
**THE CORPORATION OF
THE VILLAGE OF SUNDRIDGE**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE
CONTENTS

	Page
Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statements of Operations and Accumulated Surplus	4
Consolidated Statement of Change in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7 - 20

Independent Auditor's Report

Grant Thornton LLP
Suite 200
222 McIntyre Street W
North Bay, ON
P1B 2Y8
T (705) 472-6500
F (705) 472-7760
www.GrantThornton.ca

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Village of Sundridge

We have audited the accompanying consolidated financial statements of The Corporation of the Village of Sundridge which comprise the consolidated statement of financial position as at December 31, 2011 and the consolidated statements of operations and accumulated surplus, 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 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 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 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 Village of Sundridge as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

As part of our audit of the 2011 financial statements, we also audited the adjustments described in Note 2 that were applied to amend the 2010 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Grant Thornton LLP

North Bay, Canada
June 12, 2012

Chartered Accountants
Licensed Public Accountants

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011

	2011	2010 <i>(Restated - see Note 2)</i>
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 848,101	\$ 514,832
Taxes receivable	331,594	366,041
Accounts receivable	222,121	226,036
Investment in Lakeland Holding Ltd. <i>(Note 5)</i>	1,021,666	982,710
Inventories held for resale	1,329	1,225
	2,424,811	2,090,844
LIABILITIES		
Accounts payable and accrued liabilities	267,582	175,958
Deferred revenue-general	15,996	12,299
Deferred revenue-obligatory reserve funds <i>(Note 7)</i>	164,061	159,683
Municipal debt <i>(Note 8)</i>	-	18,331
Long-term commitments <i>(Note 9)</i>	44,514	52,416
Employee benefits payable <i>(Note 10)</i>	92,253	87,484
	584,406	506,171
NET FINANCIAL ASSETS	1,840,405	1,584,673
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>(Note 13)</i>	5,384,580	5,424,319
Inventories of supplies	9,225	16,028
Prepaid expenses	21,264	20,402
	5,415,069	5,460,749
ACCUMULATED SURPLUS <i>(Note 14)</i>	\$ 7,255,474	\$ 7,045,422

Contingencies *(Notes 3 and 12)*
 Commitments *(Note 11)*

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE
CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budget 2011 <i>(Unaudited - see Note 17)</i>	Actual 2011	Actual 2010 <i>(Restated - see Note 2)</i>
REVENUE			
Property taxes	\$ 1,421,704	\$ 1,435,646	\$ 1,317,665
User charges	27,371	27,234	34,444
Government transfers	966,777	698,972	818,256
Change in equity of Lakeland Holding Ltd. <i>(Note 5)</i>	-	38,956	42,487
Other	193,009	198,678	207,121
TOTAL REVENUE	2,608,861	2,399,486	2,419,973
EXPENSES			
General government	426,052	443,030	396,115
Protection to persons and property	379,326	372,060	362,277
Transportation services	568,740	522,060	500,462
Environmental services	273,239	244,147	244,523
Health services	215,152	209,304	198,612
Social and family services	78,298	78,327	83,819
Recreation and cultural services	343,676	304,626	304,935
Planning and development	17,000	15,880	14,722
TOTAL EXPENSES	2,301,483	2,189,434	2,105,465
ANNUAL SURPLUS <i>(Note 14)</i>	307,378	210,052	314,508
ACCUMULATED SURPLUS, BEGINNING OF YEAR	7,045,422	7,045,422	6,730,914
ACCUMULATED SURPLUS, END OF YEAR	\$ 7,352,800	\$ 7,255,474	\$ 7,045,422

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budget 2011 <i>(Unaudited - see Note 17)</i>	Actual 2011	Actual 2010 <i>(Restated - see Note 2)</i>
Annual surplus	\$ 307,378	\$ 210,052	\$ 314,508
Acquisition of tangible capital assets	(594,650)	(247,990)	(492,762)
Contributed tangible capital assets	-	(9,678)	(2,150)
Amortization of tangible capital assets	288,000	294,763	287,346
Loss on disposal of tangible capital assets	-	2,607	-
Proceeds from disposal of tangible capital assets	-	37	-
Change in supplies inventories	-	6,803	335
Change in prepaid expenses	-	(862)	(12,679)
Increase in net financial assets	728	255,732	94,598
Net financial assets, beginning of year	1,584,673	1,584,673	1,490,075
Net financial assets, end of year	\$ 1,585,401	\$ 1,840,405	\$ 1,584,673

