

**The Corporation of the Township
of Lake of Bays
Consolidated Financial Statements
For the year ended December 31, 2013**

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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, 2013, 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, 2013, 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 20, 2014

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

December 31	2013	2012
Financial assets		
Cash	\$ 1,743,250	\$ 1,447,339
Restricted cash (Note 1)	1,010,029	791,932
Taxes receivable	1,444,131	1,425,097
Accounts receivable (Note 2)	331,228	261,407
Due from trust funds	4,533	4,774
	4,533,171	3,930,549
Liabilities		
Accounts payable and accrued liabilities	822,834	559,768
Tax revenue received in advance	535,928	500,440
Deferred revenue (Note 1)	1,010,029	791,932
Long-term debt (Note 3)	885,463	893,193
	3,254,254	2,745,333
Net financial assets	1,278,917	1,185,216
Non-financial assets		
Tangible capital assets (Note 4)	18,745,040	18,257,553
Prepaid expenses and inventory of supplies	119,786	129,762
	18,864,826	18,387,315
Accumulated surplus (Note 5)	\$ 20,143,743	\$ 19,572,531

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 6) Budget 2013	Actual 2013	Actual 2012
Revenue			
Taxation (Note 7)	\$ 4,091,575	\$ 4,129,965	\$ 3,916,450
Government transfers - Federal	3,996	77,687	21,974
Government transfers - Provincial	1,021,003	756,963	798,171
Government transfers - Provincial - ODRAP	-	357,885	-
Government transfers - Municipal	323,500	334,990	335,643
User fees and service charges	247,430	607,122	589,012
Permits, licenses and fines	446,587	576,847	442,558
Gain on sale of tangible capital assets	-	17,077	267,802
Investment income	17,800	34,362	26,792
Interest and penalty on taxes	190,000	235,204	214,608
Donations	93,593	36,437	38,507
Other grants	9,000	8,914	24,729
Obligatory reserve funds used (Note 1)	-	-	36,663
	<u>6,444,484</u>	<u>7,173,453</u>	<u>6,712,909</u>
Expenses			
General government	1,292,091	1,257,520	1,193,093
Protection services	1,044,800	1,053,712	996,764
Transportation services	2,634,738	2,830,507	2,436,621
Environmental services	13,598	15,380	12,081
Health services	36,974	44,157	37,362
Recreation and cultural services	1,062,985	1,046,783	1,080,976
Planning and development	374,381	354,182	356,776
	<u>6,459,567</u>	<u>6,602,241</u>	<u>6,113,673</u>
Annual surplus (deficit)	(15,083)	571,212	599,236
Accumulated surplus, beginning of year	<u>19,572,531</u>	<u>19,572,531</u>	<u>18,973,295</u>
Accumulated surplus, end of year	<u>\$ 19,557,448</u>	<u>\$ 20,143,743</u>	<u>\$ 19,572,531</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**

For the year ended December 31	(Note 6) Budget 2013	Actual 2013	Actual 2012
Annual surplus (deficit)	\$ (15,083)	\$ 571,212	\$ 599,236
Acquisition of tangible capital assets	(1,868,600)	(1,831,534)	(843,425)
Amortization of tangible capital assets	1,291,301	1,297,122	1,291,299
Gain on sale of tangible capital assets	-	(17,077)	(267,802)
Proceeds on sale of tangible capital assets	-	64,002	302,222
	(592,382)	83,725	1,081,530
Consumption (acquisition) of prepaid expenses and inventory of supplies	-	9,976	6,027
Net change in net financial assets (debt)	(592,382)	93,701	1,087,557
Net financial assets, beginning of year	1,185,216	1,185,216	97,659
Net financial assets, end of year	\$ 592,834	\$ 1,278,917	\$ 1,185,216

