

**The Corporation of the Township of  
Lake of the Woods  
Consolidated Financial Statements  
For the year ended December 31, 2017**

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Lake of the Woods**  
Consolidated Financial Statements  
For the year ended December 31, 2017

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## The Corporation of the Township of Lake of the Woods Management's Responsibility for Financial Reporting

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The accompanying consolidated financial statements of the Corporation of the Township of Lake of the Woods and all the information in this annual report are the responsibility of management and have been approved by the Mayor and Clerk-Treasurer on behalf of Council.

The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Township maintains systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted for and adequately safeguarded.

The Township Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council reviews the Township's consolidated financial statements and meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full and free access to the Council.

\_\_\_\_\_ Mayor

\_\_\_\_\_ Clerk-Treasurer

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## Independent Auditor's Report

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### To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Township of Lake of the Woods

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Lake of the Woods, as at December 31, 2017, which are comprised of the Consolidated Statement of Financial Position as at December 31, 2017, and the Consolidated Statement of Operations, the Consolidated Statement of Change in Net Financial Assets and the Consolidated Statement of 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 the 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 the 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of the 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 the Woods as at December 31, 2017, and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario  
February 6, 2018

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

December 31	2017	2016
<b>Financial assets</b>		
Cash and cash equivalents	\$ 62,673	\$ -
Taxes receivable	68,821	78,139
Accounts receivable	63,371	108,245
Investments (Note 1)	1,725,439	1,547,964
	1,920,304	1,734,348
<b>Liabilities</b>		
Bank indebtedness (Note 4)	-	6,154
Accounts payable and accrued liabilities	53,924	29,071
Deferred revenue (Note 2)	72,246	53,228
Solid waste closure and post-closure liabilities (Note 3)	12,530	11,588
	138,700	100,041
<b>Net financial assets</b>	<b>1,781,604</b>	<b>1,634,307</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 5)	3,431,009	3,493,264
Prepaid expenses	94,726	-
Inventory of supplies	993	993
	3,526,728	3,494,257
<b>Accumulated surplus (Note 6)</b>	<b>\$ 5,308,332</b>	<b>\$ 5,128,564</b>

Contingent liability (Note 10)

Commitments (Note 12)

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

## The Corporation of the Township of Lake of the Woods Consolidated Statement of Operations

For the year ended December 31	Budget 2017	2017	2016
<b>Revenue</b>			
Taxation	\$ 600,203	\$ 610,685	\$ 573,750
Government transfers - Federal	71,300	-	-
Government transfers - Provincial (Note 8)	692,143	693,416	664,381
User fees and service charges	13,675	17,642	19,102
Permits, licenses and fines	23,500	40,079	54,596
Investment income	22,883	14,912	17,102
Municipal grants	11,150	12,425	15,305
Other income (Note 7)	1,105	246	304
	<b>1,435,959</b>	<b>1,389,405</b>	<b>1,344,540</b>
<b>Expenses</b>			
General government	135,892	143,645	135,690
Protection services	211,378	203,834	170,243
Transportation services	368,479	354,029	317,751
Environmental services	87,104	86,980	85,780
Health services	203,951	191,914	184,757
Social and family services	35,747	33,541	15,201
Social housing	100,501	100,501	102,554
Recreation and cultural services	77,112	81,325	73,316
Planning and development	19,695	13,868	16,793
	<b>1,239,859</b>	<b>1,209,637</b>	<b>1,102,085</b>
<b>Annual surplus</b>	<b>196,100</b>	<b>179,768</b>	<b>242,455</b>
<b>Accumulated surplus, beginning of year</b>	<b>5,128,564</b>	<b>5,128,564</b>	<b>4,886,109</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 5,324,664</b>	<b>\$ 5,308,332</b>	<b>\$ 5,128,564</b>