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011	2010 <i>(Restated - see Note 2)</i>
Operating transactions		
Annual surplus	\$ 210,052	\$ 314,508
Non-cash charges to operations:		
Amortization	294,763	287,346
Loss on disposal of tangible capital assets	2,607	-
Change in employee benefits payable	4,769	12,097
	512,191	613,951
Changes in non-cash items:		
Taxes receivable	34,447	(64,982)
Accounts receivable	3,915	911,516
Inventories held for resale	(104)	(850)
Accounts payable and accrued liabilities	91,624	(220,077)
Deferred revenue-general	3,697	(1,578)
Deferred revenue-obligatory reserve funds	4,378	42,325
Inventories of supplies	6,803	335
Prepaid expenses	(862)	(12,679)
	143,898	654,010
Cash provided by operating transactions	656,089	1,267,961
Capital transactions		
Acquisition of tangible capital assets	(247,990)	(492,762)
Contributed tangible capital assets	(9,678)	(2,150)
Proceeds from disposal of tangible capital assets	37	-
Cash applied to capital transactions	(257,631)	(494,912)
Investing transactions		
Change in investment in Lakeland Holding Ltd.	(38,956)	(42,487)
Cash applied to investing transactions	(38,956)	(42,487)
Financing transactions		
Change in bank indebtedness	-	(285,000)
Debt principal repayments	(18,331)	(22,350)
Payment of long-term commitments	(7,902)	(7,598)
Cash applied to financing transactions	(26,233)	(314,948)
Net change in cash and cash equivalents	333,269	415,614
Cash and cash equivalents, beginning of year	514,832	99,218
Cash and cash equivalents, end of year	\$ 848,101	\$ 514,832
Cash flow supplementary information:		
Cash paid for interest	\$ 2,573	\$ 4,223

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Village of Sundridge (the "Municipality") are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenues, expenses and reserve and reserve fund balances of the reporting entity. The reporting entity is comprised of all committees of Council and the boards, joint boards and municipal enterprises for which Council is politically accountable as follows:

(i) Proportionally consolidated entities

The following joint boards and committees are proportionally consolidated:

- Fire
- Medical Centre
- Recreation
- Arena and Hall
- Library
- Building Committee
- Airport

Inter-organizational transactions and balances between these organizations are eliminated.

(ii) Modified equity accounting

Government business enterprises are accounted for by the modified equity method. Under this method the business enterprises' accounting principles are not adjusted to conform with those of the Municipality and inter-organizational transactions and balances are not eliminated. The following government business enterprise is included in these financial statements: Lakeland Holding Ltd.

(iii) Non-consolidated entities

The following joint boards are not consolidated:

- North Bay Parry Sound District Health Unit
- Parry Sound District Social Services Administration Board
- District of Parry Sound (East) Home for the Aged

(iv) Accounting for school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.

(v) Trust funds

Trust funds administered by the Municipality are not included in these consolidated financial statements, but are reported separately on the trust funds financial statements.

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2011

(b) Basis of Accounting

(i) Accrual basis of accounting

Revenues and expenditures are reported on the accrual basis of accounting. Revenues are recognized in the year in which they are earned 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.

(ii) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with financial institutions and short-term deposits with original maturities of three months or less.

(iii) Non-financial assets

Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of municipal services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(a) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets received as donations are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements - 20 years
 Buildings - 40 to 50 years
 Machinery, equipment and furniture - 5 to 20 years
 Vehicles - 7 to 30 years
 Roads - 10 to 60 years
 Wastewater infrastructure- 80 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Interest related to the acquisition of capital assets is not capitalized, but is expensed in the year incurred.

(b) Inventories of supplies

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(iv) Reserves and reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Consolidated Statement of Financial Position.

