

THE CORPORATION OF THE
MUNICIPALITY OF MAGNETAWAN
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2005

Michael D. Turner

146 Queen Street
P. O. Box 486
Burk's Falls, Ontario
P0A 1C0

CHARTERED ACCOUNTANT

Phone: (705) 382-3227
Fax: (705) 382-2181
e-mail: mdturner @onlink.net

THE CORPORATION OF THE
MUNICIPALITY OF MAGNETAWAN
AUDITOR'S REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation of the
Municipality of Magnetawan:

I have audited the consolidated statement of financial position of the Corporation of the Municipality of Magnetawan as at December 31, 2005 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Municipality's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Municipality of Magnetawan as at December 31, 2005 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles for local governments as outlined in the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants.



Michael D. Turner
Chartered Accountant

Burk's Falls, Ontario
March 23, 2006
Licence No: 1106

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2005

	<u>2005</u>	Restated <u>2004</u>
ASSETS		
FINANCIAL ASSETS		
Cash and temporary investments (Note 1(k))	\$ 778,669	\$ 545,997
Taxes and grants-in-lieu receivable	383,561	366,635
Trade and other receivables	134,229	88,456
Investment in Lakeland Holding Ltd. (Note 1(a)(i), 11)	<u>283,946</u>	<u>268,212</u>
Total financial assets	1,580,405	1,269,300
NON-FINANCIAL ASSETS		
Inventory and prepaids	<u>5,022</u>	<u>2,230</u>
TOTAL ASSETS	\$ <u>1,585,427</u>	\$ <u>1,271,530</u>
LIABILITIES		
Accounts payable	\$ 204,564	\$ 98,916
Deferred revenue-general (Note 1(h))	2,581	2,581
Deferred revenue-obligatory reserve funds (Note 1(i), 5)	106,390	25,718
Landfill closure and post-closure liability (Note 6)	546,750	512,750
Municipal debt (Note 7)	<u>84,530</u>	<u>166,186</u>
Total liabilities	<u>944,815</u>	<u>806,151</u>
MUNICIPAL POSITION		
Fund Balances (Note 10)		
Current fund (see Schedule page 13)	327,827	299,981
Capital fund (see Schedule page 14)	135,893	255,731
Reserves (see Schedule page 15)	441,708	254,793
Reserve funds (see Schedule page 15)	82,518	65,598
Lakeland Holding Ltd. (Note 1(a)(i), 11)	<u>283,946</u>	<u>268,212</u>
Total fund balances	1,271,892	1,144,315
Amounts to be recovered (Note 1(e))		
From reserves and reserve funds on hand	(82,518)	(61,232)
From future revenues	<u>(548,762)</u>	<u>(617,704)</u>
Total amounts to be recovered	<u>(631,280)</u>	<u>(678,936)</u>
Total Municipal Position	<u>640,612</u>	<u>465,379</u>
TOTAL LIABILITIES AND MUNICIPAL POSITION	\$ <u>1,585,427</u>	\$ <u>1,271,530</u>

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budget <u>2005</u>	Actual <u>2005</u>	Restated Actual <u>2004</u>
Revenue			
Net taxation/user charges	\$ 2,547,770	\$ 2,595,923	\$ 2,417,299
Transfer payments	377,667	444,050	160,482
Other	<u>142,673</u>	<u>205,850</u>	<u>196,328</u>
Total Revenue	<u>3,068,110</u>	<u>3,245,823</u>	<u>2,774,109</u>
Expenditures			
Current			
General government	446,867	458,189	423,608
Protection to persons and property	309,288	301,002	251,480
Transportation services	772,756	668,089	697,604
Environmental services	160,566	159,350	119,501
Health services	200,300	189,415	176,816
Social and family services	407,840	409,832	395,071
Recreation and culture	204,095	197,939	155,412
Planning and development	<u>17,500</u>	<u>30,532</u>	<u>8,386</u>
Total Current	<u>2,519,212</u>	<u>2,414,348</u>	<u>2,227,878</u>
Capital			
General government	25,500	34,957	43,323
Protection to persons and property	-	53,237	19,597
Transportation services	674,789	508,421	181,506
Environmental services	36,142	860	13,630
Health services	9,100	13,302	-
Recreation and culture	<u>53,539</u>	<u>61,199</u>	<u>46,095</u>
Total Capital	<u>799,070</u>	<u>671,976</u>	<u>304,151</u>
Total Expenditures	<u>3,318,282</u>	<u>3,086,324</u>	<u>2,532,029</u>
Net Revenue (Expenditures)	<u>(250,172)</u>	<u>159,499</u>	<u>242,080</u>
Add: increase in landfill closure and post-closure liability	24,750	34,000	9,000
Less: debt principal repayments	<u>(79,648)</u>	<u>(81,656)</u>	<u>(94,311)</u>
Decrease in amounts to be recovered	<u>(54,898)</u>	<u>(47,656)</u>	<u>(85,311)</u>
Lakeland Holding Ltd. net income,			
net of dividends (Note 11)	<u>-</u>	<u>15,734</u>	<u>18,738</u>
Change in fund balances	<u>\$ (305,070)</u>	<u>\$ 127,577</u>	<u>\$ 175,507</u>