**The Corporation of the Township of Lake of the Woods  
Consolidated Statement of Change in Net Financial Assets**

<b>For the year ended December 31</b>	<b>Budget 2017</b>	<b>2017</b>	<b>2016</b>
Annual surplus	\$ 196,100	\$ 179,768	\$ 242,455
Acquisition of tangible capital assets	(277,160)	(113,610)	(501,173)
Amortization of tangible capital assets	172,896	175,865	175,435
	91,836	242,023	(83,283)
Disposal (acquisition) of prepaid expenses and inventory of supplies	-	(94,726)	515
<b>Net change in net financial assets</b>	<b>91,836</b>	<b>147,297</b>	<b>(82,768)</b>
<b>Net financial assets, beginning of year</b>	<b>1,634,307</b>	<b>1,634,307</b>	<b>1,717,075</b>
<b>Net financial assets, end of year</b>	<b>\$ 1,726,143</b>	<b>\$ 1,781,604</b>	<b>\$ 1,634,307</b>

## The Corporation of the Township of Lake of the Woods Consolidated Statement of Cash Flows

For the year ended December 31	2017	2016
<b>Operating transactions</b>		
Annual surplus	\$ 179,768	\$ 242,455
Item not involving cash		
Amortization	175,865	175,435
Changes in non-cash operating balances		
Taxes receivable	9,317	45,507
Accounts receivable	44,874	(83,969)
Prepaid expenses and inventories of supplies	(94,726)	515
Accounts payable and accrued liabilities	24,853	8,297
Deferred revenue	19,018	18,198
Solid waste closure and post-closure liabilities	942	875
	<u>359,911</u>	<u>407,313</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	<u>(113,610)</u>	<u>(501,173)</u>
<b>Investing transactions</b>		
Disposal (acquisition) of investments	<u>(177,474)</u>	<u>32,726</u>
<b>Net change in cash and cash equivalents (bank indebtedness)</b>	<b>68,827</b>	<b>(61,134)</b>
<b>Cash and cash equivalents (bank indebtedness), beginning of year</b>	<u>(6,154)</u>	<u>54,980</u>
<b>Cash and cash equivalents (bank indebtedness), end of year</b>	<b>\$ 62,673</b>	<b>\$ (6,154)</b>
<b>Cash and cash equivalents consist of:</b>		
Cash and cash equivalents	\$ 62,673	\$ -
Bank indebtedness	<u>-</u>	<u>(6,154)</u>
<b>Cash and cash equivalents (bank indebtedness), end of year</b>	<b>\$ 62,673</b>	<b>\$ (6,154)</b>



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# The Corporation of the Township of Lake of the Woods

## Summary of Significant Accounting Policies

December 31, 2017

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

The consolidated financial statements of the Corporation of the Township of Lake of the Woods are the representations of management. They have been prepared in accordance with Canadian accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

**Basis of Consolidation**

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures of all the municipal organizations, committees, and boards which are owned or controlled by Council.

The Municipality has a government partnership in place. The partnership is accounted for on a proportionate consolidation basis whereby the Municipality's pro-rata share of each of the assets, liabilities, revenue and expenditures are combined on a line by line basis in the consolidated financial statements. The Municipality has a 33.33% ownership in the government partnership. The government partnership that has been consolidated is:

Rainy River Health Care Committee

The following boards are not consolidated:

Northwestern Health Unit

Rainy River District Social Services Administration Board

Government business enterprises are separate legal entities which do not rely on the Municipality for funding. Investments in government business enterprises are accounted for using the modified equity method. No government business enterprises are reflected in the consolidated financial statements.

**Cash and Cash  
Equivalents**

The policy of the Municipality is to disclose bank balances under cash and cash equivalents including bank overdrafts and lines of credit with balances that fluctuate frequently from being positive to being overdrawn and temporary investments with a maturity of three months or less from the date of acquisition.

**Investments**

The Municipality accounts for its investments at cost. The carrying value of an investment is written down to its net recoverable amount if a decline in value is judged to be other than temporary.

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

December 31, 2017

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### Basis of Accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

The consolidated statement of financial position reflects all of the financial assets and liabilities of the Municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. 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 revenues over expenses, provides the change in net financial assets for the year. 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.

