3,043	-	6,468	
Unconditional grants	108,638	53,444	172,863	42,717	64,856	44,337	40,634	42,226	5,285	574,500	
Municipal grants	-	-	11,969	3,400	-	-	-	-	-	15,369	
Other	9,533	4,690	15,168	3,704	17,460	3,891	3,566	3,705	464	62,181	
	213,983	105,219	355,771	86,515	140,955	87,290	79,999	86,176	10,406	1,166,314	
<b>Expenses</b>											
Wages and benefits	72,453	1,299	78,178	22,635	1,301	-	-	3,849	-	179,715	
Materials	13,576	16,613	65,897	48	260	-	-	23,376	527	120,297	
Contracted services	27,280	67,902	17,940	60,548	2,218	-	-	12,519	6,995	195,402	
Rent and financial	14,519	4,673	49,614	9,030	1,288	-	-	6,055	-	85,179	
External transfers	-	-	-	-	154,644	71,940	84,927	-	-	311,511	
Amortization	729	11,575	135,781	-	-	-	-	27,709	-	175,794	
	128,557	102,062	347,410	92,261	159,711	71,940	84,927	73,508	7,522	1,067,898	
<b>Net surplus (deficit)</b>	\$ 85,426	\$ 3,157	\$ 8,361	\$ (5,746)	\$ (18,756)	\$ 15,350	\$ (4,928)	\$ 12,668	\$ 2,884	\$ 98,416	

# The Corporation of the Township of Lake of the Woods

## Notes to Consolidated Financial Statements

December 31, 2012

### 16. 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
<b>Revenue</b>											
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	
<b>Expenses</b>											
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	
Rents 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	
<b>Net surplus</b>	\$ 89,857	\$ 703	\$ 46,530	\$ 6,787	\$ -	\$ -	\$ -	\$ 474	\$ 84	\$ 144,435	

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

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### **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 Corporation of the Township of Lake of the Woods Trust Funds, as at December 31, 2012, the statement of continuity for the year then ended and a summary of significant accounting policies and other explanatory information (together "the financial statements"). The financial statements have been prepared by management based on the basis of accounting as described in Note 1.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting as described in Note 1; this includes determining that the described basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances, 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, 2012, and the continuity thereof, in accordance with the basis of accounting as described in Note 1.

### **Basis of Accounting and Restrictions on Use**

Without modifying our opinion, we draw attention to the significant accounting policies section of the financial statements which describes the basis of accounting. The financial statements are prepared to assist the Corporation of the Township of Lake of the Woods to comply with the reporting requirements of the Ministry of Consumer Services. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the management of the Corporation of the Township of Lake of the Woods and the Ministry of Consumer Services and should not be used by parties other than the management of the Corporation of the Township of Lake of the Woods and the Ministry of Consumer Services.

*BDO CANADA LLP*

Chartered Accountants, Licensed Public Accountants

Fort Frances, Ontario  
January 24, 2013



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

<b>December 31</b>	RRD Stewardship Council	Cemetery Perpetual Care	2012	2011
<b>Assets</b>				
Investments	\$ 45,027	\$ 66,927	\$ 111,954	\$ 118,138
Other receivable	1,541	-	1,541	593
	<b>\$ 46,568</b>	<b>\$ 66,927</b>	<b>\$ 113,495</b>	<b>\$ 118,731</b>
<b>Liabilities</b>				
Accounts payable	\$ 2,413	\$ -	\$ 2,413	\$ 2,515
Balance - capital	44,155	66,927	111,082	116,216
	<b>\$ 46,568</b>	<b>\$ 66,927</b>	<b>\$ 113,495</b>	<b>\$ 118,731</b>

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

<b>December 31</b>	RRD Stewardship Council	Cemetery Perpetual Care	2012	2011
<b>Balance, beginning of year</b>	<b>\$ 51,374</b>	<b>\$ 64,842</b>	<b>\$ 116,216</b>	<b>\$ 110,908</b>
<b>Revenue</b>				
Care and maintenance fees	-	450	450	700
Grants	8,400	-	8,400	13,987
Sales	7,942	-	7,942	5,102
Interest earned	632	2,085	2,717	2,795
	<b>16,974</b>	<b>2,535</b>	<b>19,509</b>	<b>22,584</b>
<b>Expenditures</b>				
Transferred to revenue fund	632	450	1,082	1,278
Other expenses	23,561	-	23,561	15,998
Return to province and administration fee	-	-	-	-
	<b>24,193</b>	<b>450</b>	<b>24,643</b>	<b>17,276</b>
<b>Balance, end of year</b>	<b>\$ 44,155</b>	<b>\$ 66,927</b>	<b>\$ 111,082</b>	<b>\$ 116,216</b>

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

**December 31, 2012**

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## 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 accrual based 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.

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## 2. Nature of Trust Funds

The Cemetery Perpetual Care 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.

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## 3. Statement of Changes in Cash Flows

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