

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

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Tel: 705 789 4469  
Fax: 705 789 1079  
www.bdo.ca

BDO Canada LLP  
4 Elm Street  
Huntsville ON P1H 1L1 Canada

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## Independent Auditor's Report

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**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, 2012, and consolidated statements of operations, change in net financial assets 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, 2012, 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

May 7, 2013

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

<b>December 31</b>	<b>2012</b>	<b>2011</b>
<b>Financial assets</b>		
Cash	\$ 1,447,339	\$ 589,775
Restricted cash (Note 1)	791,932	611,635
Taxes receivable	1,425,097	1,399,791
Accounts receivable (Note 2)	261,407	305,107
Due from trust funds	4,774	14,787
	<b>3,930,549</b>	<b>2,921,095</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	559,768	816,964
Tax revenue received in advance	500,440	522,554
Deferred revenue (Note 1)	791,932	611,635
Long-term debt (Note 3)	893,193	872,283
	<b>2,745,333</b>	<b>2,823,436</b>
<b>Net financial assets</b>	<b>1,185,216</b>	<b>97,659</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 4)	18,257,553	18,739,847
Prepaid expenses and inventory of supplies	129,762	135,789
	<b>18,387,315</b>	<b>18,875,636</b>
<b>Accumulated surplus (Note 5)</b>	<b>\$ 19,572,531</b>	<b>\$ 18,973,295</b>

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 6) Budget 2012	Actual 2012	Actual 2011
<b>Revenue</b>			
Taxation (Note 7)	\$ 3,889,951	\$ 3,916,450	\$ 3,756,063
Government transfers - Federal	-	21,974	105,111
Government transfers - Provincial	777,364	798,171	859,315
Government transfers - Municipal	323,500	335,643	268,584
User fees and service charges	381,995	589,012	494,201
Permits, licenses and fines	475,200	442,558	486,071
Gain on sale of tangible capital assets	-	267,802	8,822
Investment income	11,500	26,792	20,483
Interest and penalty on taxes	190,000	214,608	204,957
Donations	12,300	38,507	52,052
Other grants	13,000	24,729	52,407
Obligatory reserve funds used (Note 1)	-	36,663	55,625
	6,074,810	6,712,909	6,363,691
<b>Expenses</b>			
General government	1,190,234	1,193,093	1,150,658
Protection services	1,006,845	996,764	948,157
Transportation services	2,657,336	2,436,621	2,370,673
Environmental services	20,064	12,081	16,413
Health services	39,220	37,362	33,608
Recreation and cultural services	1,131,476	1,080,976	1,070,420
Planning and development	334,577	356,776	288,104
	6,379,752	6,113,673	5,878,033
<b>Annual surplus (deficit)</b>	(304,942)	599,236	485,658
<b>Accumulated surplus, beginning of year</b>	18,973,295	18,973,295	18,487,637
<b>Accumulated surplus, end of year</b>	\$ 18,668,353	\$ 19,572,531	\$ 18,973,295

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**

<b>For the year ended December 31</b>	(Note 6) Budget 2012	Actual 2012	Actual 2011
<b>Annual surplus (deficit)</b>	\$ (304,942)	\$ 599,236	\$ 485,658
Acquisition of tangible capital assets	(470,513)	(843,425)	(946,159)
Amortization of tangible capital assets	1,262,198	1,291,299	1,262,199
Gain on sale of tangible capital assets	-	(267,802)	(8,822)
Proceeds on sale of tangible capital assets	-	302,222	35,350
	486,743	1,081,530	828,226
Consumption (acquisition) of prepaid expenses and inventory of supplies	-	6,027	(1,084)
<b>Net change in net financial assets</b>	486,743	1,087,557	827,142
<b>Net financial assets (debt), beginning of year</b>	97,659	97,659	(729,483)
<b>Net financial assets, end of year</b>	\$ 584,402	\$ 1,185,216	\$ 97,659