(v) Government transfers

Government transfers are recognized in the financial statements as revenues 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 amounts can be made.

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2011

- (vi) Deferred revenue - general
The Municipality defers recognition of certain government grants which have been collected but for which the related expenditures have yet to be incurred. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.
- (vii) Deferred revenue-obligatory reserve funds
The Municipality receives gas tax revenue from the Federal Government and payments in lieu of parkland and building permit fees under the authority of provincial legislation and Municipal by-laws. These funds are restricted in their use and until applied to the applicable expenditures are recorded as deferred revenue.
- (viii) Taxation and related revenues
Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known. The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.
- (ix) Pensions and employee benefits
The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Obligations for sick leave and employee retirement gratuities under employee benefits payable are accrued as the employees render the services necessary to earn the benefits.
- (x) Use of estimates
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Municipality may undertake in the future. Significant accounting estimates include valuation allowances for accounts receivable, employee benefits payable, and estimated useful lives of tangible capital assets. Actual results could differ from these estimates.

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2011

2. CORRECTION OF PRIOR PERIOD

In prior years, the Municipality under-reported liabilities related to employee vacation time, sick leave benefits, and retirement gratuities. These errors were discovered in the current year and have been corrected retroactively. As a result, the December 31, 2010 figures, presented for comparative purposes, have been restated from those previously reported as follows:

	As Previously Reported	Restated	Increase (Decrease)
STATEMENT OF FINANCIAL POSITION			
Accounts payable and accrued liabilities	\$ 154,744	\$ 175,958	\$ 21,214
Employee benefits payable	4,404	87,484	83,080
Net financial assets	1,688,967	1,584,673	(104,294)
Accumulated surplus	7,149,716	7,045,422	(104,294)
STATEMENT OF FINANCIAL ACTIVITIES			
Expenses -			
General government	390,318	396,115	5,797
Protection	362,651	362,277	(374)
Transportation	493,268	500,462	7,194
Recreation	304,646	304,935	289
Annual surplus	327,414	314,508	(12,906)
Accumulated surplus, beginning of year	6,822,302	6,730,914	(91,388)

3. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

Further to Note 1(a)(iii), the following contributions were made by the Municipality to these boards:

	2011	2010
District of Parry Sound Social Services Administration Board	\$ 51,585	\$ 58,499
North Bay Parry Sound District Health Unit	27,376	25,127
District of Parry Sound (East) Home for the Aged	22,913	21,490
	\$ 101,874	\$ 105,116

The Municipality is contingently liable for its share, if any, of the accumulated deficits as at the end of the year for these boards. The Municipality's share of the accumulated surpluses (or deficits) of these boards has not been determined at this time.

The Municipality is also contingently liable for its share, if any, of the long-term liabilities issued by other municipalities for these boards. The Municipality's share of these long-term liabilities has not been determined at this time.

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2011

4. TRANSACTIONS ON BEHALF OF OTHERS

- (a) During the year, \$336,153 of taxation was collected on behalf of school boards (2010 \$334,519).
- (b) Trust funds administered by the Municipality amounting to \$40,559 (2010 \$40,454) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations. As such balances are held in trust by the Municipality for the benefit of others, they are not presented as part of the Municipality's financial position or operations.

5. INVESTMENT IN LAKELAND HOLDING LTD.

Lakeland Holding Ltd. is a municipally owned government business enterprise. Its subsidiaries produce and distribute hydro electric power to users in Bracebridge, Huntsville, Sundridge, Burk's Falls and Magnetawan. Condensed financial information in respect to Lakeland Holding Ltd. is provided below.