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**

For the year ended December 31	2013	2012
Operating transactions		
Annual surplus	\$ 571,212	\$ 599,236
Items not involving cash		
Amortization of tangible capital assets	1,297,122	1,291,299
Gain on sale of tangible capital assets	(17,077)	(267,802)
Changes in non-cash operating balances		
Taxes receivable	(19,034)	(25,306)
Accounts receivable	(69,821)	43,700
Due from trust funds	241	10,013
Accounts payable and accrued liabilities	263,066	(257,196)
Tax revenue received in advance	35,488	(22,114)
Deferred revenue	218,097	180,297
Prepaid expenses and inventory of supplies	9,976	6,027
	<u>2,289,270</u>	<u>1,558,154</u>
Capital transactions		
Acquisition of tangible capital assets	(1,831,534)	(843,425)
Proceeds on sale of tangible capital assets	64,002	302,222
	<u>(1,767,532)</u>	<u>(541,203)</u>
Investing transactions		
Increase in restricted cash	<u>(218,097)</u>	<u>(180,297)</u>
Financing transactions		
Proceeds from issuance of long-term debt	275,275	279,662
Repayment of long-term debt	<u>(283,005)</u>	<u>(258,752)</u>
	<u>(7,730)</u>	<u>20,910</u>
Increase in cash during the year	295,911	857,564
Cash, beginning of year	<u>1,447,339</u>	<u>589,775</u>
Cash, end of year	<u>\$ 1,743,250</u>	<u>\$ 1,447,339</u>

Supplementary Information

During the year, the company paid cash interest in the amount of \$38,343 (2012 - \$37,270).

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

December 31, 2013

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 Chartered Professional Accountants of Canada. 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.

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

December 31, 2013

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.

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

December 31, 2013

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>Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.</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 are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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

December 31, 2013

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, 2013

1. Restricted Cash and Deferred Revenue

	2013	2012
Obligatory reserve funds		
Federal gas tax	\$ 244,152	\$ 133,908
Development Charges Act	412,688	319,342
Parkland	353,189	338,682
	\$ 1,010,029	\$ 791,932

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	\$ 133,908	\$ 319,342	\$ 338,682
Funds received during the year	109,510	90,588	11,015
Interest earned	734	2,758	3,492
	\$ 244,152	\$ 412,688	\$ 353,189

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.

	2013	2012
District Municipality of Muskoka for the purchase of the landfill site on January 1, 1996, receivable approximately \$20,500 annually, maturing 2015	\$ 41,748	\$ 61,902

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

December 31, 2013

3. Long-Term Liabilities

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

	<u>2013</u>	<u>2012</u>
Demand loan payable, secured by equipment, repayable \$1,624 monthly including interest at 2.30% per annum, maturing November 2014	\$ 17,671	\$ 36,517
Demand loan payable, secured by equipment, repayable \$884 monthly including interest at 2.97% per annum, maturing December 2014	11,307	20,590
Demand loan payable, secured by equipment, repayable \$829 monthly including interest at 2.43% per annum, maturing May 2015	13,850	23,338
Demand loan payable, secured by equipment, repayable \$894 monthly including interest at 2.34% per annum, maturing November 2015	20,095	30,228
Demand loan payable, secured by equipment, repayable \$506 monthly including interest at 2.33% per annum, maturing October 2016	16,629	-
Demand loan payable, secured by equipment, repayable \$1,217 monthly including interest at 2.67% per annum, maturing October 2017	53,162	-
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	174,838	213,138
Demand loan payable, secured by equipment, repayable \$3,637 monthly including interest at 3.01% per annum, maturing October 2018	196,086	-
Debentures payable to District Municipality of Muskoka, payable \$64,752 annually including interest at 5.00% per annum, due in 2020	374,681	418,508
Loan payable, matured during the year	-	3,010
Loan payable, matured during the year	-	3,010
Loan payable, matured during the year	-	5,952
	<u>878,319</u>	<u>754,291</u>
Obligations under capital leases (Page 14)	7,144	138,902
	<u>\$ 885,463</u>	<u>\$ 893,193</u>

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

December 31, 2013

3. Long-Term Liabilities (continued)

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

	2014		\$	194,373
	2015			166,113
	2016			155,770
	2017			149,864
	2018			91,797
	Thereafter			120,402
			\$	878,319

Interest expense in the amount of \$31,408 (2012 - \$23,012) relating to the above long-term liabilities has been recognized in the consolidated statement of operations.

