

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

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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, 2011, and consolidated statements of operations, change in net financial assets (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 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 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, 2011, and the results of its operations 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

Huntsville, Ontario

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

December 31	2011	2010
Financial assets		
Cash	\$ 589,775	\$ 232,572
Restricted cash (Note 1)	611,635	494,905
Taxes receivable	1,399,791	1,339,479
Accounts receivable (Note 2)	327,264	821,459
	2,928,465	2,888,415
Liabilities		
Bank indebtedness (Note 3)	-	927,000
Accounts payable and accrued liabilities	816,966	704,153
Tax revenue received in advance	522,554	478,593
Deferred revenue (Note 1)	611,635	494,905
Long-term debt (Note 4)	872,283	1,008,180
Due to trust funds	7,369	5,067
	2,830,807	3,617,898
Net financial assets (debt)	97,658	(729,483)
Non-financial assets		
Tangible capital assets (Note 5)	18,739,847	19,082,415
Prepaid expenses and inventory of supplies	135,789	134,705
	18,875,636	19,217,120
Accumulated surplus (Note 6)	\$ 18,973,294	\$ 18,487,637

On behalf of Council:

_____ Treasurer

_____ Mayor

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

For the year ended December 31	(Note 7) Budget 2011	Actual 2011	Actual 2010
Revenue			
Taxation (Note 8)	\$ 3,874,042	\$ 3,756,063	\$ 3,512,085
Government transfers - Federal	102,767	105,111	472,277
Government transfers - Provincial	775,534	859,315	790,113
Government transfers - Municipal	308,500	268,584	259,749
User fees and service charges	368,515	503,023	421,960
Permits, licenses and fines	452,700	486,071	425,528
Investment income	4,000	20,483	12,579
Interest and penalty on taxes	200,000	204,957	200,253
Donations	11,000	52,052	72,287
Other grants	34,535	52,407	30,433
Obligatory reserve funds used (Note 1)	73,100	55,625	131,523
	<u>6,204,693</u>	<u>6,363,691</u>	<u>6,328,787</u>
Expenses			
General government	1,051,377	1,150,658	1,171,896
Protection services	835,865	948,157	901,640
Transportation services	2,422,447	2,370,673	2,199,104
Environmental services	22,150	16,413	24,171
Health services	28,380	33,608	24,175
Recreation and cultural services	1,097,513	1,071,982	1,127,820
Planning and development	427,238	286,543	323,556
	<u>5,884,970</u>	<u>5,878,034</u>	<u>5,772,362</u>
Annual surplus	319,723	485,657	556,425
Accumulated surplus, beginning of year	<u>18,487,637</u>	<u>18,487,637</u>	<u>17,931,212</u>
Accumulated surplus, end of year	<u>\$ 18,807,360</u>	<u>\$ 18,973,294</u>	<u>\$ 18,487,637</u>

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 Assets (Debt)**

For the year ended December 31	(Note 7) Budget 2011	Actual 2011	Actual 2010
Annual surplus	\$ 319,723	\$ 485,657	\$ 556,425
Acquisition of tangible capital assets	(834,932)	(946,159)	(1,605,100)
Amortization of tangible capital assets	1,161,785	1,262,199	1,169,474
Gain (loss) on sale of tangible capital assets	-	(8,822)	-
Proceeds on sale of tangible capital assets	-	35,350	-
	646,576	828,225	120,799
Consumption (acquisition) of prepaid expenses and inventory of supplies	-	(1,084)	11,305
Net change in net financial assets	646,576	827,141	132,104
Net financial debt, beginning of year	(729,483)	(729,483)	(861,587)
Net financial assets (debt), end of year	\$ (82,907)	\$ 97,658	\$ (729,483)

