

**The Corporation of
the Township of Lake of the
Woods
Financial Statements
For the year ended December 31, 2007**

**The Corporation of the
Township of Lake of the Woods
Financial Statements
For the year ended December 31, 2007**

The Corporation of the Township of Lake of the Woods

Auditors' Report
Consolidated Statement of Financial Position
Consolidated Statement of Financial Activities
Consolidated Statement of Changes in Financial Position
Summary of Significant Accounting Policies
Notes to Financial Statements
Schedule of Current Fund Operations
Schedule of Capital Fund Operations
Schedule of Reserves and Reserve Funds

The Corporation of the Township of Lake of the Woods Trust Funds

Auditors' Report
Balance Sheet and Statement of Continuity
Notes to Financial Statements



BDO Dunwoody LLP
Chartered Accountants and Advisors

375 Scott Street
Fort Frances, Ontario Canada P9A 1H1
Telephone : (807) 274-9848
Telefax : (807) 274-5142

www.bdo.ca

The Corporation of the Township of Lake of the Woods

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 consolidated statement of financial position of the Corporation of the Township of Lake of the Woods as at December 31, 2007, and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Township's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these 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, 2007, and the results of its financial activities and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

"BDO Dunwoody LLP"

Chartered Accountants, Licensed Public Accountants
Fort Frances, Ontario
January 24, 2008

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

December 31 **2007** 2006

Assets

Financial assets

Cash	\$	78,848	\$	248,088
Taxes receivable		63,517		63,026
Trade and other receivable		87,129		16,566
Long-term investments (Note 1)		280,341		521,666
		<hr/>		<hr/>
	\$	509,835	\$	849,346

Liabilities and Municipal Position

Liabilities

Accounts payable and accrued liabilities	\$	21,033	\$	28,129
Solid waste landfill closure and post-closure liabilities (Note 10)		24,789		20,072
		<hr/>		<hr/>
		45,822		48,201

Municipal position

Current fund (Note 2)		41,360		48,085
Capital fund		2,101		86,466
Reserves and reserve funds		445,341		686,666
		<hr/>		<hr/>
		488,802		821,217
Amounts to be recovered		(24,789)		(20,072)
		<hr/>		<hr/>
		464,013		801,145
	\$	509,835	\$	849,346

The Corporation of the Township of Lake of the Woods Consolidated Statement of Financial Activities

For the year ended December 31	Budget	2007	2006
Revenues			
Taxation	\$ 451,973	\$ 440,505	\$ 435,104
Fees and user charges	8,900	14,440	11,115
Canada grants	45,821	41,090	110,616
Ontario grants	493,629	459,848	452,685
Municipal grants	12,100	12,608	5,763
Other income (Note 3)	65,916	69,187	185,107
	1,078,339	1,037,678	1,200,390
Expenditures			
Current (Note 4)			
General government	112,355	112,371	103,787
Protection services	126,397	109,667	92,778
Transportation services	176,500	177,630	167,493
Environmental services	64,320	70,687	60,395
Health services	145,901	140,536	136,595
Social and family services	165,959	165,869	158,969
Social housing	51,482	51,482	50,485
Recreation and cultural services	56,843	49,528	57,249
Planning and development	12,834	9,253	6,058
	912,591	887,023	833,809
Capital			
Protection services	5,000	24,183	3,175
Transportation services	140,707	111,305	75,894
Recreation and cultural services	100,000	335,146	-
Planning and development	26,550	12,437	14,308
	272,257	483,071	93,377
Total expenditures	1,184,848	1,370,094	927,186
Net revenues (expenditures) for the year	(106,509)	(332,416)	273,204
Change in amounts to be recovered	(15,942)	(4,717)	16,212
Change in fund balance for the year	\$ (122,451)	\$ (337,133)	\$ 289,416

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

The Corporation of the Township of Lake of the Woods Consolidated Statement of Changes in Financial Position