### 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 at one half of the annual rate in the year of capitalization. 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:

Buildings	20 to 50 years
Roads	10 to 80 years
Machinery and equipment	10 to 20 years
Vehicles	10 to 20 years
Furniture and equipment	10 years
Computer hardware and software	5 to 10 years

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

December 31, 2017

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### Revenue

#### Recognition

The Municipality prepares property tax billings based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC), in accordance with rates established and approved annually by Council and the Province of Ontario. Taxation revenue is recognized when the taxable event occurs.

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

#### Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

#### 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 and reasonable estimates of the amount can be made.

#### School Boards

The Municipality collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.

#### Trust Fund

Funds held in trust by the Municipality, and their related operations, are not included in these consolidated financial statements. The financial activity and position of the Trust Fund are reported separately on the Trust Fund statement of continuity and balance sheet.

#### Solid Waste Landfills

The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used.

#### 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 amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The estimates used in preparation of these consolidated financial statements are the useful lives of the property, plant and equipment, the capacity of the landfill sites, the useful lives of the landfill sites, the post-closure costs of the landfills and taxation revenue.

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

December 31, 2017

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### 1. Investments

	2017	2016
Bonds	\$ 2,894	\$ 155,814
Money market	-	1,392,150
High interest savings	1,722,545	-
	\$ 1,725,439	\$ 1,547,964

The income from investments for the year was \$17,544 (2016 - \$11,235). The investments are classified as portfolio investments and are recorded at cost. The investments in bonds and money market funds were redeemed in the year and transferred to a high interest savings account which earns interest at 1.665%. The market value of the Municipality's investments in bonds and money market funds was \$2,894 (2016 - \$1,535,972).

Certain surplus funds are set aside by by-laws or Council resolution for specific purposes and referred to as reserve funds. Investments restricted by Council resolution represent the assets that are maintained in respect of those reserve funds (Note 6).

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### 2. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 53,228	\$ 18,317	\$ 701	\$ -	\$ 72,246

#### Federal Gas Tax

The Federal Government advances the Municipality funding related to gasoline tax. This funding must be spent on approved infrastructure projects. The funding can be deferred for a maximum of 5 years.

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

December 31, 2017

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### 3. Solid Waste Closure and Post-Closure Liabilities

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the Municipality's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities. The reported liability as at year end was \$12,530 (2016 - \$11,588) and reflects a discount rate of 6.0% (2016 - 6.0%).

The liability is based on estimates and assumptions related to events extending over the remaining life of the landfill. The Morson landfill is expected to reach its capacity in 46 years and the estimated remaining capacity is 22,440 cubic metres which is 41% (2016 - 42%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$365,453 (2016 - \$365,453) leaving an amount to be recognized of \$352,923 (2016 - \$353,865). The estimated length of time needed for post-closure care is 27 years.

The Bergland landfill is expected to reach its capacity in 200 years and the estimated remaining capacity is 66,520 cubic metres which is 86% (2016 - 87%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$416,812 (2016 - \$416,812) leaving an amount to be recognized of \$416,812 (2016 - \$416,812). The estimated length of time needed for post-closure care is 28 years.

The Municipality has an investment relating to the landfill liabilities, which has a value of \$67,192 (2016 - \$66,409). The landfill liabilities are fully funded.

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### 4. Bank Indebtedness

Bank indebtedness in the prior year was a result of outstanding cheques. Physical balance in the operating account at December 31, 2017, is \$102,119 (2016 - \$30,992). The Municipality has unused credit facilities at year end of \$25,000 (2016 - \$25,000).

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

December 31, 2017

**5. Tangible Capital Assets**

	2017							
	Land and improvements	Buildings	Equipment	Roads and bridges	Culverts	Vehicles	Other	Total
Cost, beginning of year	\$ 649,102	\$ 1,393,905	\$ 897,805	\$ 2,016,944	\$ 482,819	\$ 387,022	\$ 100,317	\$ 5,927,914
Additions	-	8,571	5,300	71,376	16,427	-	11,936	113,610
Disposals	-	-	-	(78,811)	-	-	-	(78,811)
Cost, end of year	649,102	1,402,476	903,105	2,009,509	499,246	387,022	112,253	5,962,713
Accumulated amortization, beginning of year	14,549	417,532	320,244	1,217,805	215,554	192,490	56,476	2,434,650
Amortization	2,239	28,781	34,903	76,631	12,333	18,263	2,715	175,865
Disposals	-	-	-	(78,811)	-	-	-	(78,811)
Accumulated amortization, end of year	16,788	446,313	355,147	1,215,625	227,887	210,753	59,191	2,531,704
Net carrying amount, end of year	\$ 632,314	\$ 956,163	\$ 547,958	\$ 793,884	\$ 271,359	\$ 176,269	\$ 53,062	\$ 3,431,009

