

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

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	<b>Contents</b>
<b>Independent Auditor's Report</b>	<b>2</b>
<b>Consolidated Financial Statements</b>	
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Change in Net Financial Debt	5
Consolidated Statement of Cash Flows	6
Summary of Significant Accounting Policies	7 - 10
Notes to the Consolidated Financial Statements	11 - 23



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## Independent Auditor's Report

To the Members of Council, Residents and Ratepayers of  
The Corporation of the Township of Lake of Bays

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Lake of Bays, which comprise the consolidated statement of financial position as at December 31, 2010, and consolidated statements of operations, change in net financial debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### *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 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 municipality'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 municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 Bays as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants, Licensed Public Accountants

Huntsville, Ontario

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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

December 31	2010	2009
<b>Financial assets</b>		
Cash	\$ 232,572	\$ 315,291
Restricted cash (Note 1)	494,905	409,337
Taxes receivable	1,339,479	1,277,627
Accounts receivable (Note 2)	821,459	1,206,015
	<b>2,888,415</b>	<b>3,208,270</b>
<b>Liabilities</b>		
Bank indebtedness (Note 3)	927,000	1,668,000
Accounts payable and accrued liabilities	704,153	669,182
Tax revenue received in advance	478,593	506,241
Deferred revenue (Note 1)	494,905	409,337
Long-term debt (Note 4)	1,008,180	799,493
Due to trust funds	5,067	17,604
	<b>3,617,898</b>	<b>4,069,857</b>
<b>Net financial debt</b>	<b>(729,483)</b>	<b>(861,587)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 5)	19,082,415	18,646,789
Prepaid expenses and inventory of supplies	134,705	146,010
	<b>19,217,120</b>	<b>18,792,799</b>
<b>Accumulated surplus (Note 6)</b>	<b>\$ 18,487,637</b>	<b>\$ 17,931,212</b>

Contingent liabilities (Note 7)

On behalf of Council:

\_\_\_\_\_ Treasurer \_\_\_\_\_ Mayor

**The Corporation of the Township of Lake of Bays  
Consolidated Statement of Operations**

<b>For the year ended December 31</b>	(Note 8) Budget 2010	Actual 2010	Actual 2009
<b>Revenue</b>			
Taxation (Note 9)	\$ 3,509,068	\$ 3,512,085	\$ 3,138,308
Government transfers - Federal	155,393	472,277	432,275
Government transfers - Provincial	786,134	790,113	1,771,691
Government transfers - municipal	299,314	259,749	340,180
User fees and service charges	271,504	421,960	453,616
Permits, licenses and fines	464,900	425,528	335,534
Investment income	5,500	12,579	33,682
Interest and penalty on taxes	182,000	200,253	180,403
Donations	24,500	72,287	149,620
Other grants	25,000	30,433	38,539
Obligatory reserve funds used (Note 1)	324,000	131,523	537,382
	6,047,313	6,328,787	7,411,230
<b>Expenses</b>			
General government	1,077,147	1,171,896	1,158,950
Protection services	1,007,649	901,640	826,801
Transportation services	2,245,812	2,199,104	2,467,206
Environmental services	15,400	24,171	10,798
Health services	25,335	24,175	21,827
Recreation and cultural services	1,049,237	1,127,820	1,151,882
Planning and development	328,608	323,556	301,655
	5,749,188	5,772,362	5,939,119
<b>Annual surplus</b>	298,125	556,425	1,472,111
<b>Accumulated surplus, beginning of year</b>	17,931,212	17,931,212	16,459,101
<b>Accumulated surplus, end of year</b>	\$ 18,229,337	\$ 18,487,637	\$ 17,931,212

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

**The Corporation of the Township of Lake of Bays  
Consolidated Statement of Change in Net Financial Debt**

<b>For the year ended December 31</b>	(Note 8) Budget 2010	Actual 2010	Actual 2009
<b>Annual surplus</b>	\$ 298,125	\$ 556,425	\$ 1,472,111
Acquisition of tangible capital assets	(1,591,200)	(1,605,100)	(3,454,180)
Amortization of tangible capital assets	1,171,450	1,169,474	1,146,293
	(121,625)	120,799	(835,776)
Consumption (acquisition) of prepaid expenses and inventory of supplies	-	11,305	(41,340)
<b>Net change in net financial assets (debt)</b>	(121,625)	132,104	(877,116)
<b>Net financial assets (debt), beginning of year</b>	(861,587)	(861,587)	15,529
<b>Net financial debt, end of year</b>	\$ (983,212)	\$ (729,483)	\$ (861,587)

