
**THE CORPORATION OF
THE VILLAGE OF SUNDRIDGE**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE
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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 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, 2010 and the consolidated statements of operations, 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, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matters

Without modifying our report, we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

The consolidated financial statements of The Corporation of the Village of Sundridge for the year ended December 31, 2009 were audited by another auditor who expressed an unmodified opinion on those statements dated May 5, 2010.

Grant Thornton LLP

North Bay, Canada
August 23, 2011

Chartered Accountants
Licensed Public Accountants

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2010

	2010	2009
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 514,832	\$ 99,218
Taxes receivable	366,041	301,059
Accounts receivable	226,036	1,137,552
Investment in Lakeland Holding Ltd. (Note 4)	982,710	940,223
Inventories held for resale	1,225	375
	2,090,844	2,478,427
LIABILITIES		
Bank indebtedness (Note 5)	-	285,000
Accounts payable and accrued liabilities	154,744	376,698
Deferred revenue-general	12,299	13,877
Deferred revenue-obligatory reserve funds (Note 6)	159,683	117,358
Municipal debt (Note 7)	18,331	40,681
Long-term commitments (Note 8)	52,416	60,014
Employee benefits payable (Note 9)	4,404	3,336
	401,877	896,964
NET FINANCIAL ASSETS	1,688,967	1,581,463
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 12)	5,424,319	5,216,753
Inventories of supplies	16,028	16,363
Prepaid expenses	20,402	7,723
	5,460,749	5,240,839
ACCUMULATED SURPLUS (Note 13)	\$ 7,149,716	\$ 6,822,302

Contingencies (Notes 2 and 11)
 Commitments (Note 10)

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, 2010

	Budget 2010 <i>(Unaudited - see Note 16)</i>	Actual 2010	Actual 2009
REVENUE			
Property taxes	\$ 1,312,093	\$ 1,317,665	\$ 1,233,689
User charges	26,035	34,444	25,388
Government transfers	899,073	818,256	1,507,173
Change in equity of Lakeland Holding Ltd. <i>(Note 4)</i>	-	42,487	54,012
Other	189,987	207,121	222,083
TOTAL REVENUE	2,427,188	2,419,973	3,042,345
EXPENSES			
General government	407,436	390,318	405,441
Protection to persons and property	359,275	362,651	329,617
Transportation services	477,233	493,268	474,638
Environmental services	261,605	244,523	275,301
Health services	206,844	198,612	202,923
Social and family services	83,789	83,819	87,356
Recreation and cultural services	312,257	304,646	294,147
Planning and development	16,725	14,722	64,131
TOTAL EXPENSES	2,125,164	2,092,559	2,133,554
ANNUAL SURPLUS <i>(Note 13)</i>	302,024	327,414	908,791
ACCUMULATED SURPLUS, BEGINNING OF YEAR	6,822,302	6,822,302	5,913,511
ACCUMULATED SURPLUS, END OF YEAR	\$ 7,124,326	\$ 7,149,716	\$ 6,822,302

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, 2010

	Budget 2010 <i>(Unaudited - see Note 16)</i>	Actual 2010	Actual 2009
Annual surplus	\$ 302,024	\$ 327,414	\$ 908,791
Acquisition of tangible capital assets	(608,950)	(492,762)	(1,262,065)
Contributed tangible capital assets	-	(2,150)	-
Amortization of tangible capital assets	258,000	287,346	257,643
Gain on disposal of tangible capital assets	-	-	(30,000)
Proceeds from disposal of tangible capital assets	-	-	30,000
Change in supplies inventories	-	335	(400)
Change in prepaid expenses	-	(12,679)	33,533
Increase (decrease) in net financial assets	(48,926)	107,504	(62,498)
Net financial assets, beginning of year	1,581,463	1,581,463	1,643,961
Net financial assets, end of year	\$ 1,532,537	\$ 1,688,967	\$ 1,581,463