	2011	2010
Consolidated Balance Sheet		
Assets		
Current assets	\$ 6,531,091	\$ 6,621,003
Property and equipment	40,856,401	27,434,460
Regulatory assets	2,576,365	2,178,990
Intangible assets	994,000	941,222
Future income tax assets	931,074	1,044,074
Total Assets	\$ 51,888,931	\$ 38,219,749
Liabilities		
Current liabilities	\$ 24,455,786	\$ 10,963,360
Long-term liabilities	3,838,090	4,561,018
Total Liabilities	28,293,876	15,524,378
Equity		
Share capital	12,609,650	12,609,650
Retained earnings	10,985,405	10,085,721
Total Equity	23,595,055	22,695,371
Total Liabilities and Equity	\$ 51,888,931	\$ 38,219,749
Municipality's share of equity (4.33% ownership)	\$ 1,021,666	\$ 982,710
Consolidated Statements of Earnings and Retained Earnings		
Total Revenues	\$ 26,754,511	\$ 25,178,039
Total Expenses	24,949,823	23,403,854
Payments in lieu of income taxes	405,004	292,981
Net earnings	1,399,684	1,481,204
Less: dividends	(500,000)	(500,000)
Increase in equity	\$ 899,684	\$ 981,204
Municipality's share of increase in equity (4.33% ownership)	\$ 38,956	\$ 42,487

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2011

6. CREDIT FACILITY AGREEMENT

The Municipality has credit facility agreement with the Royal Bank of Canada of \$200,000 (2010 \$200,000) of which NIL (2010 NIL) was used at the end of the year.

7. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

The balance of deferred revenue-obligatory reserve funds reported on the Consolidated Statement of Financial Position is made up of the following:

	2011	2010
Recreational land (the Planning Act)	\$ 4,126	\$ 4,126
Building Code Act	3,189	8,259
Federal Gas Tax	156,746	147,298
	\$ 164,061	\$ 159,683

8. MUNICIPAL DEBT

(a) The balance of the municipal debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2011	2010
Ontario Clean Water Agency loan, repaid during year	\$ -	\$ 18,331

(b) Total charges for the year for municipal debt which are reported in the financial statements are as follows:

	2011	2010
Principal payments	\$ 18,331	\$ 22,350
Interest	475	1,821
	\$ 18,806	\$ 24,171

The annual principal and interest payments required to service the Municipality's debt are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2011

9. LONG-TERM COMMITMENTS

Municipal commitments, which are accounted for on the Consolidated Statement of Financial Position at the present value of future payments, using an estimated long-term borrowing rate of 4%, are as follows:

	2011	2010
North Bay Regional Health Centre \$100,000 payable over ten years (2007-2016)	\$ 50,000	\$ 60,000
Less: amount representing interest	(5,486)	(7,584)
	\$ 44,514	\$ 52,416

10. EMPLOYEE BENEFITS PAYABLE

- (a) Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and qualifying employees may become entitled to a cash payment when they leave the Municipality's employment. The sick leave benefit liability estimates the use of accumulated sick leave prior to retirement, as well as any lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 3% per annum. The liability for these accumulated days amounted to \$36,838 (2010 \$33,680) at the end of the year.
- (b) Under the retirement gratuity plan, qualifying employees are entitled to a payout, upon retirement, based on length of service and rate of pay. The retirement gratuity liability estimates the lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 3% per annum. The liability for the retirement gratuity is estimated at \$55,415 (2010 \$53,804) at the end of the year.

11. COMMITMENTS

The Municipality has contracted AECOM Canada Limited to provide engineering services with respect to its lagoon expansion project at a contracted amount of \$938,150. To the end of the year, \$565,617 (2010 \$483,416) of services under this contract have been received. The balance of the fees will be paid in future years as the services are rendered.

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2011

12. CONTINGENCIES

- (a) The Municipality has entered into an agreement with the Association of Municipalities of Ontario with respect to the transfer of federal gas tax revenues. The agreement contains specific provisions for the utilization of the funds, including a provision for repayment of a proportionate amount of funds in the event that, any time within 10 years from the date of completion of the eligible project the Municipality sells, leases, encumbers or otherwise disposes of, directly or indirectly any asset constructed, rehabilitated or improved, in whole or in part, with the financial assistance received under the terms of the agreement. At December 31, 2011, the Municipality has received a total of \$275,501 for the years 2005 to 2011, and has expended \$125,115 for the years 2005 to 2011.
- (b) Prior to 2005, the Municipality participated in group underwriting relating to its insurance claims and this group has ceased writing new policies of insurance. Each participant in the underwriting group may be required to fund a deficit in any policy year to ensure that sufficient funds are available to cover all outstanding liabilities. The Municipality's share of the group's deficit is not determinable at this time.
- (c) The Municipality is involved from time to time in litigation, which arises in the normal course of business. With respect to outstanding claims, the Municipality believes that insurance coverage is adequate, and that no material exposure exists on the eventual settlement of such litigation in all but one claim. Therefore, no provision has been made in the accompanying financial statements. For one claim in the amount of \$400,000, no insurance coverage is available, however, since the likelihood and extent of loss, if any, is not yet determinable, no provision has been made in the accompanying financial statements.