Obligations under Capital Leases

	2013		2012
Obligation under capital lease, interest at 3.69% per annum, blended monthly payments of \$3,399, due January 2014	\$ 3,583	\$	42,144
Obligation under capital lease, interest at 3.96% per annum, blended monthly payments of \$3,595, due January 2014	3,561		42,061
Obligation under capital lease, paid out during the year	-		5,634
Obligation under capital lease, paid out during the year	-		49,063
	\$ 7,144	\$	138,902

Obligations under capital leases are secured by the underlying equipment. Interest paid relating to the above obligations on capital leases was \$6,935 (2012 - \$9,854). The future minimum lease payments for the next year is as follows:

	2014		\$	7,165
	Less imputed interest			(21)
			\$	7,144

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

December 31, 2013

4. Tangible Capital Assets

					2013	2012
	Land	Facilities	Equipment, Fleet and Vehicles	Roads and Bridges	Total	Total
Cost, beginning of year	\$ 2,615,639	\$ 7,214,933	\$ 6,269,485	\$ 15,992,173	\$ 32,092,230	\$ 31,488,675
Additions	-	146,871	358,843	1,325,820	1,831,534	843,425
Disposals	-	-	(290,958)	(18,497)	(309,455)	(239,870)
Cost, end of year	<u>\$ 2,615,639</u>	<u>\$ 7,361,804</u>	<u>\$ 6,337,370</u>	<u>\$ 17,299,496</u>	<u>\$ 33,614,309</u>	<u>\$ 32,092,230</u>
Accumulated amortization, beginning of year	\$ -	\$ 2,486,002	\$ 4,357,322	\$ 6,991,353	\$ 13,834,677	\$ 12,748,828
Amortization	-	178,608	500,543	617,971	1,297,122	1,291,299
Disposals	-	-	(244,033)	(18,497)	(262,530)	(205,450)
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 2,664,610</u>	<u>\$ 4,613,832</u>	<u>\$ 7,590,827</u>	<u>\$ 14,869,269</u>	<u>\$ 13,834,677</u>
Net carrying amount, end of year	<u>\$ 2,615,639</u>	<u>\$ 4,697,194</u>	<u>\$ 1,723,538</u>	<u>\$ 9,708,669</u>	<u>\$ 18,745,040</u>	<u>\$ 18,257,553</u>

Assets held under capital leases in the amount of \$757,750 (2012 - \$757,750) with related accumulated amortization in the amount of \$384,831 (2012 - \$309,056) 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, 2013

5. Accumulated Surplus

The municipality segregates its accumulated surplus in the following categories:

	<u>2013</u>	<u>2012</u>
Reserves		
Working Capital	\$ 184,814	\$ 184,814
OMPF	175,000	175,000
OLRA	605,680	461,854
Fire Boat	52,211	54,144
Fire	127,815	97,815
Elections	30,000	20,000
Building Department	64,072	-
Official Plan	20,000	20,000
LoB Fish Habitat	12,961	14,341
Library	9,358	9,358
Mayor's Golf	5,156	9,781
A. Daniels Fish	2,308	2,308
Pit Rehabilitation	62,965	35,171
Gravel	62,379	62,379
Green	302	302
Tourism/economic development fund	16,509	16,509
General surplus reserve	550,000	550,000
Roads	42,328	72,949
Dorset community fund	1,396	1,811
Dwight community fund	10,206	-
Fire station 20	1,000	-
Fire station 30	755	655
Fire station 40	2,400	-
Fire station 50	240	7,361
Land sale	229,948	229,948
Planning aerial photo	14,000	7,000
	<u>2,283,803</u>	<u>2,033,500</u>
Capital outlay financed by long-term liabilities and to be recovered in future years	(885,463)	(893,193)
Investment in tangible capital assets	18,745,040	18,257,553
Surplus	<u>363</u>	<u>174,671</u>
	<u>\$ 20,143,743</u>	<u>\$ 19,572,531</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, 2013