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>2012</b>	<b>2011</b>
<b>Operating transactions</b>		
Annual surplus	\$ 599,236	\$ 485,658
Items not involving cash		
Amortization of tangible capital assets	1,291,299	1,262,199
Gain on sale of tangible capital assets	(267,802)	(8,822)
Changes in non-cash operating balances		
Taxes receivable	(25,306)	(60,312)
Accounts receivable	43,700	494,195
Due from trust funds	10,013	2,302
Accounts payable and accrued liabilities	(257,196)	112,812
Tax revenue received in advance	(22,114)	43,961
Deferred revenue	180,297	116,730
Prepaid expenses and inventory of supplies	6,027	(1,084)
	<u>1,558,154</u>	<u>2,447,639</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(843,425)	(946,159)
Proceeds on sale of tangible capital assets	302,222	35,350
	<u>(541,203)</u>	<u>(910,809)</u>
<b>Investing transactions</b>		
Increase in restricted cash	(180,297)	(116,730)
<b>Financing transactions</b>		
Decrease in bank indebtedness	-	(927,000)
Proceeds from issuance of long-term debt	279,662	96,457
Repayment of long-term debt	(258,752)	(232,354)
	<u>20,910</u>	<u>(1,062,897)</u>
<b>Increase in cash during the year</b>	<b>857,564</b>	<b>357,203</b>
<b>Cash, beginning of year</b>	<u><b>589,775</b></u>	<u><b>232,572</b></u>
<b>Cash, end of year</b>	<b>\$ 1,447,339</b>	<b>\$ 589,775</b>

**Supplementary Information**

During the year, the company paid cash interest in the amount of \$37,270 (2011 - \$44,936).

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

**December 31, 2012**

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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 expenses of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenses 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 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, 2012**

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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 tangible 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, 2012

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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, 2012**

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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, 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 10).

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

**December 31, 2012**

**1. Restricted Cash and Deferred Revenue**

	<b>2012</b>	<b>2011</b>
Obligatory reserve funds		
Federal gas tax	\$ 133,908	\$ 24,209
Development Charges Act	319,342	236,807
Parkland	338,682	350,619
	\$ 791,932	\$ 611,635

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	\$ 24,209	\$ 236,807	\$ 350,619
Funds received during the year	109,510	80,644	20,975
Interest earned	189	1,891	3,751
Funds used during the year	-	-	(36,663)
Deferred revenue, end of year	\$ 133,908	\$ 319,342	\$ 338,682

The interest earned is included as investment income on the consolidated statement of operations. The Parkland funds used during the year of \$36,663 are included in the consolidated statement of operations as 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>2012</b>	<b>2011</b>
District Municipality of Muskoka for the purchase of the landfill site on January 1, 1996, receivable \$20,514 annually, maturing 2015	\$ 61,902	\$ 82,056

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

**December 31, 2012**

**3. Long-Term Liabilities**

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

	<b>2012</b>	<b>2011</b>
Loans payable, secured by equipment, repayable \$486 monthly, interest free, maturing in May 2013	<b>\$ 3,010</b>	<b>\$ 8,263</b>
Loans payable, secured by equipment, repayable \$486 monthly, interest free, maturing in May 2013	<b>3,010</b>	<b>8,263</b>
Loan payable, secured by equipment, repayable \$497 monthly, interest free, maturing December 2013	<b>5,952</b>	<b>11,921</b>
Demand loan payable, secured by equipment, repayable \$1,624 monthly including interest at 2.30% per annum, maturing November 2014	<b>36,517</b>	<b>52,648</b>
Demand loan payable, secured by equipment, repayable \$884 monthly including interest at 2.97% per annum, maturing December 2014	<b>20,590</b>	<b>30,438</b>
Demand loan payable, secured by equipment, repayable \$829 monthly including interest at 2.43% per annum, maturing May 2015	<b>23,338</b>	<b>-</b>
Demand loan payable, secured by equipment, repayable \$894 monthly including interest at 2.34% per annum, maturing November 2015	<b>30,228</b>	<b>-</b>
Demand loan payable, secured by equipment, repayable \$3,936 monthly including interest at the bank's prime rate plus 2.85% per annum, maturing November 2017	<b>213,138</b>	<b>-</b>
Debentures payable to District Municipality of Muskoka, payable \$64,752 annually including interest at 5.00% per annum, due in 2020	<b>418,508</b>	<b>460,248</b>
Loan payable, matured during the year	<b>-</b>	<b>2,330</b>
Loan payable, matured during the year	<b>-</b>	<b>10,395</b>
	<b>754,291</b>	<b>584,506</b>
Obligations under capital leases (Page 15)	<b>138,902</b>	<b>287,777</b>
	<b>\$ 893,193</b>	<b>\$ 872,283</b>