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, 2010

	2010	2009
Operating transactions		
Annual surplus	\$ 327,414	\$ 908,791
Non-cash charges to operations:		
Amortization	287,346	257,643
Gain on disposal of tangible capital assets	-	(30,000)
Change in employee benefits payable	1,068	683
	<u>615,828</u>	<u>1,137,117</u>
Changes in non-cash items:		
Taxes receivable	(64,982)	10,733
Accounts receivable	911,516	(951,108)
Inventories held for resale	(850)	-
Accounts payable and accrued liabilities	(221,954)	249,092
Deferred revenue-general	(1,578)	(4,237)
Deferred revenue-obligatory reserve funds	42,325	51,215
Inventories of supplies	335	(400)
Prepaid expenses	(12,679)	33,533
	<u>652,133</u>	<u>(611,172)</u>
Cash provided by operating transactions	<u>1,267,961</u>	<u>525,945</u>
Capital transactions		
Acquisition of tangible capital assets	(492,762)	(1,262,065)
Contributed tangible capital assets	(2,150)	-
Proceeds from disposal of tangible capital assets	-	30,000
Cash applied to capital transactions	<u>(494,912)</u>	<u>(1,232,065)</u>
Investing transactions		
Change in investment in Lakeland Holding Ltd.	(42,487)	(54,012)
Cash applied to investing transactions	<u>(42,487)</u>	<u>(54,012)</u>
Financing transactions		
Change in bank indebtedness	(285,000)	285,000
Debt principal repayments	(22,350)	(31,857)
Payment of long-term commitments	(7,598)	(7,306)
Cash provided by (applied to) financing transactions	<u>(314,948)</u>	<u>245,837</u>
Net change in cash and cash equivalents	415,614	(514,295)
Cash and cash equivalents, beginning of year	99,218	613,513
Cash and cash equivalents, end of year	\$ 514,832	\$ 99,218
Cash flow supplementary information:		
Cash paid for interest	\$ 4,223	\$ 5,983

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, 2010

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
- Arena and Hall
- Library
- Building Committee
- Airport
- Recreation Committee

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, 2010

(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, 2010

- (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. Sick leave benefits are accrued where they are vested and subject to pay out when an employee leaves the Municipality's employ.
- (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 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, 2010

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2010	2009
District of Parry Sound Social Services Administration Board	\$ 58,499	\$ 68,679
North Bay Parry Sound District Health Unit	25,127	24,740
District of Parry Sound (East) Home for the Aged	21,490	14,719
	\$ 105,116	\$ 108,138

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, \$334,519 of taxation was collected on behalf of school boards (2009 \$332,611).
- (b) Trust funds administered by the Municipality amounting to \$40,454 (2009 \$39,645) 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, 2010

4. INVESTMENT IN LAKELAND HOLDING LTD.

Lakeland Holding Ltd. is a municipally owned government business enterprise. It's 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.

	2010	2009
Consolidated Balance Sheet		
Assets		
Current assets	\$ 6,621,003	\$ 5,452,693
Property and equipment	27,434,460	21,518,937
Regulatory assets	2,178,990	2,046,327
Intangible assets	941,222	907,272
Future income tax assets	1,044,074	1,111,241
Total Assets	\$ 38,219,749	\$ 31,036,470
Liabilities		
Current liabilities	\$ 10,963,360	\$ 4,943,388
Long-term liabilities	4,561,018	4,378,915
Total Liabilities	15,524,378	9,322,303
Equity		
Share capital	12,609,650	12,609,650
Retained earnings	10,085,721	9,104,517
Total Equity	22,695,371	21,714,167
Total Liabilities and Equity	\$ 38,219,749	\$ 31,036,470
Municipality's share of equity (4.33% ownership)	\$ 982,710	\$ 940,223
Consolidated Statements of Earnings and Retained Earnings		
Total Revenues	\$ 25,178,039	\$ 23,810,341
Total Expenses	23,403,854	22,407,609
Payments in lieu of income taxes	292,981	573,859
Net earnings	1,481,204	828,873
Less: dividends	(500,000)	(500,008)
Add: 2008 opening surplus restatement	-	918,536
Increase in equity	\$ 981,204	\$ 1,247,401
Municipality's share of increase in equity (4.33% ownership)	\$ 42,487	\$ 54,012

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2010

5. CREDIT FACILITY AGREEMENT

The Municipality has credit facility agreement with the Royal Bank of Canada of \$200,000 (2009 \$300,000) of which NIL (2009 \$285,000) was used at the end of the year. As security the Municipality has pledged its revenue.