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

**The Corporation of the Township of Lake of Bays  
Consolidated Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2010</b>	<b>2009</b>
<b>Operating transactions</b>		
Annual surplus	\$ 556,425	\$ 1,472,111
Items not involving cash		
Amortization of tangible capital assets	1,169,474	1,146,293
Changes in non-cash operating balances		
Taxes receivable	(61,852)	1,728
Accounts receivable	384,556	(579,173)
Prepaid expenses and inventory of supplies	11,305	(41,340)
Accounts payable and accrued liabilities	34,972	(30,515)
Employee Benefits Plan liability	(27,648)	-
Deferred revenue	85,568	(682,225)
Restricted deferred revenue	-	(438,302)
Due to trust funds	(12,537)	3,043
	<u>2,140,263</u>	<u>851,620</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	<u>(1,605,100)</u>	<u>(3,454,180)</u>
<b>Investing transactions</b>		
Decrease (increase) in restricted cash	<u>(85,569)</u>	<u>438,301</u>
<b>Financing transactions</b>		
Increase (decrease) in bank indebtedness	(741,000)	1,388,000
Proceeds from issuance of long-term debt	500,000	459,915
Repayment of long-term debt	<u>(291,313)</u>	<u>(278,288)</u>
	<u>(532,313)</u>	<u>1,569,627</u>
<b>Decrease in cash during the year</b>	<b>(82,719)</b>	<b>(594,632)</b>
<b>Cash, beginning of year</b>	<b>315,291</b>	<b>909,923</b>
<b>Cash, end of year</b>	<b>\$ 232,572</b>	<b>\$ 315,291</b>

**Supplementary Information**

During the year, the company paid cash interest in the amount of \$26,810 (2009 - \$35,355)

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

December 31, 2010

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**Management Responsibility**

The consolidated financial statements of the The Corporation of the Township of Lake of Bays are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The municipality provides municipal services such as general government, protection to persons and property, transportation and roadways, recreation and culture and planning and development.

**Basis of Consolidation**

The consolidated statements reflect assets, liabilities, operating revenues and expenditures 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.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

Libraries (Dwight and Baysville)	100%
Cemeteries (Franklin, Sinclair, Ridout, and McLean)	100%

**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. 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.

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**The Corporation of the Township of Lake of Bays**  
**Summary of Significant Accounting Policies**

**December 31, 2010**

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**Use of Estimates**

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these consolidated financial statements are the determination of the estimated useful life of capital assets and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Tangible Capital Assets**

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

Facilities	10 to 40 years
Roads and bridges	10 to 75 years
Equipment, fleet and vehicles	3 to 15 years

**Leased Assets**

Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the municipality, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

**Non-financial Assets**

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

**Inventory of Supplies**

Inventory of supplies are recorded at the lower of cost and net realizable value. Inventory of materials is recorded at the lower of average cost and net realizable value.



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**The Corporation of the Township of Lake of Bays  
Summary of Significant Accounting Policies**

**December 31, 2010**

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**Deferred Revenue**

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose.

**Post Retirement Benefits**

The municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The municipality records as a pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

**Revenue Recognition**

The municipality recognizes taxation revenue on an annual basis using total assessment values for the year and annually established tax rates. Property assessment values are provided by the Municipal Property Assessment Corporation (MPAC) and tax rates are established and approved by members of Council. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal are known.

The municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the year the interest and penalties are levied.

Fees and user charges, licenses, permits and rents are recognized as revenue when the services are provided and there is reasonable assurance of collection.

**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, reasonable estimates of the amount can be made, and when collection is reasonably assured.

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**The Corporation of the Township of Lake of Bays**  
**Summary of Significant Accounting Policies**

**December 31, 2010**

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**District and School Boards**

The municipality collects taxation revenue on behalf of the school boards and the District Municipality of Muskoka. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the District Municipality of Muskoka 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 financial position and statement of continuity.