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

December 31, 2017

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

	<b>2016</b>							
	Land and improvements	Buildings	Equipment	Roads and bridges	Culverts	Vehicles	Other	Total
Cost, beginning of year	\$ 649,102	\$ 1,393,905	\$ 543,237	\$ 1,884,139	\$ 477,403	\$ 387,022	\$ 100,317	\$ 5,435,125
Additions	-	-	354,568	141,189	5,416	-	-	501,173
Disposals	-	-	-	(8,384)	-	-	-	(8,384)
Cost, end of year	649,102	1,393,905	897,805	2,016,944	482,819	387,022	100,317	5,927,914
Accumulated amortization, beginning of year	12,311	388,838	293,935	1,140,910	203,497	174,227	53,881	2,267,599
Amortization	2,238	28,694	26,309	85,279	12,057	18,263	2,595	175,435
Disposals	-	-	-	(8,384)	-	-	-	(8,384)
Accumulated amortization, end of year	14,549	417,532	320,244	1,217,805	215,554	192,490	56,476	2,434,650
Net carrying amount, end of year	\$ 634,553	\$ 976,373	\$ 577,561	\$ 799,139	\$ 267,265	\$ 194,532	\$ 43,841	\$ 3,493,264

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

December 31, 2017

### 6. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2017	2016
<u>Investment in tangible capital assets</u>		
Tangible capital assets	<b>\$ 3,431,009</b>	<b>\$ 3,493,264</b>
<u>Current operations</u>		
General operating	356,543	331,256
Government partnership	12,234	9,843
Total operating surplus	<b>368,777</b>	<b>341,099</b>
<u>Other allocated deficits</u>		
Landfill closure	(12,530)	(11,588)
<u>Reserve funds</u>		
Replacement of equipment	1,184,719	973,258
Landfill closures	67,192	66,409
Recreation	49,165	46,122
Total reserve funds	<b>1,301,076</b>	<b>1,085,789</b>
Working capital reserve	<b>220,000</b>	<b>220,000</b>
Total surplus	<b>\$ 5,308,332</b>	<b>\$ 5,128,564</b>

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

Reserve funds represent funds set aside by by-law or Council resolution for specific purposes.



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

December 31, 2017

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**7. Other Income**

	2017	2016
Donations and fundraising	\$ 246	\$ 304

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**8. Government Transfers - Provincial**

	2017	2016
<b>Operating</b>		
Province of Ontario		
Ontario Municipal Partnership Fund	\$ 635,500	\$ 619,100
Other	7,916	20,281
<b>Total operating transfers</b>	<b>643,416</b>	<b>639,381</b>
<b>Tangible capital assets</b>		
Province of Ontario		
Ministry of Rural Affairs	50,000	25,000
<b>Total provincial transfers</b>	<b>\$ 693,416</b>	<b>\$ 664,381</b>

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

December 31, 2017

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### 9. Expenses by Object

	2017	2016
Salaries, wages and employee benefits	\$ 224,268	\$ 214,104
Materials	132,772	112,030
Contracted services	286,416	258,119
Rents and financial expenses	77,644	54,130
Contributions to other organizations	312,672	288,267
Amortization	175,865	175,435
	<u>\$ 1,209,637</u>	<u>\$ 1,102,085</u>

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### 10. Contingent Liability

The Municipality was formerly a member of a reciprocal insurance Company licensed under the Insurance Act. In the event that a claim is experienced relating to the period that the Municipality was a member of the Company, they may be required to pay additional premiums or losses related to the event. Should any premium demands or losses occur, such loss will be recognized in the year of resolution or settlement of the claim.