6. Budget

The Financial Plan (Budget) By-Law adopted by Council on February 2, 2013 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 February 2, 2013 with adjustments as follows:

	2013
Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	1,868,600
Transfers to reserves	52,000
Debt repayment	327,127
Less:	
Amortization of tangible capital assets	(1,291,301)
Transfers from accumulated surplus	(131,509)
Proceeds from long-term debt	(840,000)
Budget deficit per statement of operations	\$ (15,083)

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:

	2013	2012
Taxation	\$ 18,160,272	\$ 18,054,181
Less: school board requisitions	(5,843,810)	(6,067,621)
Less: upper tier requisitions	(8,186,497)	(8,070,110)
	\$ 4,129,965	\$ 3,916,450

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

December 31, 2013

8. Post Retirement Benefits

OMERS provides pension services to more than 439,528 active and retired members and approximately 982 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, 2013. The results of this valuation disclosed total actuarial liabilities of \$73,004 million in respect of benefits accrued for service with actuarial assets at that date of \$64,363 million indicating an actuarial deficit of \$8,641 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 2013 were \$196,490 (2012 - \$169,705).

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 \$306,000. WSIB invoices the municipality for this claim annually based on the initial claim amount. 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 2013 were \$32,337 (2012 - \$32,552).

10. Trust Funds

The trust funds administered by the municipality amounting to \$207,359 (2012 - \$205,559) 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, 2013, the trust fund balances are as follows:

	2013	2012
Cemetery Care and Maintenance	\$ 168,254	\$ 162,096
Planning costs recoverable	39,105	43,463
	<u>\$ 207,359</u>	<u>\$ 205,559</u>

11. 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, 2013

12. 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 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 and streetlighting.

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 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, 2013

12. 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	2013 Total
Revenue								
Taxation	\$ 276,369	\$ 496,343	\$ 2,454,942	\$ 11,126	\$ 31,040	\$ 854,340	\$ 5,805	\$ 4,129,965
Government transfers	1,121,055	13,940	336,471	4,254	-	46,357	5,448	1,527,525
User fees and service charges	84,856	36,121	39,094	-	11,612	92,510	342,929	607,122
Permits, licenses and fines	58,572	500,219	-	-	-	18,056	-	576,847
Gain on sale of tangible capital assets	17,077	-	-	-	-	-	-	17,077
Interest and penalties on tax arrears	235,204	-	-	-	-	-	-	235,204
Other	35,599	7,089	-	-	1,505	35,520	-	79,713
	1,828,732	1,053,712	2,830,507	15,380	44,157	1,046,783	354,182	7,173,453
Expenses								
Salaries and benefits	905,068	479,051	668,454	7,646	21,758	457,862	294,889	2,834,728
Goods and services	127,438	275,556	657,137	3,277	19,262	345,381	31,310	1,459,361
Contracted services	116,652	181,298	628,261	4,457	-	11,134	27,525	969,327
Interest	-	1,314	35,788	-	-	1,241	-	38,343
Amortization	105,014	116,493	840,855	-	3,137	231,165	458	1,297,122
Other	3,348	-	12	-	-	-	-	3,360
	1,257,520	1,053,712	2,830,507	15,380	44,157	1,046,783	354,182	6,602,241
	\$ 571,212	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 571,212

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

December 31, 2013

12. 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
Revenue								
Taxation	\$ 419,032	\$ 533,168	\$ 2,068,631	\$ 10,160	\$ 16,314	\$ 825,741	\$ 43,404	\$ 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	79,101	40,793	26,099	-	19,651	128,770	294,598	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
Expenses								
Salaries and benefits	849,107	432,661	689,433	7,069	23,037	452,265	304,553	2,758,125
Goods and services	102,307	309,321	611,878	2,231	11,188	375,360	25,220	1,437,505
Contracted services	129,061	135,875	283,915	2,781	-	12,689	16,586	580,907
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
	1,193,093	996,764	2,436,621	12,081	37,362	1,080,976	356,776	6,113,673
	\$ 599,236	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 599,236