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

**December 31, 2010**

**1. Restricted Cash and Deferred Revenue**

	<b>2010</b>	<b>2009</b>
Obligatory reserve funds		
Federal gas tax	\$ 14,465	\$ -
Development Charges Act	139,657	19,147
Parkland	340,783	390,190
	\$ 494,905	\$ 409,337

The net change during the year in the deferred revenue balances is made up as follows:

	Federal Gas Tax	Development Charges Act	Parkland
Deferred revenue, beginning of year	\$ -	\$ 19,147	\$ 390,190
Funds received during the year	109,813	149,312	49,564
Interest earned	202	383	3,367
Funds used during the year	(95,550)	(29,185)	(102,338)
Deferred revenue, end of year	\$ 14,465	\$ 139,657	\$ 340,783

The interest earned is included as investment income on the consolidated statement of operations. The Federal Gas Tax, Development Charges Act and Parkland funds used during the year are respectively, included in the consolidated statement of operations as follows: \$95,550 included in government transfers - Federal and \$29,185 and \$102,338 totaling \$131,523 is included in obligatory reserve funds used.

The above funds held as deferred revenue are restricted in their use by their respective legislation.

**2. Long-Term Receivable**

The following long-term receivable is included in accounts receivable in the consolidated statement of financial position.

	<b>2010</b>	<b>2009</b>
District Municipality of Muskoka for the purchase of the landfill site on January 1, 1996, receivable \$20,514 annually, maturing 2015	\$ 102,570	\$ 123,084

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

**December 31, 2010**

**3. Bank Indebtedness**

Bank indebtedness is secured by a general security agreement. The maximum authorized amount is \$3,000,000, and bears interest at the prime rate plus .5% per annum.

**4. Long-Term Liabilities**

The balance of long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2010	2009
Loan payable, secured by equipment, repayable \$497 monthly, interest free, maturing December 2014	\$ 17,881	\$ 23,842
Loans payable, secured by equipment, repayable \$486 monthly, interest free, maturing in May 2013	14,095	19,928
Loans payable, secured by equipment, repayable \$486 monthly, interest free, maturing in May 2013	14,095	19,928
Loan payable, secured by equipment, repayable \$469 monthly, including interest at 4.95% per annum, maturing September 2012	23,666	36,297
Loan payable, secured by equipment, repayable \$466 monthly, interest free, maturing June 2012	7,921	13,512
Loan payable, secured by equipment, repayable \$1,550 monthly including interest at 5.53% per annum, matured in the year	-	18,049
Debentures payable - District Municipality of Muskoka, payable \$64,752 annually including interest at 5.00% per annum, due in 2020	500,000	-
	577,658	131,556
Obligations under capital leases (Page 14)	430,522	667,937
	<b>\$ 1,008,180</b>	<b>\$ 799,493</b>

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

**December 31, 2010**

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**4. Long-Term Liabilities (continued)**

Gross long-term debt payments, excluding capital lease obligations, for the next five years and thereafter are due as follows:

2011	\$	102,113
2012		95,316
2013		75,572
2014		64,752
2015		64,752
Thereafter		<u>323,760</u>
		726,265
Less interest portion		<u>(148,607)</u>
	\$	<u>577,658</u>

Interest expense in the amount of \$13,178 (2009 - \$14,708) relating to long-term liabilities has been recognized in the consolidated statement of operations.

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

**December 31, 2010**

**4. Long-Term Liabilities (continued)**

Obligations under Capital Leases

	2010	2009
Obligation under capital lease, interest at 5.85% per annum, blended monthly payments of \$985, due July 2013	\$ 25,043	\$ 35,780
Obligation under capital lease, interest at 5.3% per annum, blended monthly payments of \$6,300, due October 2013	171,298	246,088
Obligation under capital lease, interest at 3.69% per annum, blended monthly payments of \$3,399, due January 2014	117,005	162,199
Obligation under capital lease, interest at 3.96% per annum, blended monthly payments of \$3,595, due January 2014	117,176	162,453
Obligation under capital lease, paid out during the year	-	8,085
Obligation under capital lease, paid out during the year	-	53,332
	\$ 430,522	\$ 667,937

Obligations under capital leases are secured by the underlying equipment. Interest paid relating to the above obligations on capital leases was \$24,747 (2009 - \$22,362). The future minimum lease payments for the next three years and thereafter are as follows:

2011	\$ 160,039
2012	160,039
2013	135,115
2014	4,737
	459,930
Less imputed interest	(29,408)
	\$ 430,522

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

**December 31, 2010**

**5. Tangible Capital Assets**

	<b>2010</b>				
	Land	Facilities	Equipment, Fleet and Vehicles	Roads and Bridges	Total
Cost, beginning of year	\$ 2,644,508	\$ 6,543,011	\$ 5,834,492	\$ 14,252,449	\$ 29,274,460
Additions		509,164	119,286	976,650	1,605,100
Disposals		-	(50,500)	(25,000)	(75,500)
Cost, end of year	\$ 2,644,508	\$ 7,052,175	\$ 5,903,278	\$ 15,204,099	\$ 30,804,060
Accumulated amortization, beginning of year	-	\$ 1,996,604	\$ 3,292,272	\$ 5,338,795	\$ 10,627,671
Amortization	-	156,171	476,802	536,501	1,169,474
Disposals	-	-	(50,500)	(25,000)	(75,500)
Accumulated amortization, end of year	-	\$ 2,152,775	\$ 3,718,574	\$ 5,850,296	\$ 11,721,645
Net carrying amount, end of year	\$ 2,644,508	\$ 4,899,400	\$ 2,184,704	\$ 9,353,803	\$ 19,082,415

Assets held under capital leases in the amount of \$757,750 (2009 - \$846,011) with related accumulated amortization in the amount of \$157,506 (2009 - \$270,561) are included in Equipment, Fleet and Vehicles.

The municipality holds various works of art and historical treasures. These items are not recognized as tangible capital assets in the consolidated financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

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

**December 31, 2010**

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

	2009				
	Land	Facilities	Equipment, Fleet and Vehicles	Roads and Bridges	Total
Cost, beginning of year	\$ 2,644,508	\$ 4,345,894	\$ 5,146,308	\$ 13,765,570	\$ 25,902,280
Additions		2,197,117	690,684	566,379	3,454,180
Disposals		-	(2,500)	(79,500)	(82,000)
Cost, end of year	\$ 2,644,508	\$ 6,543,011	\$ 5,834,492	\$ 14,252,449	\$ 29,274,460
Accumulated amortization, beginning of year	\$ -	\$ 1,850,868	\$ 2,853,584	\$ 4,858,926	\$ 9,563,378
Amortization		145,736	441,188	559,369	1,146,293
Disposals		-	(2,500)	(79,500)	(82,000)
Accumulated amortization, end of year	\$ -	\$ 1,996,604	\$ 3,292,272	\$ 5,338,795	\$ 10,627,671
Net carrying amount, end of year	\$ 2,644,508	\$ 4,546,407	\$ 2,542,220	\$ 8,913,654	\$ 18,646,789



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

**December 31, 2010**

**6. Accumulated Surplus**

The municipality segregates its accumulated surplus in the following categories:

	<b>2010</b>	<b>2009</b>
<b>Reserves</b>		
Working Capital	\$ 184,814	\$ 184,814
OMPF	175,000	175,000
OLRA	178,289	99,671
Fire Boat	51,212	47,712
Fire	57,815	44,500
Elections	-	29,872
Building Department	-	22,928
Official Plan	20,000	20,000
LoB Fish Habitat	8,322	18,500
Library	10,858	10,858
Mayor's Golf	1,755	5,308
Heritage	3,451	4,387
A Daniels Fish	1,233	959
Pit Rehabilitation	11,057	-
Gravel	62,379	-
	<b>766,185</b>	<b>664,509</b>
Capital outlay financed by long-term liabilities and to be recovered in future years	<b>(1,008,180)</b>	<b>(799,493)</b>
Investment in tangible capital assets	<b>19,082,415</b>	<b>18,646,789</b>
Deficit	<b>(352,783)</b>	<b>(580,593)</b>
	<b>\$ 18,487,637</b>	<b>\$ 17,931,212</b>

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

Reserves represent amounts set aside by bylaw or council resolution for specific purposes.

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

**December 31, 2010**

**7. Contingent Liabilities**

The municipality is liable for a Workplace Safety and Insurance Board (WSIB) claim as a "schedule 2" employer. The municipality is required to make payments each year until 2029. The total payments for this claim are not determinable at the time of issue of these consolidated financial statements as WSIB periodically invoices the municipality as claims are paid. No provision for this claim has been recorded in these consolidated financial statements. Actual payments will be reflected in the period in which the payment is invoiced by WSIB. Payments made in 2010 were \$28,791 (2009 - \$64,037).