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### 11. Pension Agreement

The Municipality makes contributions to the Ontario Municipal Employees' Retirement Fund (OMERS), a multi-employer plan, on behalf of two members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of the Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2017 was \$10,946 (2016 - \$10,858) for current service. The OMERS Board rate was 9% to 14.6% depending on income level for 2017 (2016 - 9.0% to 14.6% depending on income level).

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

December 31, 2017

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### 12. Commitments

#### *Locum Housing*

The Municipality has entered into an agreement with two other organizations to construct housing for locum doctors in the Town of Rainy River. In the event that insufficient grants, contributions, donations or fundraising proceeds are available to cover the costs of the construction and furnishings of the housing, the parties to the agreement have agreed to provide the necessary funds to complete the project by way of repayable loans, bearing interest at prime up to the maximum set by the committee.

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### 13. Operations of School Boards

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

	<u>2017</u>	<u>2016</u>
School boards	<u>\$ 196,909</u>	<u>\$ 200,870</u>

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### 14. Trust Fund

The Trust Fund administered by the Municipality amounting to \$76,699 (2016 - \$75,549) has not been included in the consolidated statement of financial position nor has the operation been included in the consolidated statement of operations.

# The Corporation of the Township of Lake of the Woods

## Notes to Consolidated Financial Statements

December 31, 2017

### 15. Contributions to Unconsolidated Boards

The following contributions were made by the Municipality to these boards:

	2017	2016
Northwestern Health Unit	\$ 13,245	\$ 13,245
Rainy River District Social Services Administration Board	299,427	268,385
	\$ 312,672	\$ 281,630

### 16. Government Partnership

On July 11, 2011, the Municipality entered into an agreement with three other communities to jointly construct and maintain housing for locum physicians and medical students. All revenues and costs related to the development and operations will be shared based on each community's financial contribution to the project. Upon entering into the agreement, each community made a \$25,000 refundable contribution leaving each community with a 25% proportional interest.

In September 2015, one of the member communities withdrew from the partnership and was refunded their original \$25,000 member contribution. For each of the remaining three member communities, the exit of this partner resulted in an increase in their proportionate interest of the partnership to 33.33%.

	2017		2016	
	Total	Municipality Portion	Total	Municipality Portion
Financial assets	\$ 38,705	\$ 12,902	\$ 31,673	\$ 10,558
Financial liabilities	77,004	25,668	77,143	25,714
Net financial assets	(38,299)	(12,766)	(45,470)	(15,156)
Non-financial assets	423,382	141,128	429,351	143,117
Accumulated surplus	\$ 385,083	\$ 128,362	\$ 383,881	\$ 127,961

	2017		2016	
	Total	Municipality Portion	Total	Municipality Portion
Revenue	\$ 15,438	\$ 5,146	\$ 17,438	\$ 5,813
Expenses	14,236	4,745	17,807	5,936
Annual surplus (deficit)	1,202	401	(369)	(123)
Accumulated surplus, beginning of year	383,881	127,961	384,250	128,084
Accumulated surplus, end of year	\$ 385,083	\$ 128,362	\$ 383,881	\$ 127,961

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# The Corporation of the Township of Lake of the Woods

## Notes to Consolidated Financial Statements

December 31, 2017

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### 17. Segmented Information

The Corporation of the Township of Lake of the Woods is a diversified municipal government institution that provides a wide range of services to its citizens. The management of the Municipality considers decisions based on separate service areas. These service areas are: general government, protection services, transportation services, environmental services, health services, social and family services, social housing, recreation and cultural services and planning and development.

Descriptions of the services and funds that management bases their decisions on, are as follows:

#### **General Government**

General government consists of governance, Corporate management and program support. These categories relate to operations of all of the various programs and services that the Municipality offers to its citizens.

#### **Protection Services**

Protection is comprised of police service and fire protection. Police service is contracted out to the Ontario Provincial Police. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education related to prevention, detection or extinguishment of fires. The members of the fire department consist of volunteers.

#### **Transportation Services**

The transportation services area provides construction and maintenance of roadways throughout the Municipality.