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

**December 31, 2012**

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

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

2013	\$ 145,519
2014	137,530
2015	106,205
2016	96,046
2017	95,963
Thereafter	<u>173,028</u>
	<u>\$ 754,291</u>

Interest expense in the amount of \$23,012 (2011 - \$27,033) relating to the above long-term liabilities has been recognized in the consolidated statement of operations.

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

**December 31, 2012**

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

Obligations under Capital Leases

	2012	2011
Obligation under capital lease, interest at 5.85% per annum, blended monthly payments of \$985, due July 2013	\$ 5,634	\$ 15,622
Obligation under capital lease, interest at 5.3% per annum, blended monthly payments of \$6,300, due October 2013	49,063	111,560
Obligation under capital lease, interest at 3.69% per annum, blended monthly payments of \$3,399, due January 2014	42,144	80,187
Obligation under capital lease, interest at 3.96% per annum, blended monthly payments of \$3,595, due January 2014	42,061	80,408
	\$ 138,902	\$ 287,777

Obligations under capital leases are secured by the underlying equipment. Interest paid relating to the above obligations on capital leases was \$9,854 (2011 - \$16,459). The future minimum lease payments for the next two years and thereafter are as follows:

	2013	\$ 136,364
	2014	5,635
		141,999
Less imputed interest		(3,097)
		\$ 138,902

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

**December 31, 2012**

**4. Tangible Capital Assets**

	<b>2012</b>				
	Land	Facilities	Equipment, Fleet and Vehicles	Roads and Bridges	Total
Cost, beginning of year	\$ 2,644,508	\$ 7,165,786	\$ 6,098,440	\$ 15,576,808	\$ 31,485,542
Additions	-	59,717	367,749	415,959	843,425
Disposals	(28,869)	(10,571)	(193,570)	(3,727)	(236,737)
Cost, end of year	<u>\$ 2,615,639</u>	<u>\$ 7,214,932</u>	<u>\$ 6,272,619</u>	<u>\$ 15,989,040</u>	<u>\$ 32,092,230</u>
Accumulated amortization, beginning of year	-	\$ 2,318,559	\$ 4,016,008	\$ 6,411,128	\$ 12,745,695
Amortization	-	175,522	531,815	583,962	1,291,299
Disposals	-	(8,079)	(190,501)	(3,737)	(202,317)
Accumulated amortization, end of year	<u>-</u>	<u>\$ 2,486,002</u>	<u>\$ 4,357,322</u>	<u>\$ 6,991,353</u>	<u>\$ 13,834,677</u>
Net carrying amount, end of year	<u>\$ 2,615,639</u>	<u>\$ 4,728,930</u>	<u>\$ 1,915,297</u>	<u>\$ 8,997,687</u>	<u>\$ 18,257,553</u>

Assets held under capital leases in the amount of \$757,750 (2011 - \$757,750) with related accumulated amortization in the amount of \$309,056 (2011 - \$233,281) 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, 2012**