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

For the year ended December 31	2011	2010
Operating transactions		
Annual surplus	\$ 485,657	\$ 556,425
Items not involving cash		
Amortization of tangible capital assets	1,262,199	1,169,474
(Gain) loss on disposal of tangible capital assets	(8,822)	-
Changes in non-cash operating balances		
Taxes receivable	(60,312)	(61,852)
Accounts receivable	494,195	384,556
Prepaid expenses and inventory of supplies	(1,084)	11,305
Accounts payable and accrued liabilities	112,813	34,972
Tax revenue received in advance	43,961	(27,648)
Deferred revenue	116,730	85,568
Due to trust funds	2,302	(12,537)
	<u>2,447,639</u>	<u>2,140,263</u>
Capital transactions		
Acquisition of tangible capital assets	(946,159)	(1,605,100)
Proceeds on sale of tangible capital assets	35,350	-
	<u>(910,809)</u>	<u>(1,605,100)</u>
Investing transactions		
Increase in restricted cash	<u>(116,730)</u>	<u>(85,569)</u>
Financing transactions		
Decrease in bank indebtedness	(927,000)	(741,000)
Proceeds from issuance of long-term debt	96,457	500,000
Repayment of long-term debt	(232,354)	(291,313)
	<u>(1,062,897)</u>	<u>(532,313)</u>
Increase (decrease) in cash during the year	357,203	(82,719)
Cash, beginning of year	<u>232,572</u>	<u>315,291</u>
Cash, end of year	<u>\$ 589,775</u>	<u>\$ 232,572</u>

Supplementary Information

During the year, the company paid cash interest in the amount of \$44,936 (2010 - \$26,810)

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

December 31, 2011

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 expenses 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 expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses 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.

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

December 31, 2011

Use of Estimates	<p>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.</p>						
Tangible Capital Assets	<p>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:</p> <table><tr><td>Facilities</td><td>10 to 40 years</td></tr><tr><td>Roads and bridges</td><td>10 to 75 years</td></tr><tr><td>Equipment, fleet and vehicles</td><td>3 to 15 years</td></tr></table>	Facilities	10 to 40 years	Roads and bridges	10 to 75 years	Equipment, fleet and vehicles	3 to 15 years
Facilities	10 to 40 years						
Roads and bridges	10 to 75 years						
Equipment, fleet and vehicles	3 to 15 years						
Leased Assets	<p>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.</p>						
Non-financial Assets	<p>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.</p>						
Inventory of Supplies	<p>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.</p>						

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

December 31, 2011

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

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

December 31, 2011

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, expenses, 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 (Note 11).

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

December 31, 2011

1. Restricted Cash and Deferred Revenue

	2011	2010
Obligatory reserve funds		
Federal gas tax	\$ 24,209	\$ 14,465
Development Charges Act	236,807	139,657
Parkland	350,619	340,783
	\$ 611,635	\$ 494,905

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	\$ 14,465	\$ 139,657	\$ 340,783
Funds received during the year	109,510	95,920	60,662
Interest earned	234	1,230	4,799
Funds used during the year	(100,000)	-	(55,625)
Deferred revenue, end of year	\$ 24,209	\$ 236,807	\$ 350,619

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: \$100,000 included in government transfers - Federal and \$55,625 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.

	2011	2010
District Municipality of Muskoka for the purchase of the landfill site on January 1, 1996, receivable \$20,514 annually, maturing 2015	\$ 82,056	\$ 102,570

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

December 31, 2011

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 0.5% 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:

	2011	2010
Loan payable, secured by equipment, repayable \$466 monthly, interest free, maturing June 2012	\$ 2,330	\$ 7,921
Loan payable, secured by equipment, repayable \$469 monthly, including interest at 4.95% per annum, maturing September 2012	10,395	23,666
Loans payable, secured by equipment, repayable \$486 monthly, interest free, maturing in May 2013	8,263	14,095
Loans payable, secured by equipment, repayable \$486 monthly, interest free, maturing in May 2013	8,263	14,095
Loan payable, secured by equipment, repayable \$1,624 monthly including interest at 2.3% per annum, maturing November 2014	52,648	-
Loan payable, secured by equipment, repayable \$497 monthly, interest free, maturing December 2014	11,921	17,881
Loan payable, secured by equipment, repayable \$884 monthly including interest at 2.97% per annum, maturing December 2014	30,438	-
Debentures payable - District Municipality of Muskoka, payable \$64,752 annually including interest at 5.00% per annum, due in 2020	460,248	500,000
	584,506	577,658
Obligations under capital leases (Page 14)	287,777	430,522
	\$ 872,283	\$ 1,008,180

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

December 31, 2011

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:

2012	\$	123,131
2013		105,180
2014		93,736
2015		64,752
2016		64,752
Thereafter		<u>259,010</u>
		710,561
Less interest portion		<u>(126,055)</u>
	\$	<u>584,506</u>