#### **Environmental Services**

Environmental services consists of maintenance of the two waste disposal facilities located within the municipal borders.

#### **Health Services**

Health services are comprised of public health services and ambulance service. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

#### **Social and Family Services**

Social and family services are comprised of general assistance, childcare and assistance to the aged. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

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

December 31, 2017

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### 17. Segmented Information (continued)

#### **Social Housing**

The Municipality contributes to a local board, which provides social housing if the citizens of the Corporation of the Township of Lake of the Woods require the service.

#### **Recreation and Cultural Services**

This service area consists of various small recreation programs. Also, the Municipality contributes to the library board of another Municipality in order to ensure a library is available to the citizens of the Municipality.

#### **Planning and Development**

This service relates to zoning issues as well as planning of various municipal maintenance projects.

# The Corporation of the Township of Lake of the Woods

## Notes to Consolidated Financial Statements

December 31, 2017

### 17. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Family Services	Social and Social Services	Social Housing	Recreation and Cultural Services	Planning and Development	2017 Total
<b>Revenue</b>											
Taxation	\$ 115,481	\$ 56,810	\$ 183,751	\$ 44,876	\$ 68,941	\$ 47,130	\$ 43,193	\$ 44,885	\$ 5,618	\$ 610,685	
Fees and user charges	665	-	5,504	-	5,025	-	-	-	6,448	17,642	
Conditional grants	-	1,507	53,366	-	-	-	-	3,042	-	57,915	
Unconditional grants	120,173	59,118	191,218	46,700	71,742	49,045	44,948	46,709	5,847	635,500	
Municipal grants	-	-	9,120	3,305	-	-	-	-	-	12,425	
Other	10,399	5,116	16,546	4,041	6,455	4,244	3,889	4,042	506	55,238	
	246,718	122,551	459,505	98,922	152,163	100,419	92,030	98,678	18,419	1,389,405	
<b>Expenses</b>											
Wages and benefits	81,351	7,943	100,811	26,446	3,929	-	-	3,788	-	224,268	
Materials	11,935	19,639	74,271	572	2,140	-	-	23,828	387	132,772	
Contracted services	27,088	157,702	13,261	58,010	3,315	-	-	13,559	13,481	286,416	
Rent and financial	22,415	5,605	38,629	1,899	1,909	-	-	7,187	-	77,644	
External transfers	-	-	-	-	178,630	33,541	100,501	-	-	312,672	
Amortization	856	12,945	127,057	53	1,990	-	-	32,964	-	175,865	
	143,645	203,834	354,029	86,980	191,913	33,541	100,501	81,326	13,868	1,209,637	
<b>Net surplus (deficit)</b>	\$ 103,073	\$ (81,283)	\$ 105,476	\$ 11,942	\$ (39,750)	\$ 66,878	\$ (8,471)	\$ 17,352	\$ 4,551	\$ 179,768	

# The Corporation of the Township of Lake of the Woods

## Notes to Consolidated Financial Statements

December 31, 2017

### 17. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and		Recreation and Cultural Services	Planning and Development	2016 Total
						Family Services	Social Housing			
<b>Revenue</b>										
Taxation	\$ 108,495	\$ 53,374	\$ 172,638	\$ 42,162	\$ 64,771	\$ 44,279	\$ 40,581	\$ 42,171	\$ 5,279	\$ 573,750
Fees and user charges	15	-	5,678	-	4,550	-	-	-	8,859	19,102
Conditional grants	-	123	33,666	-	-	-	-	10,769	722	45,280
Unconditional grants	117,071	57,593	186,283	45,494	69,891	47,779	43,789	45,504	5,696	619,100
Municipal grants	-	-	12,000	3,305	-	-	-	-	-	15,305
Other	13,558	6,670	21,574	5,269	8,398	5,533	5,071	5,270	660	72,003
	239,139	117,760	431,839	96,230	147,610	97,591	89,441	103,714	21,216	1,344,540
<b>Expenses</b>										
Wages and benefits	80,252	8,083	92,848	25,328	4,208	-	-	3,385	-	214,104
Materials	14,218	18,574	59,958	201	1,937	-	-	16,842	300	112,030
Contracted services	26,712	124,976	14,121	58,971	3,739	-	-	13,107	16,493	258,119
Rents and financial	13,622	5,933	23,700	1,280	2,372	-	-	7,223	-	54,130
External transfers	-	-	-	-	170,512	15,201	102,554	-	-	288,267
Amortization	886	12,675	127,125	-	1,990	-	-	32,759	-	175,435
	135,690	170,241	317,752	85,780	184,758	15,201	102,554	73,316	16,793	1,102,085
<b>Net surplus (deficit)</b>	\$ 103,449	\$ (52,481)	\$ 114,087	\$ 10,450	\$ (37,148)	\$ 82,390	\$ (13,113)	\$ 30,398	\$ 4,423	\$ 242,455