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

						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	\$ 2,644,508	\$ 7,165,786	\$ 6,098,440	\$ 15,576,808	\$ 31,485,542	
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	-	\$ 2,318,559	\$ 4,016,008	\$ 6,411,128	\$ 12,745,695	
Net carrying amount, end of year	\$ 2,644,508	\$ 4,847,227	\$ 2,082,432	\$ 9,165,680	\$ 18,739,847	

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

**December 31, 2012**

**5. Accumulated Surplus**

The municipality segregates its accumulated surplus in the following categories:

	<u>2012</u>	<u>2011</u>
<b>Reserves</b>		
Working Capital	\$ 184,814	\$ 184,814
OMPF	175,000	175,000
OLRA	461,854	246,104
Fire Boat	54,144	55,212
Fire	97,815	67,815
Elections	20,000	10,000
Building Department	-	29,553
Official Plan	20,000	20,000
LoB Fish Habitat	14,341	8,322
Library	9,358	9,358
Mayor's Golf	9,781	6,910
A. Daniels Fish	2,308	2,233
Pit Rehabilitation	35,171	24,300
Gravel	62,379	62,379
Green	302	302
Tourism/economic development fund	16,509	16,509
General surplus reserve	550,000	-
Roads	72,949	-
Dorset community fund	1,811	-
Fire station 30	655	-
Fire station 50	7,361	-
Land sale	229,948	-
Planning aerial photo	7,000	-
	<u>2,033,500</u>	<u>918,811</u>
Capital outlay financed by long-term liabilities and to be recovered in future years	(893,193)	(872,283)
Investment in tangible capital assets	18,257,553	18,739,847
Surplus	<u>174,671</u>	<u>186,920</u>
	<u>\$ 19,572,531</u>	<u>\$ 18,973,295</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.

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

**December 31, 2012**

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**6. Budget**

The Financial Plan (Budget) By-Law adopted by Council on January 24, 2012 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 represent the Financial Plan adopted by Council on January 24, 2012 with adjustments as follows:

	<b>2012</b>
Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	470,513
Transfers to reserves	158,670
Debt repayment	321,073
Budgeted transfers to accumulated surplus	7,000
Less:	
Amortization of tangible capital assets	(1,262,198)
Budget deficit per statement of operations	\$ (304,942)

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**7. 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>2012</b>	<b>2011</b>
Taxation	\$ 18,054,181	\$ 17,605,701
Less: school board requisitions	(6,067,621)	(5,956,865)
Less: upper tier requisitions	(8,070,110)	(7,892,773)
	\$ 3,916,450	\$ 3,756,063

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

**December 31, 2012**

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**8. Post Retirement Benefits**

OMERS provides pension services to more than 428,947 active and retired members and approximately 968 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, 2012. The results of this valuation disclosed total actuarial liabilities of \$69,122 million in respect of benefits accrued for service with actuarial assets at that date of \$59,198 million indicating an actuarial deficit of \$9,924 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 2012 were \$169,705 (2011 - \$116,581).

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**9. 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 \$370,000. 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 2012 were \$32,552 (2011 - \$26,983).

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**10. Trust Funds**

The trust funds administered by the municipality amounting to \$205,559 (2011 - \$219,680) 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, 2012, the trust fund balances are as follows:

	<u>2012</u>	<u>2011</u>
Cemetery Care and Maintenance	\$ 162,096	\$ 154,629
Planning costs recoverable	43,463	65,051
	<u>\$ 205,559</u>	<u>\$ 219,680</u>

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**11. Subsequent Events**

In April 2013, the municipality experienced significant flooding causing erosion and damage to various roads and bridges resulting in estimated repair costs of approximately \$445,000. The repair work is not expected to be covered by insurance. The municipality has applied for Provincial government funding to assist in the repairs however, it is unclear whether this funding will be granted.

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

**December 31, 2012**

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### **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.

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### **13. Segmented Information**

The 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.