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2011

13. TANGIBLE CAPITAL ASSETS

The tangible capital assets of the Municipality by major asset class are outlined below.

2011								
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Wastewater Infrastructure	Assets Under Construction	TOTAL
COST								
Balance, beginning of year	\$ 1,553,676	\$ 1,291,892	\$ 606,701	\$ 453,838	\$ 4,075,127	\$ 1,428,799	\$ 498,346	\$ 9,908,379
Additions and betterments	21,379	31,551	23,891	1,872	21,856	-	147,441	247,990
Contributed assets	-	928	-	8,750	-	-	-	9,678
Disposals and writedowns	-	(9,008)	(4,428)	-	(1,100)	-	-	(14,536)
BALANCE, END OF YEAR	1,575,055	1,315,363	626,164	464,460	4,095,883	1,428,799	645,787	10,151,511
ACCUMULATED AMORTIZATION								
Balance, beginning of year	129,055	586,887	264,759	198,913	2,706,136	598,310	-	4,484,060
Annual amortization	53,917	27,691	50,716	17,880	126,699	17,860	-	294,763
Amortization disposals	-	(6,364)	(4,428)	-	(1,100)	-	-	(11,892)
BALANCE, END OF YEAR	182,972	608,214	311,047	216,793	2,831,735	616,170	-	4,766,931
TANGIBLE CAPITAL ASSETS-NET	\$ 1,392,083	\$ 707,149	\$ 315,117	\$ 247,667	\$ 1,264,148	\$ 812,629	\$ 645,787	\$ 5,384,580
2010								
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Wastewater Infrastructure	Assets Under Construction	TOTAL
COST								
Balance, beginning of year	\$ 1,438,627	\$ 1,201,686	\$ 573,557	\$ 449,216	\$ 4,075,127	\$ 1,428,799	\$ 251,530	\$ 9,418,542
Additions and betterments	115,049	54,389	38,219	2,472	-	-	282,633	492,762
Contributed assets	-	-	-	2,150	-	-	-	2,150
Disposals and writedowns	-	-	(5,075)	-	-	-	-	(5,075)
Transfer between classes	-	35,817	-	-	-	-	(35,817)	-
BALANCE, END OF YEAR	1,553,676	1,291,892	606,701	453,838	4,075,127	1,428,799	498,346	9,908,379
ACCUMULATED AMORTIZATION								
Balance, beginning of year	78,548	560,380	222,202	180,590	2,579,619	580,450	-	4,201,789
Annual amortization	50,507	26,507	47,632	18,323	126,517	17,860	-	287,346
Amortization disposals	-	-	(5,075)	-	-	-	-	(5,075)
BALANCE, END OF YEAR	129,055	586,887	264,759	198,913	2,706,136	598,310	-	4,484,060
TANGIBLE CAPITAL ASSETS-NET	\$ 1,424,621	\$ 705,005	\$ 341,942	\$ 254,925	\$ 1,368,991	\$ 830,489	\$ 498,346	\$ 5,424,319

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2011

14. ACCUMULATED SURPLUS

The 2011 continuity of accumulated surplus reported on the Consolidated Statement of Financial Position is as follows:

	Balance Beginning of Year <i>(Restated - see Note 2)</i>	Annual Surplus (Deficit)	Balance End of Year
RESERVES AND RESERVE FUNDS			
Working capital	\$ 64,831	\$ -	\$ 64,831
General government retirement gratuity	24,290	5,752	30,042
Fire	20,746	-	20,746
GIS	6,000	-	6,000
Roads capital	36,290	60,000	96,290
Roads retirement gratuity	12,982	2,701	15,683
Sidewalks	2,394	-	2,394
Airport	5,503	2,500	8,003
Wastewater	418,550	82,696	501,246
North Bay Health Centre	10,000	-	10,000
Medical Centre	26,000	(24,000)	2,000
Medical Centre interest	23,620	1,272	24,892
Historical book	15,393	-	15,393
Parks and recreation	84,068	10,000	94,068
Triathlon and sunflower festival	12,074	1,050	13,124
Arena	5,139	(113)	5,026
Library	1,525	-	1,525
	769,405	141,858	911,263
OTHER			
Consolidated tangible capital assets	5,424,319	(39,739)	5,384,580
General operating surplus -			
Municipality	33,531	70,312	103,843
Airport	3,781	(1,538)	2,243
Arena	19,740	(6,630)	13,110
Library	6,433	(97)	6,336
Medical Centre	(36,266)	(14,534)	(50,800)
Equity in Lakeland Holding Ltd.	982,710	38,956	1,021,666
Unfunded amounts -			
Municipal debt	(18,331)	18,331	-
Long-term commitments	(52,416)	7,902	(44,514)
Employee benefits payable	(87,484)	(4,769)	(92,253)
	\$ 7,045,422	\$ 210,052	\$ 7,255,474

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2011

15. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT

The Municipality and its Boards and Committees provide a wide range of services to its citizens. The schedule of segment disclosure provides a breakdown of the annual surplus (deficit) reported on the Consolidated Statement of Operations by major reporting segment. The segments correspond to the major functional categories used in the Municipality's Financial Information Return, which include the following activities:

General Government

This segment includes Council, Clerk's Department, and Treasury. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues relating to governance, strategic planning and service delivery.

Protection to Persons and Property

This segment includes fire, police, building inspection, and bylaw enforcement. Police services are provided by the Ontario Provincial Police under contract.

Transportation Services

Transportation services include roadway systems, winter control and airport.

Environmental Services

This segment includes solid waste management and sanitary sewers.

Health Services

This segment includes cemeteries, ambulance services as well as payments to the district health unit.

Social and Family Services

This segment consists primarily of payments made to the district social services administration board and home for the aged for the provision of social services such as childcare, social housing, general assistance and assistance to the elderly.

Recreation and Culture

This segment includes parks, recreation programs, recreation facilities, library services and cultural services such as TV 11.

Planning and Development

This segment includes activities related to planning, zoning and economic development.

Unallocated Amounts

Items are recorded as unallocated amounts when there is no reasonable basis for allocating them to a segment. Major items included in this category are property taxation and related penalty and interest charges, and the municipality's annual Ontario Municipal Partnership fund unconditional grant.

In the preparation of segmented financial information, some allocation of expenses is made. This generally includes charges of rent, machinery and administrative time to specific segments.

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2011

15. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2011

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ 197,568	\$ -	\$ -	\$ -	\$ -	\$ 1,238,078	\$ 1,435,646
User charges	720	713	-	-	-	-	25,801	-	-	27,234
Government transfers -										
Canada	-	-	4,711	98,294	-	-	5,319	-	-	108,324
Ontario	-	13,735	8,070	55,356	113,003	-	10,573	5,688	360,500	566,925
Other municipalities	-	18,613	2,260	-	-	-	2,850	-	-	23,723
Change in equity of Lakeland Holding Ltd.	-	-	-	-	-	-	-	-	38,956	38,956
Other	9,572	19,558	5,144	464	35,337	-	76,342	-	52,261	198,678
TOTAL REVENUE	10,292	52,619	20,185	351,682	148,340	-	120,885	5,688	1,689,795	2,399,486
EXPENSES										
Salaries, wages and benefits	267,245	86,350	173,422	9,667	43,702	-	132,108	-	-	712,494
Long-term debt charges (interest)	-	-	-	475	2,098	-	-	-	-	2,573
Materials	86,980	36,217	100,322	2,521	19,741	-	115,705	600	-	362,086
Contracted services	64,477	226,384	62,037	210,383	102,369	-	18,395	13,536	-	697,581
Rents and financial expenses	5,536	212	2,790	50	4,249	-	212	-	-	13,049
External transfers	-	-	-	-	30,090	76,298	-	500	-	106,888
Interfunctional adjustments	(8,427)	1,500	(5,951)	3,191	4,327	-	5,360	-	-	-
Amortization	27,219	21,397	189,440	17,860	2,728	2,029	32,846	1,244	-	294,763
TOTAL EXPENSES	443,030	372,060	522,060	244,147	209,304	78,327	304,626	15,880	-	2,189,434
ANNUAL SURPLUS (DEFICIT)	\$ (432,738)	\$ (319,441)	\$ (501,875)	\$ 107,535	\$ (60,964)	\$ (78,327)	\$ (183,741)	\$ (10,192)	\$ 1,689,795	\$ 210,052

