
**THE CORPORATION OF
THE VILLAGE OF SUNDRIDGE**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

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 - 19

Independent Auditor's Report

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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, 2012 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, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

North Bay, Canada
June 11, 2013

Chartered Accountants
Licensed Public Accountants

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012

	2012	2011
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 768,993	\$ 848,101
Taxes receivable	333,832	331,594
Accounts receivable	448,848	222,121
Investment in Lakeland Holding Ltd. <i>(Note 4)</i>	1,122,261	1,021,666
Inventories held for resale	1,630	1,329
	2,675,564	2,424,811
LIABILITIES		
Accounts payable and accrued liabilities	385,028	267,582
Deferred revenue-general	24,273	15,996
Deferred revenue-obligatory reserve funds <i>(Note 6)</i>	15,032	164,061
Long-term commitments <i>(Note 7)</i>	48,945	44,514
Employee benefits payable <i>(Note 8)</i>	99,011	92,253
	572,289	584,406
NET FINANCIAL ASSETS	2,103,275	1,840,405
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>(Note 11)</i>	5,756,639	5,384,580
Inventories of supplies	9,839	9,225
Prepaid expenses <i>(Note 12)</i>	222,121	21,264
	5,988,599	5,415,069
ACCUMULATED SURPLUS <i>(Note 13)</i>	\$ 8,091,874	\$ 7,255,474

Contingencies *(Notes 2 and 10)*
 Commitments *(Note 9)*

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, 2012

	Budget 2012 <i>(see Note 16)</i>	Actual 2012	Actual 2011
REVENUE			
Property taxes	\$ 1,531,357	\$ 1,549,073	\$ 1,435,646
User charges	23,823	26,776	27,234
Government transfers	1,837,674	1,173,213	698,972
Change in equity of Lakeland Holding Ltd. <i>(Note 4)</i>	-	100,595	38,956
Other	224,686	253,891	198,678
TOTAL REVENUE	3,617,540	3,103,548	2,399,486
EXPENSES			
General government	459,812	449,587	443,030
Protection to persons and property	419,994	411,771	372,060
Transportation services	614,362	507,729	522,060
Environmental services	262,100	246,880	244,147
Health services	217,133	223,332	209,304
Social and family services	77,890	77,920	78,327
Recreation and cultural services	358,983	309,627	304,626
Planning and development	46,054	40,302	15,880
TOTAL EXPENSES	2,456,328	2,267,148	2,189,434
ANNUAL SURPLUS <i>(Note 13)</i>	1,161,212	836,400	210,052
ACCUMULATED SURPLUS, BEGINNING OF YEAR	7,255,474	7,255,474	7,045,422
ACCUMULATED SURPLUS, END OF YEAR	\$ 8,416,686	\$ 8,091,874	\$ 7,255,474

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, 2012

	Budget 2012 <i>(see Note 16)</i>	Actual 2012	Actual 2011
Annual surplus	\$ 1,161,212	\$ 836,400	\$ 210,052
Acquisition of tangible capital assets	(1,709,260)	(658,315)	(247,990)
Contributed tangible capital assets	-	(21,870)	(9,678)
Accumulated amortization - contributed airport assets	-	9,720	-
Amortization of tangible capital assets	297,400	297,355	294,763
Loss on disposal of tangible capital assets	-	1,051	2,607
Proceeds from disposal of tangible capital assets	-	-	37
Change in supplies inventories	-	(614)	6,803
Change in prepaid expenses	-	(200,857)	(862)
Increase (decrease) in net financial assets	(250,648)	262,870	255,732
Net financial assets, beginning of year	1,840,405	1,840,405	1,584,673
Net financial assets, end of year	\$ 1,589,757	\$ 2,103,275	\$ 1,840,405