Interest expense in the amount of \$27,033 (2010 - \$13,178) relating to the above 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, 2011

4. Long-Term Liabilities (continued)

Obligations under Capital Leases

	2011	2010
Obligation under capital lease, interest at 5.85% per annum, blended monthly payments of \$985, due July 2013	\$ 15,622	\$ 25,043
Obligation under capital lease, interest at 5.3% per annum, blended monthly payments of \$6,300, due October 2013	111,560	171,298
Obligation under capital lease, interest at 3.69% per annum, blended monthly payments of \$3,399, due January 2014	80,187	117,005
Obligation under capital lease, interest at 3.96% per annum, blended monthly payments of \$3,595, due January 2014	80,408	117,176
	\$ 287,777	\$ 430,522

Obligations under capital leases are secured by the underlying equipment. Interest paid relating to the above obligations on capital leases was \$16,459 (2010 - \$24,747). The future minimum lease payments for the next three years and thereafter are as follows:

2012	\$ 160,875
2013	135,115
2014	4,737
	300,727
Less imputed interest	(12,950)
	\$ 287,777

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

December 31, 2011

5. Tangible Capital Assets

					2011
	Land	Facilities	Equipment, Fleet and Vehicles	Roads and Bridges	Total
Cost, beginning of year	\$ 2,644,508	\$ 7,052,175	\$ 5,903,278	\$ 15,204,099	\$ 30,804,060
Additions	-	118,188	444,259	383,712	946,159
Disposals	-	(4,577)	(249,097)	(11,003)	(264,677)
Cost, end of year	<u>\$ 2,644,508</u>	<u>\$ 7,165,786</u>	<u>\$ 6,098,440</u>	<u>\$ 15,576,808</u>	<u>\$ 31,485,542</u>
Accumulated amortization, beginning of year	-	2,152,775	3,718,574	5,850,296	11,721,645
Amortization	-	170,361	520,003	571,835	1,262,199
Disposals	-	(4,577)	(222,569)	(11,003)	(238,149)
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 2,318,559</u>	<u>\$ 4,016,008</u>	<u>\$ 6,411,128</u>	<u>\$ 12,745,695</u>
Net carrying amount, end of year	<u>\$ 2,644,508</u>	<u>\$ 4,847,227</u>	<u>\$ 2,082,432</u>	<u>\$ 9,165,680</u>	<u>\$ 18,739,847</u>

Assets held under capital leases in the amount of \$757,750 (2010 - \$757,750) with related accumulated amortization in the amount of \$233,281 (2010 - \$157,506) 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, 2011

5. Tangible Capital Assets (continued)

						2010
	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	

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

December 31, 2011

6. Accumulated Surplus

The municipality segregates its accumulated surplus in the following categories:

	<u>2011</u>	<u>2010</u>
Reserves		
Working Capital	\$ 184,814	\$ 184,814
OMPF	175,000	175,000
OLRA	246,104	178,289
Fire Boat	55,212	51,212
Fire	67,815	57,815
Elections	10,000	-
Building Department	29,553	-
Official Plan	20,000	20,000
LoB Fish Habitat	8,322	8,322
Library	9,358	10,858
Mayor's Golf	6,910	1,755
Heritage	-	3,451
A Daniels Fish	2,233	1,233
Pit Rehabilitation	24,300	11,057
Gravel	62,379	62,379
Green	302	-
Other	16,509	-
	<u>918,811</u>	<u>766,185</u>
Capital outlay financed by long-term liabilities and to be recovered in future years	(872,283)	(1,008,180)
Investment in tangible capital assets	18,739,847	19,082,415
Surplus (deficit)	<u>186,919</u>	<u>(352,783)</u>
	<u>\$ 18,973,294</u>	<u>\$ 18,487,637</u>

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, 2011

7. Budget

The Financial Plan (Budget) By-Law adopted by Council on March 26, 2011 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 of surpluses accumulated in previous years to reduce current year expenses 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 March 26, 2011 with adjustments as follows:

	2011
Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	834,932
Transfers to reserves	20,000
Debt repayment	317,473
Budgeted transfers to accumulated surplus	422,853
Less:	
Amortization of tangible capital assets	(1,161,785)
Transfers from reserves	(113,750)
Budget surplus per statement of operations	\$ 319,723

8. 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:

	2011	2010
Taxation	\$ 17,605,701	\$ 17,040,057
Less: school board requisitions	(5,956,865)	(5,781,690)
Less: upper tier requisitions	(7,892,773)	(7,746,282)
	\$ 3,756,063	\$ 3,512,085

The Corporation of the Township of Lake of Bays

Notes to Consolidated Financial Statements

December 31, 2011

9. Post Retirement Benefits

OMERS provides pension services to more than 419,007 active and retired members and approximately 947 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, 2011. The results of this valuation disclosed total actuarial liabilities of \$64,548 million in respect of benefits accrued for service with actuarial assets at that date of \$57,258 million indicating an actuarial deficit of \$7,290 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 2011 were \$116,581 (2010 - \$101,998).

10. Commitments

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 remaining for this claim are approximately \$342,000. WSIB invoices the municipality for this claim annually. Actual payments will be reflected in the consolidated statement of operations in the period in which the payment is invoiced by WSIB. Payments made in 2011 were \$26,983 (2010 - \$28,791).

11. Trust Funds

The trust funds administered by the municipality amounting to \$219,680 (2010 - \$253,782) 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, 2011, the trust fund balances are as follows:

	2011	2010
Cemetery Care and Maintenance	\$ 154,629	\$ 145,930
Planning costs recoverable	65,051	107,852
	<u>\$ 219,680</u>	<u>\$ 253,782</u>

12. Changes in Presentation of Comparative Financial Statements

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

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

December 31, 2011

13. 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, 2011

13. 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	2011 Total
Revenue								
Taxation	\$ 567,658	\$ 413,216	\$ 1,978,676	\$ 13,345	\$ 8,821	\$ 726,163	\$ 48,184	\$ 3,756,063
Government transfers	740,829	84,218	360,161	3,068	-	44,734	-	1,233,010
User fees and service charges	65,516	33,669	31,836	-	23,457	110,186	238,359	503,023
Permits, licenses and fines	36,461	399,593	-	-	-	50,017	-	486,071
Interest and penalties on tax arrears	204,957	-	-	-	-	-	-	204,957
Other	20,894	17,461	-	-	1,330	85,257	-	124,942
Obligatory reserve fund revenue recognized	-	-	-	-	-	55,625	-	55,625
	1,636,315	948,157	2,370,673	16,413	33,608	1,071,982	286,543	6,363,691
Expenses								
Salaries and benefits	741,374	394,696	708,503	6,978	19,805	418,190	149,672	2,439,218
Goods and services	114,437	283,909	568,556	6,780	11,847	392,375	25,417	1,403,321
Contracted services	213,161	143,813	240,516	2,655	-	15,455	100,773	716,373
Interest	-	1,265	43,563	-	-	108	-	44,936
Amortization	73,934	120,274	809,500	-	1,956	245,854	10,681	1,262,199
Other	7,752	4,200	35	-	-	-	-	11,987
	1,150,658	948,157	2,370,673	16,413	33,608	1,071,982	286,543	5,878,034
	\$ 485,657	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 485,657

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

December 31, 2011

13. 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
Revenue								
Taxation	\$ 680,024	\$ 453,607	\$ 1,831,266	\$ 24,421	\$ 15,832	\$ 346,336	\$ 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	37,897	-	7,676	141,103	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
	<u>1,728,321</u>	<u>901,640</u>	<u>2,199,104</u>	<u>24,171</u>	<u>24,175</u>	<u>1,127,820</u>	<u>323,556</u>	<u>6,328,787</u>
Expenses								
Salaries and benefits	794,233	373,564	689,428	6,689	14,985	432,217	144,975	2,456,091
Goods and services	152,436	278,316	571,571	12,632	8,415	424,649	41,153	1,489,172
Contracted services	171,488	119,791	142,570	4,850	-	38,069	129,739	606,507
Interest	-	2,842	23,968	-	-	-	-	26,810
Amortization	33,958	122,654	771,513	-	775	232,885	7,689	1,169,474
Other	19,781	4,473	54	-	-	-	-	24,308
	<u>1,171,896</u>	<u>901,640</u>	<u>2,199,104</u>	<u>24,171</u>	<u>24,175</u>	<u>1,127,820</u>	<u>323,556</u>	<u>5,772,362</u>
	<u>\$ 556,425</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 556,425</u>