The municipality is a defendant in a lawsuit where damages are claimed in the amount of approximately \$2,000,000. The municipality believes the claim is excessive and that the outcome of the claim is not determinable at the time of issue of these consolidated financial statements. Accordingly, no provision for a loss has been recorded in the consolidated financial statements. Settlements, if any, will be reflected in the period in which settlement occurs.

**8. Budget**

The Financial Plan (Budget) By-Law adopted by Council on May 25, 2010 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets (debt) represent the Financial Plan adopted by Council on May 25, 2010 with adjustments as follows:

	<b>2010</b>
Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	1,591,200
Transfers to reserves	30,000
Debt repayment	334,044
Budgeted transfers to accumulated surplus	157,740
Less:	
Amortization of tangible capital assets	(1,171,450)
Transfers from reserves	(103,409)
Proceeds from long-term debt	(540,000)
Budget surplus per statement of operations	<b>\$ 298,125</b>

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

**December 31, 2010**

**9. Operations of School Boards and the District of Muskoka**

During the year, the following taxation revenue was levied and remitted to the school boards and the District of Muskoka:

	<b>2010</b>	<b>2009</b>
Taxation	<b>\$ 17,040,057</b>	<b>\$ 16,288,588</b>
Less: school board requisitions	<b>(5,781,690)</b>	<b>(5,626,635)</b>
Less: upper tier requisitions	<b>(7,746,282)</b>	<b>(7,523,645)</b>
	<b>\$ 3,512,085</b>	<b>\$ 3,138,308</b>

**10. Expenses by Object**

Total operating expenses for the year reported on the consolidated statement of operations are as follows:

	(Note 8) Budget 2010	Actual 2010	Actual 2009
Salaries, wages and employee benefits	\$ 2,426,617	\$ 2,468,312	\$ 2,451,778
Materials	1,884,257	1,869,602	2,089,363
Contracted services	227,400	238,164	216,366
Interest on long-term debt	39,464	26,810	35,318
Amortization	1,171,450	1,169,474	1,146,294
	<b>\$ 5,749,188</b>	<b>\$ 5,772,362</b>	<b>\$ 5,939,119</b>

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

**December 31, 2010**

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**11. Post Retirement Benefits**

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of substantially all full-time members of its staff. This 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. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to more than 409,746 active and retired members and approximately 931 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2010. The results of this valuation disclosed total actuarial liabilities of \$60,035 million in respect of benefits accrued for service with actuarial assets at that date of \$55,568 million indicating an actuarial deficit of \$4,467 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit.

Contributions made by the municipality to OMERS for 2010 were \$101,998 (2009 - \$106,756).

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**12. Trust Funds**

The trust funds administered by the municipality amounting to \$253,782 (2009 - \$247,398) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations. At December 31, 2010, the trust fund balances are as follows:

	<u>2010</u>	<u>2009</u>
Cemetery Care and Maintenance	\$ 145,930	\$ 140,096
Planning costs recoverable	107,852	107,302
	<u>\$ 253,782</u>	<u>\$ 247,398</u>

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**13. Changes in Presentation of Comparative Financial Statements**

Certain comparative figures have been reclassified to conform with the current year's consolidated financial statement presentation.

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

**December 31, 2010**

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**14. Segmented Information**

The Corporation of the Township of Lake of Bays is a diversified municipal government institution that provides a wide range of services to its citizens such as transit, fire and community services. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

**General Government**

General government accounts for the revenues and expenses that relate to the operations of the municipality itself and cannot be directly attributed to any specific segment.

**Protection Services**

Protection is comprised of fire protection, by-law enforcement services and emergency planning. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers.

**Transportation and Environmental Services**

Transportation is responsible for the seasonal maintenance of roads, winter control, storm sewer maintenance, streetlighting and the municipal transit system.

**Health Services**

Included in health services is the maintenance and upkeep of the municipally controlled cemeteries.

**Social and Family Services**

This service area provides services meant to improve the health and development of the municipality's citizens.