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
Operations		
Net revenue	\$ <u>159,499</u>	\$ <u>242,080</u>
Sources:		
Increase in accounts payable	105,648	-
Increase in deferred revenue-obligatory reserve funds	80,672	2,225
Increase in landfill closure and post closure liability	<u>34,000</u>	<u>9,000</u>
	<u>220,320</u>	<u>11,225</u>
Uses:		
Increase in taxes receivable	(16,926)	(30,265)
Increase in accounts receivable	(45,773)	(22,047)
Increase in prepaid expenses	(2,792)	(1,088)
Decrease in accounts payable	<u>-</u>	<u>(27,468)</u>
	<u>(65,491)</u>	<u>(80,868)</u>
Net increase in cash from operations	<u>314,328</u>	<u>172,437</u>
Investing		
Net increase in cash from investing	<u>-</u>	<u>-</u>
Financing		
Decrease in municipal debt	<u>(81,656)</u>	<u>(94,311)</u>
Net decrease in cash from financing	<u>(81,656)</u>	<u>(94,311)</u>
Net change in cash and temporary investments	<u>232,672</u>	<u>78,126</u>
Opening cash and temporary investments	<u>545,997</u>	<u>467,871</u>
Closing cash and temporary investments	<u>\$ 778,669</u>	<u>\$ 545,997</u>

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

NOTES TO THE FINANCIAL STATEMENTS

The Corporation of the Municipality of Magnetawan is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, 2001, Planning Act, Building Code Act and other related legislation.

1. **ACCOUNTING POLICIES**

The consolidated financial statements of the Corporation of the Municipality of Magnetawan (the "Municipality") are the representation of management prepared in accordance with generally accepted accounting principles for local governments as outlined in the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Municipality are outlined below.

(a) Basis of Consolidation

(i) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenues, expenditures and fund balances of the reporting entity. The reporting entity is comprised of the following committees, local boards, joint local boards and municipal enterprises accountable for the administration of their financial affairs and resources to the Municipality and which are under the control of Council: Museum and Library. The Building Committee has been proportionally consolidated.

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

The Municipality's investment in Lakeland Holding Ltd. is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Municipality and inter-organizational transactions and balances are not eliminated.

(ii) Non-consolidated Entities

The following local boards, joint local boards and municipal enterprises are not consolidated: Health Unit, District Social Services Administration Board and Home for the Aged.

(iii) Accounting for School Board Transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the School Boards are not reflected in the municipal fund balances of these financial statements.

(b) Fund Accounting

Funds within the consolidated financial statements consist of current, capital, reserve and reserve funds. Transfers between funds are recorded as adjustments to the appropriate municipal fund balance.

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the trust funds financial statements.

(c) Basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting.

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

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

NOTES TO THE FINANCIAL STATEMENTS

- (d) **Capital Assets**
The historical cost and accumulated amortization for capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the Consolidated Statement of Financial Activities in the year of acquisition.
- (e) **Amounts to be Recovered in Future Years**
Amounts to be recovered in future years, which represents the outstanding principal portion of unmatured municipal debt, the outstanding portion of municipal commitments, the present value of future minimum capital lease payments, employee benefits payable, accrued interest on debt and accrued landfill closure and post-closure costs is reported on the Consolidated Statement of Financial Position.
- (f) **Reserves and Reserve Funds**
Certain amounts, as approved in the budget, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when budgeted.
- (g) **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.
- (h) **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. These amounts will be recognized as revenues in the fiscal year the expenditures are incurred.
- (i) **Deferred Revenue - Obligatory Reserve Funds**
The Municipality receives gas tax revenue from the Federal Government and building permit fees and payments in lieu of parkland 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. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.
- (j) **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 the amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. Realty taxes are billed based on the assessment rolls provided by MPAC. 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.