For the year ended December 31	2007	2006
Cash provided by (used in)		
Operating activities		
Net revenues (expenditures) for the year	\$ (332,416)	\$ 273,204
Increase in taxes receivable	(492)	(237)
(Increase) decrease in accounts receivable	(70,561)	4,699
Decrease in accounts payable	(7,096)	(15,768)
	(78,149)	(11,306)
	(410,565)	261,898
Investing activities		
(Increase) decrease in long-term investments	241,325	(119,737)
Net change in cash and cash equivalents	(169,240)	142,161
Cash and cash equivalents, beginning of year	248,088	105,927
Cash and cash equivalents, end of year	\$ 78,848	\$ 248,088

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

December 31, 2007

Management Responsibility

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 as prescribed by the Ministry of Municipal Affairs and Housing.

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Basis of Consolidation

The consolidated statements reflect the assets, liabilities, revenues and expenditures of the current fund, capital fund, reserves and reserve funds of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenditures have been eliminated on consolidation.

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 consolidated 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 consolidated financial statements.

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

December 31, 2007

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. Municipal position 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.

Long-term Investments

Long-term investments are recorded at the lower of cost and market value.

Capital Assets

The historical cost and accumulated amortization of capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the consolidated statement of financial activities in the period of acquisition.

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.

Government transfers are recognized in the period in which the events giving rise to the transfer occurred, provided that the transfer is authorized and the amount can be easily estimated. Government grants are recognized when approved to the extent the related expenditures have been incurred and collection can be reasonably assured.

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

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.

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

December 31, 2007

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.

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

December 31, 2007

1. Long-term Investments

Investments are made up as follows:

	<u>2007</u>	<u>2006</u>
Restricted investments	\$ 280,341	\$ 521,666

Investments have a market value of \$280,341 (2006 - \$521,666) at the end of the year.

2. Current Fund

	<u>2007</u>	<u>2006</u>
Available to offset future revenue requirements (required to be financed from future revenues):		
General area taxation	\$ 41,360	\$ 48,085

3. Other Income

	<u>2007</u>	<u>2006</u>
Penalties and interest on taxation	\$ 9,340	\$ 8,267
Investment income	32,598	30,818
Rents, concessions and franchises	16,682	38,401
Sale of land and other assets	2,195	96,771
Provincial offences	8,372	10,850
	\$ 69,187	\$ 185,107

4. Expenditures by Object

Total operating expenditures for the year reported on the consolidated statement of financial activities are as follows:

	<u>2007</u>	<u>2006</u>
Salaries, wages and employee benefits	\$ 159,485	\$ 129,853
Materials	141,869	137,876
Contracted services	164,814	154,164
Rents and financial expenses	68,235	68,614
Contributions to other organizations	352,620	343,302
	\$ 887,023	\$ 833,809

The Corporation of the Township of Lake of the Woods

Notes to Financial Statements

December 31, 2007

5. Public Sector Salary Disclosure

During 2007, no employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Corporation of the Township of Lake of the Woods.

6. Budget Amounts

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the consolidated statement of financial activities for comparative purposes. The 2007 budget amounts for the Corporation of the Township of Lake of the Woods approved by Council have been restated to conform to the basis of preparation of the revenues and expenditures on the consolidated statement of financial activities. Budgeted figures are unaudited.

7. Operations of School Boards

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

	<u>2007</u>	<u>2006</u>
School boards	<u>\$ 209,082</u>	<u>\$ 205,735</u>

8. Trust Funds

The trust funds administered by the municipality amounting to \$57,709 (2006 - \$56,218) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities.

9. Contributions to Unconsolidated Boards

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

	<u>2007</u>	<u>2006</u>
Northwestern Health Unit	\$ 16,734	\$ 19,667
Rainy River District Social Services Administration Board	<u>266,020</u>	<u>257,270</u>
	<u>\$ 282,754</u>	<u>\$ 276,937</u>

The Corporation of the Township of Lake of the Woods

Notes to Financial Statements

December 31, 2007

10. Solid Waste Landfill Closure and Post-Closure Liabilities

Landfill 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 liability for the landfill site is recorded at \$24,789 and represents the present value of closure and post-closure costs for 100% of the current site's opened cells, using the average long-term borrowing rate of 8.0%. The liability is recorded based on the capacity of the landfill used to date. The total estimated future expenditures for closure and post-closure care are \$570,000 leaving an amount to be recognized of \$545,211. The estimated remaining capacity of the site's opened cells are approximately 20,838 and 14,317 cubic metres, which will be filled in 20 and 56 years. Post-closure care is estimated to continue for a period of 25 years.