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, 2012

	2012	2011
Operating transactions		
Annual surplus	\$ 836,400	\$ 210,052
Non-cash charges to operations:		
Amortization	297,355	294,763
Loss on disposal of tangible capital assets	1,051	2,607
Change in employee benefits payable	6,758	4,769
	<u>1,141,564</u>	<u>512,191</u>
Changes in non-cash items:		
Taxes receivable	(2,238)	34,447
Accounts receivable	(226,727)	3,915
Inventories held for resale	(301)	(104)
Accounts payable and accrued liabilities	117,446	91,624
Deferred revenue-general	8,277	3,697
Deferred revenue-obligatory reserve funds	(149,029)	4,378
Inventories of supplies	(614)	6,803
Prepaid expenses	(200,857)	(862)
	<u>(454,043)</u>	<u>143,898</u>
Cash provided by operating transactions	<u>687,521</u>	<u>656,089</u>
Capital transactions		
Acquisition of tangible capital assets	(658,315)	(247,990)
Contributed tangible capital assets	(21,870)	(9,678)
Accumulated amortization - contributed airport assets	9,720	-
Proceeds from disposal of tangible capital assets	-	37
Cash applied to capital transactions	<u>(670,465)</u>	<u>(257,631)</u>
Investing transactions		
Change in investment in Lakeland Holding Ltd.	(100,595)	(38,956)
Cash applied to investing transactions	<u>(100,595)</u>	<u>(38,956)</u>
Financing transactions		
Debt principal repayments	-	(18,331)
Increase (decrease) in long-term commitments	4,431	(7,902)
Cash provided by (applied to) financing transactions	<u>4,431</u>	<u>(26,233)</u>
Net change in cash and cash equivalents	(79,108)	333,269
Cash and cash equivalents, beginning of year	848,101	514,832
Cash and cash equivalents, end of year	\$ 768,993	\$ 848,101
Cash flow supplementary information:		
Cash paid for interest	\$ 1,782	\$ 2,573

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, 2012

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 accumulated surplus 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
- Economic Development

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, 2012

(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, 2012

- (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 public sector accounting standards 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, 2012

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2012	2011
District of Parry Sound Social Services Administration Board	\$ 51,023	\$ 51,585
North Bay Parry Sound District Health Unit	28,277	27,376
District of Parry Sound (East) Home for the Aged	23,067	22,913
	\$ 102,367	\$ 101,874

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.

3. TRANSACTIONS ON BEHALF OF OTHERS

(a) During the year, \$329,737 of taxation was collected on behalf of school boards (2011 \$336,153).

(b) Trust funds administered by the Municipality amounting to \$38,687 (2011 \$40,559) 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.

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2012

4. 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.

	2012	2011
Consolidated Balance Sheet		
Assets		
Current assets	\$ 8,315,498	\$ 6,531,091
Property and equipment	46,035,006	40,856,401
Regulatory assets	1,258,457	2,576,365
Intangible assets	1,060,027	994,000
Future income tax assets	180,274	931,074
Total Assets	\$ 56,849,262	\$ 51,888,931
Liabilities		
Current liabilities	\$ 7,632,328	\$ 24,455,786
Long-term liabilities	23,298,666	3,838,090
Total Liabilities	30,930,994	28,293,876
Equity		
Share capital	12,609,650	12,609,650
Accumulated other comprehensive loss	(578,495)	-
Retained earnings	13,887,113	10,985,405
Total Equity	25,918,268	23,595,055
Total Liabilities and Equity	\$ 56,849,262	\$ 51,888,931
Municipality's share of equity (4.33% ownership)	\$ 1,122,261	\$ 1,021,666
Consolidated Statements of Earnings and Comprehensive Loss		
Total Revenues	\$ 32,527,118	\$ 26,754,511
Total Expenses	28,071,566	24,949,823
Payments in lieu of income taxes	1,053,844	405,004
Net earnings	3,401,708	1,399,684
Other comprehensive loss	(578,495)	-
Less: dividends	(500,000)	(500,000)
Increase in equity	\$ 2,323,213	\$ 899,684
Municipality's share of increase in equity (4.33% ownership)	\$ 100,595	\$ 38,956

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2012

5. CREDIT FACILITY AGREEMENT

The Municipality has credit facility agreement with the Royal Bank of Canada of \$200,000 (2011 \$200,000) of which NIL (2011 NIL) was used at the end of the year.