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

NOTES TO THE FINANCIAL STATEMENTS

- (k) Temporary Investments
Temporary investments are reported at cost plus accrued interest.
- (l) Investment Income
Investment income earned on surplus current funds, capital funds, reserves and reserve funds (other than obligatory reserve funds) is reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue balance.
- (m) 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.
- (n) Use of Estimates
The preparation of financial statements in conformity with 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 expenditures during the period. While actual results could differ from these estimates, material changes in the amounts reported within the next year are not considered reasonably possible.

2. OPERATIONS OF SCHOOL BOARDS

Further to note 1(a)(iii), the School Boards require the Municipality to collect property taxes and payments-in-lieu of taxes on their behalf. The amounts collected, remitted and outstanding are as follows:

	<u>2005</u>	<u>2004</u>
Payable (receivable) at the beginning of the year	\$ (6,053)	\$ 6,089
Taxation and payments-in-lieu, net of adjustments	982,249	971,935
Remitted during the year	<u>(970,781)</u>	<u>(984,077)</u>
Payable (receivable) at the end of the year	\$ <u>5,415</u>	\$ <u>(6,053)</u>

3. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	<u>2005</u>	<u>2004</u>
Health Unit	\$ 43,130	\$ 51,862
District Social Services Administration Board	333,956	331,226
Home for the Aged	<u>66,305</u>	<u>55,650</u>
	\$ <u>443,391</u>	\$ <u>438,738</u>

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 joint 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.

NOTES TO THE FINANCIAL STATEMENTS

4. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$122,203 (2004 \$105,819) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities. 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 financial activities.

5. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as senior-government legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Municipality are summarized below:

	<u>2005</u>	<u>2004</u>
Reserve funds set aside for specific purposes by legislation, regulation or agreement:		
- for park purposes	\$ 78,947	\$ 25,718
- for municipal infrastructure	26,168	-
- for Joint Building Committee	<u>1,275</u>	<u>-</u>
	<u>\$ 106,390</u>	<u>\$ 25,718</u>

6. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Commencing in 2001, the local government accounting standards issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants require that municipalities recognize a liability related to the closure of solid waste landfill sites. This liability encompasses all costs related to the closure and subsequent maintenance of such sites. The liability is recognized in the financial statements over the operating life of the solid waste disposal site, in proportion to its utilized capacity.

Capacity and cost studies for the two waste disposal sites the Municipality is currently responsible for were performed in 2003 and current utilization rates were measured in 2004 and 2005. Based on this information, landfill liability estimates are as follows:

Croft Landfill

Total estimated expenditures for closure and post-closure care	\$684,950
Reported liability in current year	\$166,500
Total expenditures remaining to be recognized	\$518,450
Utilization/year	510 cu. metre
Remaining capacity of the site	65,510 cu. metre
Remaining landfill site life	58 years
Number of years required for post-closure care	25 years

Chapman Landfill

Total estimated expenditures for closure and post-closure care	\$597,400
Reported liability in current year	\$380,250
Total expenditures remaining to be recognized	\$217,150
Utilization/year	990 cu. metre
Remaining capacity of the site	21,690 cu. metre
Remaining landfill site life	22 years
Number of years required for post-closure care	25 years

The Municipality has a reserve fund of \$82,518 (2004 \$61,232) to cover these estimated expenditures.