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:

	2010	2009
Recreational land (the Planning Act)	\$ 4,126	\$ 4,126
Building Code Act	8,259	2,745
Federal Gas Tax	147,298	110,487
	\$ 159,683	\$ 117,358

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2010

7. MUNICIPAL DEBT

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

	2010	2009
Ontario Clean Water Agency loan, due November 2011, repayable in monthly payments of \$2,014 including interest calculated at 5.96%	\$ 18,331	\$ 40,681

(b) Future estimated principal and interest payments on the municipal debt are as follows:

	Principal	Interest
2011	\$ 18,331	\$ 475

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

	2010	2009
Principal payments	\$ 22,350	\$ 31,857
Interest	1,821	3,289
	\$ 24,171	\$ 35,146

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.

8. 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:

	2010	2009
North Bay Regional Health Centre \$100,000 payable over ten years (2007-2016)	\$ 60,000	\$ 70,000
Less: amount representing interest	(7,584)	(9,986)
	\$ 52,416	\$ 60,014

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2010

9. EMPLOYEE BENEFITS PAYABLE

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 liability for these accumulated days amounted to \$4,404 (2009 \$3,336) at the end of the year.

10. 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, \$483,416 (2009 \$210,414) of services under this contract have been received. The balance of the fees will be paid in future years as the services are rendered.

11. 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, 2010, the Municipality has received a total of \$217,709 for the years 2005 to 2010, and has expended \$75,968 for the years 2005 to 2010.
- (b) 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, 2010

12. TANGIBLE CAPITAL ASSETS

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

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

2009								
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Wastewater Infrastructure	Assets Under Construction	TOTAL
COST								
Balance, beginning of year	\$ 711,913	\$ 1,158,007	\$ 556,977	\$ 371,016	\$ 3,973,069	\$ 1,428,799	\$ -	\$ 8,199,781
Additions and betterments	764,943	43,679	21,655	78,200	102,058	-	251,530	1,262,065
Disposals and writedowns	(38,229)	-	(5,075)	-	-	-	-	(43,304)
BALANCE, END OF YEAR	1,438,627	1,201,686	573,557	449,216	4,075,127	1,428,799	251,530	9,418,542
ACCUMULATED AMORTIZATION								
Balance, beginning of year	87,874	535,261	182,054	165,720	2,453,951	562,590	-	3,987,450
Annual amortization	28,903	25,119	45,223	14,870	125,668	17,860	-	257,643
Amortization disposals	(38,229)	-	(5,075)	-	-	-	-	(43,304)
BALANCE, END OF YEAR	78,548	560,380	222,202	180,590	2,579,619	580,450	-	4,201,789
TANGIBLE CAPITAL ASSETS-NET	\$ 1,360,079	\$ 641,306	\$ 351,355	\$ 268,626	\$ 1,495,508	\$ 848,349	\$ 251,530	\$ 5,216,753

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2010

13. ACCUMULATED SURPLUS

The 2010 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	\$ 79,831	\$ (15,000)	\$ 64,831
General government retirement gratuity	18,538	5,752	24,290
Fire	35,746	(15,000)	20,746
GIS	12,000	(6,000)	6,000
Roads capital	36,290	-	36,290
Roads retirement gratuity	10,281	2,701	12,982
Sidewalks	2,394	-	2,394
Airport	3,003	2,500	5,503
Wastewater	417,796	754	418,550
North Bay Health Centre	20,000	(10,000)	10,000
Medical Centre	2,000	24,000	26,000
Medical Centre interest	31,359	(7,739)	23,620
Historical book	15,393	-	15,393
Parks and recreation	99,068	(15,000)	84,068
Triathlon and sunflower festival	-	12,074	12,074
Arena	5,139	-	5,139
Library	1,525	-	1,525
	790,363	(20,958)	769,405
OTHER			
Consolidated tangible capital assets	5,216,753	207,566	5,424,319
General operating surplus -			
Municipality	16,467	38,278	54,745
Airport	63	3,718	3,781
Arena	6,186	13,554	19,740
Library	4,723	1,710	6,433
Medical Centre	(48,445)	12,179	(36,266)
Equity in Lakeland Holding Ltd.	940,223	42,487	982,710
Unfunded amounts -			
Municipal debt	(40,681)	22,350	(18,331)
Long-term commitments	(60,014)	7,598	(52,416)
Employee benefits payable	(3,336)	(1,068)	(4,404)
	\$ 6,822,302	\$ 327,414	\$ 7,149,716