**Recreation and Cultural Services**

Recreational programs and cultural programs like swimming and skating lessons are provided at arenas, aquatic centres and community centres. Also, the municipality provides library services to assist with its citizens' informational needs.

**Planning and Development**

This department provides a number of services including township and economic planning, maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers are measured on the basis of budgeted amounts.

Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation	allocated to those segments that are funded by these amounts based on the net surplus for the year.
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**The Corporation of the Township of Lake of Bays**  
**Notes to Consolidated Financial Statements**

**December 31, 2010**

**14. Segmented Information (continued)**

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2010 Total
<b>Revenue</b>								
Taxation	\$ 680,024	\$ 453,607	\$ 1,842,323	\$ 24,421	\$ 15,832	\$ 335,279	\$ 160,599	\$ 3,512,085
Government transfers	729,400	63,116	329,941	(250)	-	399,932	-	1,522,139
User fees and service charges	43,686	28,641	26,840	-	7,676	152,160	162,957	421,960
Permits, licenses and fines	33,860	349,347	-	-	-	42,321	-	425,528
Interest and penalties on tax arrears	200,253	-	-	-	-	-	-	200,253
Other	11,913	6,929	-	-	667	95,790	-	115,299
Obligatory reserve fund revenue recognized	29,185	-	-	-	-	102,338	-	131,523
	<b>1,728,321</b>	<b>901,640</b>	<b>2,199,104</b>	<b>24,171</b>	<b>24,175</b>	<b>1,127,820</b>	<b>323,556</b>	<b>6,328,787</b>
<b>Expenses</b>								
Salaries and benefits	794,233	373,564	689,428	18,910	14,985	432,217	144,975	2,468,312
Goods and services	338,895	335,798	553,978	5,261	8,415	462,718	164,537	1,869,602
Contracted services	4,810	66,782	160,217	-	-	-	6,355	238,164
Interest	-	2,842	23,968	-	-	-	-	26,810
Amortization	33,958	122,654	771,513	-	775	232,885	7,689	1,169,474
	<b>1,171,896</b>	<b>901,640</b>	<b>2,199,104</b>	<b>24,171</b>	<b>24,175</b>	<b>1,127,820</b>	<b>323,556</b>	<b>5,772,362</b>
	<b>\$ 556,425</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 556,425</b>

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

**December 31, 2010**

**14. Segmented Information (continued)**

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2009 Total
<b>Revenue</b>								
Taxation	\$ 183,107	\$ 654,308	\$ 1,445,262	\$ -	\$ 10,048	\$ 624,509	\$ 221,074	\$ 3,138,308
Government transfers	779,202	33,507	899,556	4,000	-	827,881	-	2,544,146
User fees and service charges	38,346	28,185	20,341	-	8,250	201,076	157,418	453,616
Permits, licenses and fines	33,117	251,480	-	-	-	50,937	-	335,534
Interest and penalties on tax arrears	180,403	-	-	-	-	-	-	180,403
Other	28,761	37,493	-	-	610	154,977	-	221,841
Obligatory reserve fund revenue recognized	1,170	16,900	28,990	-	-	490,322	-	537,382
	<u>1,244,106</u>	<u>1,021,873</u>	<u>2,394,149</u>	<u>4,000</u>	<u>18,908</u>	<u>2,349,702</u>	<u>378,492</u>	<u>7,411,230</u>
<b>Expenses</b>								
Salaries and benefits	733,907	337,638	754,238	4,912	14,486	457,492	149,105	2,451,778
Goods and services	368,860	285,302	803,181	5,886	6,567	475,166	146,401	2,089,363
Contracted services	21,245	73,466	119,518	-	-	-	2,137	216,366
Interest	-	8,145	27,173	-	-	-	-	35,318
Amortization	36,938	122,250	763,096	-	774	219,224	4,012	1,146,294
	<u>1,158,950</u>	<u>826,801</u>	<u>2,467,206</u>	<u>10,798</u>	<u>21,827</u>	<u>1,151,882</u>	<u>301,655</u>	<u>5,939,119</u>
	<u>\$ 85,156</u>	<u>\$ 195,072</u>	<u>\$ (73,057)</u>	<u>\$ (6,798)</u>	<u>\$ (2,919)</u>	<u>\$ 1,197,820</u>	<u>\$ 76,837</u>	<u>\$ 1,472,111</u>