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2011

15. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2010 (Restated - see Note 2)

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ 186,277	\$ -	\$ -	\$ -	\$ -	\$ 1,131,388	\$ 1,317,665
User charges	419	6,095	-	-	-	-	27,430	500	-	34,444
Government transfers -										
Canada	-	-	63,637	115,328	-	-	42,168	-	-	221,133
Ontario	-	5,368	3,344	102,294	112,334	-	11,872	7,673	328,300	571,185
Other municipalities	-	21,619	1,477	-	-	-	2,842	-	-	25,938
Change in equity of Lakeland Holding Ltd.	-	-	-	-	-	-	-	-	42,487	42,487
Other	9,581	14,882	6,851	104	36,076	-	68,910	-	70,717	207,121
TOTAL REVENUE	10,000	47,964	75,309	404,003	148,410	-	153,222	8,173	1,572,892	2,419,973
EXPENSES										
Salaries, wages and benefits	241,719	76,495	167,816	5,735	43,271	-	116,086	-	-	651,122
Long-term debt charges (interest)	-	-	-	1,821	2,402	-	-	-	-	4,223
Materials	39,214	40,978	111,650	2,619	20,428	-	128,525	1,419	-	344,833
Contracted services	71,018	221,662	35,337	214,796	95,050	-	24,091	12,681	-	674,635
Rents and financial expenses	28,230	70	2,865	-	4,083	-	142	-	-	35,390
External transfers	-	-	-	-	26,127	81,789	-	-	-	107,916
Interfunctional adjustments	(9,054)	1,500	(4,210)	1,692	4,854	-	5,218	-	-	-
Amortization	24,988	21,572	187,004	17,860	2,397	2,030	30,873	622	-	287,346
TOTAL EXPENSES	396,115	362,277	500,462	244,523	198,612	83,819	304,935	14,722	-	2,105,465
ANNUAL SURPLUS (DEFICIT)	\$ (386,115)	\$ (314,313)	\$ (425,153)	\$ 159,480	\$ (50,202)	\$ (83,819)	\$ (151,713)	\$ (6,549)	\$ 1,572,892	\$ 314,508

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2011

16. RELATED PARTY TRANSACTIONS

During the normal course of operations, the Municipality received dividends of \$21,652 (2010 \$21,652), made sales of \$45 (2010 NIL) and purchased power in the amount of \$125,011 (2010 \$116,639) from Lakeland Holding Ltd. All related party transactions are recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties, which approximates the arm's length equivalent value.

17. BUDGET FIGURES

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the adopted and reported budgets is presented below.

	Budget
ADOPTED BUDGET:	
Decrease in general municipal operating surplus	\$ (54,745)
Decrease in unfinanced capital - Medical Centre	9,074
Decrease in municipal reserves and reserve funds	74,119
Decrease in board and joint board general operating surplus and reserves and reserve funds	(53,953)
ADJUSTMENTS:	
Acquisition of tangible capital assets	594,650
Amortization of tangible capital assets	(288,000)
Budgeted debt principal repayments	18,331
Budgeted decrease in long-term commitments	7,902
ANNUAL SURPLUS	\$ 307,378

18. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain 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.

The amount contributed to OMERS for 2011 was \$19,033 (2010 \$11,986) for current service and is included as an expense on the Consolidated Statement of Operations.