The liability is to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

11. 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 town 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.

12. Tangible Capital Assets

For the year ended December 31, 2009 the municipality will be required to comply with Section 3150, Tangible Capital Assets of the Public Sector Accounting Board Handbook. Section 3150 requires the capitalization and amortization of tangible capital assets in the financial statements. As a transitional provision, Public Sector Guideline - 7, Tangible Capital Assets of Local Governments, requires disclosure of information for each major class of tangible capital asset for which all the relevant information can be provided.

The municipality is currently in the process of assessing the value of their capital assets. No relevant and complete information is available as of December 31, 2007.

The Corporation of the Township of Lake of the Woods

Notes to Financial Statements

December 31, 2007

13. 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 2007 was \$11,569 (2006 - \$9,930) for current service. The OMERS Board rate was 6.5% to 10.7% depending on income level for 2007 (2006 - 6% to 9.8% depending on income level).

14. 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, 2017.

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

2008	\$59,729
2009	\$53,093
2010	\$46,457
2011	\$39,821
2012	\$33,185
Thereafter	\$66,380

The Corporation of the Township of Lake of the Woods Schedule of Current Fund Operations

For the year ended December 31	Budget	2007	2006
Revenues			
Taxation	\$ 451,973	\$ 440,505	\$ 435,104
Fees and user charges	8,900	14,440	11,115
Ontario grants	418,286	418,500	444,551
Municipal grants	12,100	12,609	5,763
Other	52,874	47,672	159,710
	944,133	933,726	1,056,243
Expenditures			
General government	112,355	112,371	103,787
Protection services	126,397	109,667	92,778
Transportation services	176,500	177,630	167,493
Environmental services	64,320	70,687	60,395
Health services	145,901	140,536	136,595
Social and family services	165,959	165,869	158,969
Social housing	51,482	51,482	50,485
Recreation and cultural services	56,843	49,528	57,249
Planning and development	12,834	9,253	6,058
	912,591	887,023	833,809
Net revenues for the year	31,542	46,703	222,434
Financing and transfers			
Transfers to capital fund operations	(64,627)	(53,428)	(61,093)
Transfers to reserves and reserve funds	(15,000)	-	(154,340)
	(79,627)	(53,428)	(215,433)
Change in fund balance for the year	(48,085)	(6,725)	7,001
Current fund, beginning of the year	48,085	48,085	41,084
Current fund, end of the year	\$ -	\$ 41,360	\$ 48,085

The Corporation of the Township of Lake of the Woods Schedule of Capital Fund Operations

For the year ended December 31	Budget	2007	2006
Revenues			
Canada grants	\$ 45,821	\$ 41,090	\$ 110,616
Ontario grants	75,343	41,348	8,134
Other	-	266	-
	<u>121,164</u>	<u>82,704</u>	<u>118,750</u>
Expenditures			
Protection services	5,000	24,183	3,175
Transportation services	140,707	111,305	75,894
Recreation and cultural services	100,000	335,146	-
Planning and development	26,550	12,437	14,308
	<u>272,257</u>	<u>483,071</u>	<u>93,377</u>
Net surplus (deficit) for the year	<u>(151,093)</u>	<u>(400,367)</u>	<u>25,373</u>
Financing and transfers			
Transfers from current fund operations	64,627	53,428	61,093
Transfers from reserves and reserve funds	-	262,574	-
	<u>64,627</u>	<u>316,002</u>	<u>61,093</u>
Change in fund balance for the year	<u>(86,466)</u>	<u>(84,365)</u>	<u>86,466</u>
Capital fund, beginning of the year	<u>86,466</u>	<u>86,466</u>	<u>-</u>
Capital fund, end of the year	<u>\$ -</u>	<u>\$ 2,101</u>	<u>\$ 86,466</u>