#### **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, 2012**

**13. Segmented Information (continued)**

<b>For the year ended December 31</b>	<b>General Government</b>	<b>Protection Services</b>	<b>Transportation Services</b>	<b>Environmental Services</b>	<b>Health Services</b>	<b>Recreation and Cultural Services</b>	<b>Planning and Development</b>	<b>2012 Total</b>
<b>Revenue</b>								
Taxation	\$ 403,087	\$ 533,167	\$ 2,068,632	\$ 10,160	\$ 17,314	\$ 825,741	\$ 58,349	\$ 3,916,450
Government transfers	753,400	25,605	327,864	1,921	-	28,223	-	1,137,013
User fees and service charges	76,272	40,793	26,099	-	18,651	128,770	298,427	589,012
Permits, licenses and fines	40,998	377,032	-	-	-	24,528	-	442,558
Gain on sale of tangible capital assets	253,776	-	14,026	-	-	-	-	267,802
Interest and penalties on tax arrears	214,608	-	-	-	-	-	-	214,608
Other	25,395	20,166	-	-	1,397	43,070	-	90,028
Obligatory reserve fund revenue recognized	6,019	-	-	-	-	30,644	-	36,663
	<b>1,773,555</b>	<b>996,763</b>	<b>2,436,621</b>	<b>12,081</b>	<b>37,362</b>	<b>1,080,976</b>	<b>356,776</b>	<b>6,694,134</b>
<b>Expenses</b>								
Salaries and benefits	849,107	432,661	689,433	7,069	23,037	452,700	304,553	2,758,560
Goods and services	102,307	312,774	612,108	2,231	11,188	374,925	25,220	1,440,753
Contracted services	129,061	132,421	283,685	2,781	-	12,689	16,586	577,223
Interest	-	1,100	35,040	-	-	1,131	-	37,271
Amortization	108,254	113,607	816,355	-	3,137	239,531	10,417	1,291,301
Other	4,364	4,200	-	-	-	-	-	8,564
	<b>1,193,093</b>	<b>996,763</b>	<b>2,436,621</b>	<b>12,081</b>	<b>37,362</b>	<b>1,080,976</b>	<b>356,776</b>	<b>6,113,672</b>
	<b>\$ 580,462</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 580,462</b>

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

**December 31, 2012**

**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	2012 Total
<b>Revenue</b>								
Taxation	\$ 421,861	\$ 533,168	\$ 2,068,631	\$ 10,160	\$ 17,314	\$ 825,741	\$ 39,575	\$ 3,916,450
Government transfers	753,400	25,605	327,865	1,921	-	28,223	18,774	1,155,788
User fees and service charges	76,272	40,793	26,099	-	18,651	128,770	298,427	589,012
Permits, licenses and fines	40,998	377,032	-	-	-	24,528	-	442,558
Gain on sale of tangible capital assets	253,776	-	14,026	-	-	-	-	267,802
Interest and penalties on tax arrears	214,608	-	-	-	-	-	-	214,608
Other	25,395	20,166	-	-	1,397	43,070	-	90,028
Obligatory reserve fund revenue recognized	6,019	-	-	-	-	30,644	-	36,663
	1,792,329	996,764	2,436,621	12,081	37,362	1,080,976	356,776	6,712,909
<b>Expenses</b>								
Salaries and benefits	849,107	432,661	689,433	7,069	23,037	452,700	304,553	2,758,560
Goods and services	102,309	312,775	612,108	2,231	11,188	374,925	25,220	1,440,756
Contracted services	129,061	132,421	283,685	2,781	-	12,689	16,586	577,223
Interest	-	1,100	35,040	-	-	1,131	-	37,271
Amortization	108,252	113,607	816,355	-	3,137	239,531	10,417	1,291,299
Other	4,364	4,200	-	-	-	-	-	8,564
	1,193,093	996,764	2,436,621	12,081	37,362	1,080,976	356,776	6,113,673
	\$ 599,236	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 599,236