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

NOTES TO THE FINANCIAL STATEMENTS

7. MUNICIPAL DEBT

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

	<u>2005</u>	<u>2004</u>
- Canadian Imperial Bank of Commerce, repayable in monthly payments of \$2,707 including interest calculated at prime, fully repaid in 2005	\$ -	\$ 53,346
- Canadian Imperial Bank of Commerce, repayable in monthly payments of \$2,570 including interest calculated at prime, subject to annual review	<u>84,530</u>	<u>112,840</u>
	<u>\$ 84,530</u>	<u>\$ 166,186</u>

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

	<u>Principal</u>	<u>Interest</u>
2006	<u>\$ 84,530</u>	<u>\$ 3,239</u>

(c) Total charges for the year for municipal debt which are reported on the Consolidated Statement of Financial Activities are as follows:

	<u>2005</u>	<u>2004</u>
Principal payments	\$ 81,656	\$ 94,311
Interest payments	<u>8,228</u>	<u>9,015</u>
	<u>\$ 89,884</u>	<u>\$ 103,326</u>

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

8. LINE OF CREDIT

The Municipality has a credit facility agreement with Kawartha Credit Union of \$200,000 which was unused at the end of the year.

In addition, the Municipality has a line of credit with the Royal Bank of Canada of \$396,000, related to the replacement of River Road bridge, which was unused at the end of the year.

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

NOTES TO THE FINANCIAL STATEMENTS

9. **CONTRACTUAL OBLIGATIONS**

The Municipality has agreed to lease a portion of a municipal building to the Kawartha Credit Union for the period commencing on January 1, 2003 and ending on December 31, 2006. The 2003 annual lease amount is \$4,800, which is to be adjusted annually by the consumer price index.

In 2005, the Municipality entered into a lease agreement with the Ahmic Harbour-Croft Fire Brigade to lease a building for the period January 1, 2005-December 31, 2005 with the option to extend the lease for a further year to December 31, 2006, for \$1,100 per month.

In 2005, the Municipality accepted a five-year tender from A. Miron Topsoil for the supply of winter sand for the period 2005 to 2009.

In 2005, the Municipality entered a landfill site maintenance contract with John Crossman for the maintenance of the Croft and Chapman landfill sites. This contract was renewed for the period January 16, 2006 to January 15, 2007 (see Note 13).

10. **MUNICIPAL FUND BALANCES AT THE END OF THE YEAR**

The municipal fund balances of \$1,271,892 (2004 \$1,144,315) at the end of the year is comprised of the following:

	<u>2005</u>	<u>2004</u>
for general reduction of taxation - Municipality	\$ 318,237	\$ 292,857
for general reduction of taxation - Boards	7,949	6,554
for specific reduction of taxation - Special Area	<u>1,641</u>	<u>570</u>
	<u>327,827</u>	<u>299,981</u>
Lakeland Holding Ltd.-as previously reported	283,946	248,536
Lakeland Holding Ltd.-prior period adjustment	<u>-</u>	<u>19,676</u>
Lakeland Holding Ltd.-restated	<u>283,946</u>	<u>268,212</u>
for acquisition of fixed assets	<u>135,893</u>	<u>255,731</u>
Reserves	441,708	254,793
Reserve Funds	<u>82,518</u>	<u>65,598</u>
	<u>524,226</u>	<u>320,391</u>
	<u>\$ 1,271,892</u>	<u>\$ 1,144,315</u>

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

NOTES TO THE FINANCIAL STATEMENTS

11. 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.

	<u>2005</u>	Restated <u>2004</u>
Current assets	\$ 8,054,068	\$ 8,245,803
Capital and other assets	21,942,936	17,031,756
Regulatory assets	<u>2,933,085</u>	<u>2,248,339</u>
Total assets	<u>32,930,089</u>	<u>27,525,898</u>
Current liabilities	7,889,959	3,637,512
Long-term liabilities	<u>5,724,093</u>	<u>5,642,704</u>
Total liabilities	<u>13,614,052</u>	<u>9,280,216</u>
Net assets	\$ <u>19,316,037</u>	\$ <u>18,245,682</u>
Municipality's share of net assets (1.47% ownership)	\$ <u>283,946</u>	\$ <u>268,212</u>
Results of operations:		
Revenues	\$ 21,798,502	\$ 19,386,825
Operating expenses	19,888,214	17,378,180
Payments-in-lieu of income taxes	<u>727,433</u>	<u>733,975</u>
Net income	1,182,855	1,274,670
Less: dividends	<u>(112,500)</u>	<u>-</u>
Net income, net of dividends	\$ <u>1,070,355</u>	\$ <u>1,274,670</u>
Municipality's share of net income (1.47% ownership)	\$ <u>15,734</u>	\$ <u>18,738</u>

12. EXPENDITURES BY OBJECT

The following is a summary of the current and capital expenditures reported on the Consolidated Statement of Financial Activities by the object of expenditures:

	<u>2005</u>	<u>2004</u>
Current expenditures consist of:		
Salaries, wages and benefits	\$ 660,952	\$ 549,248
Net long-term debt charges (interest)	8,228	9,015
Materials and supplies	615,456	684,450
Contracted services	1,038,793	934,706
Rents and financial expenses	50,474	41,459
Transfer payments	6,445	-
Amounts for unfunded liabilities	<u>34,000</u>	<u>9,000</u>
Total current expenditures	\$ <u>2,414,348</u>	\$ <u>2,227,878</u>
Capital expenditures consist of:		
Salaries, wages and benefits	\$ 26,752	\$ -
Materials and supplies	361,709	\$ 276,455
Contracted services	282,872	27,176
Rents and financial expenses	<u>643</u>	<u>520</u>
Total capital expenditures	\$ <u>671,976</u>	\$ <u>304,151</u>

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

NOTES TO THE FINANCIAL STATEMENTS

13. **RELATED PARTY TRANSACTIONS**

In the year, the Municipality awarded the landfill maintenance contract to John Crossman, a councilor of the Municipality. Total payments to John Crossman for landfill services in the year were \$31,000, including taxes.

The Municipality purchases paper products from Arrow Printing & Publishing, a company owned by the Mayor of the Municipality. Total purchases from Arrow Printing & Publishing in the year were \$17,050, including taxes.

14. **TAX RATES**

The following table provides a comparison of the current and previous year tax rates:

	<u>2005</u>		<u>2004</u>	
	<u>Tax Rates (%)</u>		<u>Tax Rates (%)</u>	
	<u>Municipality</u>	<u>School Board</u>	<u>Municipality</u>	<u>School Board</u>
	<u>purposes</u>	<u>purposes</u>	<u>purposes</u>	<u>purposes</u>
Residential/Farm:				
Area 1, 3 & 4	0.786885	0.296000	0.744206	0.296000
Area 2	0.989614	0.296000	0.934532	0.296000
Multi-residential:				
Area 2	2.064705	0.296000	1.949783	0.296000
Commercial Occupied:				
Area 1, 3 & 4	0.905380	0.988276	0.856275	0.988276
Area 2	1.138638	0.988276	1.075261	0.988276
Commercial Vacant:				
Area 1, 3 & 4	0.633766	0.691793	0.599392	0.691793
Area 2	0.797046	0.691793	0.752682	0.691793
Industrial Occupied:				
Area 1, 3 & 4	0.865522	0.787815	0.818578	0.787815
Industrial Vacant:				
Area 1, 3 & 4	0.562589	0.512080	0.532076	0.512080
Farmland & Managed Forest:				
Area 1, 3 & 4	0.196721	0.074000	0.186052	0.074000
Area 2	0.247403	0.074000	0.233633	0.074000

15. **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 2005 was \$19,595 (2004 \$16,385) for current service and is included as an expenditure on the Consolidated Statement of Financial Activities.

16. **PUBLIC SECTOR SALARY DISCLOSURE ACT**

For 2005 no employees were paid salaries, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more.

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN
CONSOLIDATED SCHEDULE OF CURRENT FUND OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budget <u>2005</u>	Actual <u>2005</u>	Actual <u>2004</u>
Revenue			
Net taxation/user charges	\$ 2,547,770	\$ 2,595,923	\$ 2,417,299
Transfer payments	293,195	388,159	153,255
Other	<u>139,173</u>	<u>191,395</u>	<u>150,906</u>
Total Revenue	<u>2,980,138</u>	<u>3,175,477</u>	<u>2,721,460</u>
Expenditures			
General government	446,867	458,189	423,608
Protection to persons and property	309,288	301,002	251,480
Transportation services	772,756	668,089	697,604
Environmental services	160,566	159,350	119,501
Health services	200,300	189,415	176,816
Social and family services	407,840	409,832	395,071
Recreation and culture	204,095	197,939	155,412
Planning and development	<u>17,500</u>	<u>30,532</u>	<u>8,386</u>
Total Expenditures	<u>2,519,212</u>	<u>2,414,348</u>	<u>2,227,878</u>
Net Revenue	<u>460,926</u>	<u>761,129</u>	<u>493,582</u>
Financing and transfers			
Increase in landfill closure and post-closure liability	24,750	34,000	9,000
Debt principal repayments	(79,648)	(81,656)	(94,311)
Transfers to reserves and reserve funds	(198,237)	(195,371)	(119,419)
Transfers to capital fund	<u>(505,367)</u>	<u>(490,256)</u>	<u>(74,914)</u>
Net financing and transfers	<u>(758,502)</u>	<u>(733,283)</u>	<u>(279,644)</u>
Change in current fund	(297,576)	27,846	213,938
Fund balance at the beginning of the year	<u>299,981</u>	<u>299,981</u>	<u>86,043</u>
Fund balance at the end of the year	<u>\$ 2,405</u>	<u>\$ 327,827</u>	<u>\$ 299,981</u>