**The Corporation of the Township of Lake of the Woods
Schedule of Reserves and Reserve Funds**

For the year ended December 31	Budget	2007	2006
Revenues			
Other revenue	\$ 13,042	\$ 21,249	\$ 25,397
Net transfers from other funds			
Transfer from current fund operations	15,000	-	154,340
Transfer to capital fund operations	-	(262,574)	-
	<u>15,000</u>	<u>(262,574)</u>	<u>154,340</u>
Change in balance for the year	28,042	(241,325)	179,737
Reserves and reserve funds, beginning of the year	<u>686,666</u>	<u>686,666</u>	<u>506,929</u>
Reserves and reserve funds, end of the year	<u>\$ 714,708</u>	<u>\$ 445,341</u>	<u>\$ 686,666</u>

Analyzed as follows:

Reserves set aside for specific purpose by Council:

Working funds	<u>\$ 165,000</u>	<u>\$ 165,000</u>
---------------	-------------------	-------------------

Reserve funds set aside for specific purpose by Council:

Capital purposes	<u>280,341</u>	<u>521,666</u>
------------------	----------------	----------------

Reserves and reserve funds, end of the year	<u>\$ 445,341</u>	<u>\$ 686,666</u>
--	--------------------------	--------------------------



BDO Dunwoody LLP
Chartered Accountants and Advisors

375 Scott Street
Fort Frances, Ontario Canada P9A 1H1
Telephone : (807) 274-9848
Telefax : (807) 274-5142

www.bdo.ca

The Corporation of the Township of Lake of the Woods

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 balance sheet of the Trust Funds of the Corporation of the Township of Lake of the Woods as at December 31, 2007, and the statement of continuity of the trust funds for the year then ended. These financial statements are the responsibility of the Township's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation of the Township of Lake of the Woods as at December 31, 2007, and the continuity of the trust funds for the year then ended in accordance with Canadian accounting principles disclosed in Note 1 to the financial statements.

"BDO Dunwoody LLP"

Chartered Accountants, Licensed Public Accountants
Fort Frances, Ontario
January 24, 2008

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

December 31	Ontario Home Renewal Program	Cemetery Perpetual Care	2007	2006
Assets				
Investments	\$ -	\$ 54,490	\$ 54,490	\$ 52,473
Loans receivable	3,219	-	3,219	3,745
	\$ 3,219	\$ 54,490	\$ 57,709	\$ 56,218
Liabilities				
Balance - capital	\$ 3,219	\$ 54,490	\$ 57,709	\$ 56,218

Statement of Continuity

December 31	Ontario Home Renewal Program	Cemetery Perpetual Care	2007	2006
Balance, beginning of year	\$ 3,745	\$ 52,473	\$ 56,218	\$ 54,371
Revenue				
Care and maintenance fees	-	1,050	1,050	1,200
Interest earned	674	2,017	2,691	2,047
	674	3,067	3,741	3,247
Expenditures				
Transferred to revenue fund	-	1,050	1,050	1,200
Return to province and administration fee	1,200	-	1,200	200
	1,200	1,050	2,250	1,400
Balance, end of year	\$ 3,219	\$ 54,490	\$ 57,709	\$ 56,218

The accompanying notes are an integral part of these financial statements.

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

December 31, 2007

1. Accounting Policies

Basis of Accounting

Capital receipts and income are reported on the cash basis of accounting.

Expenditures are reported on the cash basis of accounting with the exception of administrative expenses which are reported on the accrual basis of accounting, which recognizes expenditures 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. Ontario Home Renewal Program

The Ontario Home Renewal Program was cancelled by the Ontario Ministry of Housing on July 16, 1993. Any funds on hand at December 31, 2007, are to be remitted to the Province in 2008. Subsequent collections will be remitted annually.

Ontario Home Renewal Program loans receivable at December 31, 2007, comprise repayable loans of \$3,219 (2006 - \$3,745). Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continued ownership and occupancy. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.