For each reported segment, revenues and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes, certain government grants and other revenue have been apportioned based on a percentage of budgeted expenditures.



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## Independent Auditor's Report

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### **To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Township of Lake of the Woods**

We have audited the accompanying balance sheet of the Corporation of the Township of Lake of the Woods Trust Fund, as at December 31, 2017, the statement of continuity for the year then ended and a summary of significant accounting policies and other explanatory information (together the "financial statements"). The financial statements have been prepared by management based on the basis of accounting as described in Note 1.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting as described in Note 1; this includes determining that the described basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the 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 the 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial information 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial information.

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 financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Lake of the Woods Trust Fund as at December 31, 2017, and the continuity thereof, in accordance with the basis of accounting as described in Note 1.

### Basis of Accounting and Restrictions on Use

Without modifying our opinion, we draw attention to the significant accounting policies section of the financial statements which describes the basis of accounting. The financial statements are prepared to assist the Corporation of the Township of Lake of the Woods to comply with the reporting requirements of the Bereavement Authority of Ontario. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the management of the Corporation of the Township of Lake of the Woods and the Bereavement Authority of Ontario and should not be used by parties other than the management of the Corporation of the Township of Lake of the Woods and the Bereavement Authority of Ontario.

BDO CANADA LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario  
February 6, 2018

**The Corporation of the Township of Lake of the Woods  
Trust Fund - Cemetery Perpetual Care  
Balance Sheet**

<b>December 31</b>	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Investments	\$ 78,481	\$ 75,549
<b>Liabilities</b>		
Balance - capital	\$ 76,699	\$ 73,848
- due to Municipality	1,782	1,701
	<u>\$ 78,481</u>	<u>\$ 75,549</u>

**The Corporation of the Township of Lake of the Woods  
Trust Fund - Cemetery Perpetual Care  
Statement of Continuity**

<b>December 31</b>	<b>2017</b>	<b>2016</b>
Balance, beginning of year	\$ 75,549	\$ 75,908
<b>Revenue</b>		
Care and maintenance fees	1,150	1,450
Interest earned	1,782	1,701
	<u>2,932</u>	<u>3,151</u>
<b>Expenditures</b>		
Transferred to revenue fund	-	1,809
Due to general	1,782	1,701
	<u>1,782</u>	<u>3,510</u>
<b>Balance, end of year</b>	<b>\$ 76,699</b>	<b>\$ 75,549</b>

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**The Corporation of the Township of Lake of the Woods  
Trust Fund - Cemetery Perpetual Care  
Notes to Financial Statements**

**December 31, 2017**

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**1. Summary of Significant Accounting Policies**

<b>Management's Responsibility</b>	The financial statements of the Corporation of the Township of Lake of the Woods Trust Fund are the representation of management and have been prepared in accordance with accrual based accounting principles. Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgement and review.
<b>Accrual Basis of Accounting</b>	<p>Sources of financing and expenditures are reported on the accrual basis of accounting.</p> <p>The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.</p>

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**2. Nature of Trust Fund**

The Cemetery Perpetual Care Trust Fund was established in accordance with the Cemeteries Act for the care and maintenance of certain cemetery grounds.

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**3. Statement of Changes in Cash Flows**

A statement of changes in cash flows has not been provided since the sources and uses of cash are readily apparent from the information included in the financial statements.