6. 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:

	2012	2011
Recreational land (the Planning Act)	\$ 2,126	\$ 4,126
Building Code Act	10,394	3,189
Federal Gas Tax	2,512	156,746
	\$ 15,032	\$ 164,061

7. LONG-TERM COMMITMENTS

Municipal commitments, which are accounted for on the Consolidated Statement of Financial Position at the present value of future payments, using estimated long-term borrowing rates of 2% to 4%, are as follows:

	2012	2011
North Bay Regional Health Centre \$100,000 payable over ten years (2007-2016)	\$ 40,000	\$ 50,000
Central Almaguin Economic Development Association \$13,000 payable over two years (2013-2014)	13,000	-
Less: amount representing interest	(4,055)	(5,486)
	\$ 48,945	\$ 44,514

8. 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 \$37,903 (2011 \$36,838) 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 \$61,108 (2011 \$55,415) at the end of the year.

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2012

9. 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, \$703,934 (2011 \$565,617) 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 Municipality has contracted Liqui-Force Services Inc. to rehabilitate the wastewater inflow and infiltration system at a contracted amount of \$507,387. To the end of the year, \$464,228 (2011 \$37,640) of services under this contract have been received. The balance of the contract is expected to be completed in 2013.

10. 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, 2012, the Municipality has received a total of \$333,292 for the years 2005 to 2012, and has expended \$337,983, including interest earned, for the years 2005 to 2012
- (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. Therefore, 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, 2012

11. TANGIBLE CAPITAL ASSETS

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

2012								
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Wastewater Infrastructure	Assets Under Construction	TOTAL
COST								
Balance, beginning of year	\$ 1,575,055	\$ 1,315,363	\$ 626,164	\$ 464,460	\$ 4,095,883	\$ 1,428,799	\$ 645,787	\$ 10,151,511
Additions and betterments	-	12,823	6,889	-	-	-	638,603	658,315
Contributed airport assets	7,452	10,023	4,395	-	-	-	-	21,870
Disposals and writedowns	-	(3,162)	(3,685)	-	-	-	-	(6,847)
BALANCE, END OF YEAR	1,582,507	1,335,047	633,763	464,460	4,095,883	1,428,799	1,284,390	10,824,849
ACCUMULATED AMORTIZATION								
Balance, beginning of year	182,972	608,214	311,047	216,793	2,831,735	616,170	-	4,766,931
Annual amortization	54,451	27,999	51,728	18,411	126,906	17,860	-	297,355
Accumulated Amortization-contributed airport assets	-	5,913	3,807	-	-	-	-	9,720
Amortization disposals	-	(2,111)	(3,685)	-	-	-	-	(5,796)
BALANCE, END OF YEAR	237,423	640,015	362,897	235,204	2,958,641	634,030	-	5,068,210
TANGIBLE CAPITAL ASSETS-NET	\$ 1,345,084	\$ 695,032	\$ 270,866	\$ 229,256	\$ 1,137,242	\$ 794,769	\$ 1,284,390	\$ 5,756,639
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

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2012

12. PREPAID EXPENSES

In 2012 the Municipality entered into a contract with Hydro One Networks Inc. to supply and install a three phase line in connection with its lagoon expansion project. The contract amount of \$197,827 plus HST was paid by the Municipality in 2012 and is reported as a prepaid expense on the Consolidated Statement of Financial Position. Hydro One Networks Inc. completed the related work in 2013.

13. ACCUMULATED SURPLUS

The 2012 continuity of accumulated surplus reported on the Consolidated Statement of Financial Position is as follows:

	Balance Beginning of Year	Annual Surplus (Deficit)	Balance End of Year
RESERVES AND RESERVE FUNDS			
Working capital	\$ 64,831	\$ -	\$ 64,831
General government retirement gratuity	30,042	5,000	35,042
Fire	20,746	-	20,746
GIS	6,000	-	6,000
Roads capital	96,290	150,000	246,290
Roads retirement gratuity	15,683	3,000	18,683
Sidewalks	2,394	-	2,394
Airport	8,003	6,548	14,551
Wastewater	501,246	111,340	612,586
North Bay Health Centre	10,000	-	10,000
Medical Centre	2,000	-	2,000
Medical Centre interest	24,892	271	25,163
Historical book	15,393	280	15,673
Parks and recreation	94,068	-	94,068
Special events, triathlon and sunflower festival	13,124	382	13,506
Arena	5,026	7,930	12,956
Library	1,525	1,250	2,775
	911,263	286,001	1,197,264
OTHER			
Consolidated tangible capital assets	5,384,580	372,059	5,756,639
General operating surplus (deficit)-			
Municipality	103,843	79,516	183,359
Airport	2,243	(4,056)	(1,813)
Arena	13,110	8,474	21,584
Library	6,336	(131)	6,205
Central Almaguin Economic Development Association	-	388	388
Medical Centre	(50,800)	4,743	(46,057)
Equity in Lakeland Holding Ltd.	1,021,666	100,595	1,122,261
Unfunded amounts -			
Long-term commitments	(44,514)	(4,431)	(48,945)
Employee benefits payable	(92,253)	(6,758)	(99,011)
	\$ 7,255,474	\$ 836,400	\$ 8,091,874

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2012

14. 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, 2012

14. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2012

	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	\$ -	\$ -	\$ -	\$ 206,907	\$ -	\$ -	\$ -	\$ -	\$ 1,342,166	\$ 1,549,073
User charges	841	454	-	-	-	-	24,481	1,000	-	26,776
Government transfers -										
Canada	-	-	-	425,736	-	-	4,229	2,851	-	432,816
Ontario	434	7,114	720	219,774	125,170	-	6,884	8,014	347,200	715,310
Other municipalities	-	19,956	2,279	-	-	-	2,852	-	-	25,087
Change in equity of Lakeland Holding Ltd.	-	-	-	-	-	-	-	-	100,595	100,595
Other	11,475	25,969	21,670	136	37,679	-	90,399	27	66,536	253,891
TOTAL REVENUE	12,750	53,493	24,669	852,553	162,849	-	128,845	11,892	1,856,497	3,103,548
EXPENSES										
Salaries, wages and benefits	305,801	105,262	166,340	9,163	45,331	-	130,070	1,748	-	763,715
Long-term debt charges (interest)	-	-	-	-	1,782	-	-	-	-	1,782
Materials	56,505	41,506	105,373	1,022	18,273	-	113,469	4,221	-	340,369
Contracted services	62,353	240,660	49,631	215,913	118,328	-	25,418	33,086	-	745,389
Rents and financial expenses	5,796	596	3,092	-	4,521	-	362	3	-	14,370
External transfers	-	-	-	-	28,278	75,890	-	-	-	104,168
Interfunctional adjustments	(8,392)	1,500	(6,352)	2,922	3,792	-	6,530	-	-	-
Amortization	27,524	22,247	189,645	17,860	3,027	2,030	33,778	1,244	-	297,355
TOTAL EXPENSES	449,587	411,771	507,729	246,880	223,332	77,920	309,627	40,302	-	2,267,148
ANNUAL SURPLUS (DEFICIT)	\$ (436,837)	\$ (358,278)	\$ (483,060)	\$ 605,673	\$ (60,483)	\$ (77,920)	\$ (180,782)	\$ (28,410)	\$ 1,856,497	\$ 836,400

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2012

14. 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, 2012

15. RELATED PARTY TRANSACTIONS

During the normal course of operations, the Municipality received dividends of \$21,652 (2011 \$21,652), made sales of NIL (2011 \$45) and purchased power in the amount of \$112,100 (2011 \$125,011) 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.

16. 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	\$ (103,843)
Decrease in unfinanced capital - Medical Centre	9,558
Decrease in municipal reserves and reserve funds	(146,498)
Decrease in board and joint board general operating surplus and reserves and reserve funds	(18,083)
ADJUSTMENTS:	
Acquisition of tangible capital assets	1,709,260
Amortization of tangible capital assets	(297,400)
Budgeted decrease in long-term commitments	8,218
ANNUAL SURPLUS	\$ 1,161,212

17. 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 2012 was \$23,892 (2011 \$19,033) for current service and is included as an expense on the Consolidated Statement of Operations.