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2010

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, 2010

14. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

	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	235,922	76,869	160,622	5,735	43,271	-	115,797	-	-	638,216
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	390,318	362,651	493,268	244,523	198,612	83,819	304,646	14,722	-	2,092,559
ANNUAL SURPLUS (DEFICIT)	\$ (380,318)	\$ (314,687)	\$ (417,959)	\$ 159,480	\$ (50,202)	\$ (83,819)	\$ (151,424)	\$ (6,549)	\$ 1,572,892	\$ 327,414

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2010

14. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2009

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,233,689	\$ 1,233,689
User charges	-	-	-	-	-	-	25,388	-	-	25,388
Government transfers -										
Canada	3,383	-	676,941	86,517	-	-	102,491	22,500	-	891,832
Ontario	3,383	11,813	5,848	79,649	115,662	-	22,420	29,172	315,200	583,147
Other municipalities	-	20,516	1,440	-	-	6,488	3,750	-	-	32,194
Change in equity of Lakeland Holding Ltd.	-	-	-	-	-	-	-	-	54,012	54,012
Gain on disposal of capital assets	-	-	30,000	-	-	-	-	-	-	30,000
Other	12,344	14,856	7,223	1,064	33,697	-	53,038	-	69,861	192,083
TOTAL REVENUE	19,110	47,185	721,452	167,230	149,359	6,488	207,087	51,672	1,672,762	3,042,345
EXPENSES										
Salaries, wages and benefits	239,101	71,473	148,374	4,262	42,545	-	103,318	-	-	609,073
Long-term debt charges (interest)	-	-	-	3,111	2,694	178	-	-	-	5,983
Materials	76,961	44,712	101,721	10,063	30,311	-	133,630	1,902	-	399,300
Contracted services	69,826	194,175	62,141	238,675	90,802	-	19,532	59,754	-	734,905
Rents and financial expenses	7,915	-	2,940	-	4,451	-	406	-	-	15,712
External transfers	-	-	-	-	25,740	85,198	-	-	-	110,938
Interfunctional adjustments	(11,323)	1,500	(5,960)	1,330	3,648	-	8,330	2,475	-	-
Amortization	22,961	17,757	165,422	17,860	2,732	1,980	28,931	-	-	257,643
TOTAL EXPENSES	405,441	329,617	474,638	275,301	202,923	87,356	294,147	64,131	-	2,133,554
ANNUAL SURPLUS (DEFICIT)	\$ (386,331)	\$ (282,432)	\$ 246,814	\$ (108,071)	\$ (53,564)	\$ (80,868)	\$ (87,060)	\$ (12,459)	\$ 1,672,762	\$ 908,791

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2010

15. RELATED PARTY TRANSACTIONS

During the normal course of operations, the Municipality received dividends of \$21,652 (2009 \$21,652) and purchased power in the amount of \$116,639 (2009 \$109,853) 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	\$ (16,467)
Decrease in unfinanced capital - Medical Centre	8,548
Decrease in municipal reserves and reserve funds	(62,547)
Decrease in board and joint board general operating surplus and reserves and reserve funds	(8,408)
ADJUSTMENTS:	
Budgeted acquisition of tangible capital assets	608,950
Amortization of tangible capital assets	(258,000)
Budgeted decrease in municipal debt	22,350
Budgeted decrease in long-term commitments	7,598
ANNUAL SURPLUS	\$ 302,024

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 2010 was \$11,986 (2009 \$12,646) for current service and is included as an expense on the Consolidated Statement of Operations.

18. COMPARATIVE FIGURES

Certain prior year figures presented for comparative purposes have been reclassified to conform to the presentation adopted for the current year.