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN
CONSOLIDATED SCHEDULE OF CAPITAL FUND OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budget <u>2005</u>	Actual <u>2005</u>	Actual <u>2004</u>
Revenue			
Transfer payments	\$ 84,472	\$ 55,891	\$ 7,227
Other	<u>3,500</u>	<u>14,455</u>	<u>45,422</u>
Total Revenue	<u>87,972</u>	<u>70,346</u>	<u>52,649</u>
Expenditures			
General government	25,500	34,957	43,323
Protection to persons and property	-	53,237	19,597
Transportation services	674,789	508,421	181,506
Environmental services	36,142	860	13,630
Health services	9,100	13,302	-
Recreation and culture	<u>53,539</u>	<u>61,199</u>	<u>46,095</u>
Total Expenditures	<u>799,070</u>	<u>671,976</u>	<u>304,151</u>
Net Expenditures	<u>(711,098)</u>	<u>(601,630)</u>	<u>(251,502)</u>
Financing and transfers			
Transfers from current fund	505,367	490,256	74,914
Transfers from (to) reserves and reserve funds	<u>(50,000)</u>	<u>(8,464)</u>	<u>174,320</u>
Net financing and transfers	<u>455,367</u>	<u>481,792</u>	<u>249,234</u>
Change in capital fund	(255,731)	(119,838)	(2,268)
Fund balance at the beginning of the year	<u>255,731</u>	<u>255,731</u>	<u>257,999</u>
Fund balance at the end of the year	<u>\$ -</u>	<u>\$ 135,893</u>	<u>\$ 255,731</u>

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN
CONSOLIDATED SCHEDULE OF RESERVES AND RESERVE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budget <u>2005</u>	Actual <u>2005</u>	Actual <u>2004</u>
Total Revenue	\$ -	\$ -	\$ -
Financing and transfers			
Transfers from current fund	198,237	195,371	119,419
Transfers from (to) capital fund	<u>50,000</u>	<u>8,464</u>	<u>(174,320)</u>
Net financing and transfers	<u>248,237</u>	<u>203,835</u>	<u>(54,901)</u>
Change in reserves and reserve funds balance	248,237	203,835	(54,901)
Fund balance at the beginning of the year	<u>320,391</u>	<u>320,391</u>	<u>375,292</u>
Fund balance at the end of the year	<u>\$ 568,628</u>	<u>\$ 524,226</u>	<u>\$ 320,391</u>
Analyzed as follows:			
Reserves set aside for specific purposes by Council:			
for working capital		\$ 365,125	\$ 188,174
for fire		8,464	-
for Joint Building Committee		1,500	-
for roads		50,000	50,000
for cemetery		9,500	9,500
for library		<u>7,119</u>	<u>7,119</u>
Total Reserves		<u>441,708</u>	<u>254,793</u>
Reserve funds set aside for specific purposes by Council:			
for landfill closure		82,518	61,232
for fire protection		<u>-</u>	<u>4,366</u>
Total Reserve Funds		<u>82,518</u>	<u>65,598</u>
Total Reserves and Reserve Funds		<u>\$ 524,226</u>	<u>\$ 320,391</u>

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN
MAGNETAWAN HISTORICAL MUSEUM BOARD

SCHEDULE OF FINANCIAL POSITION

AS AT DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
Financial Assets		
Cash	\$ 2,926	\$ 2,014
Shares in Credit Union	<u>25</u>	<u>25</u>
	<u>\$ 2,951</u>	<u>\$ 2,039</u>
Liabilities		
Accounts payable	\$ <u>192</u>	\$ <u>84</u>
Fund Balance		
Fund Balance	<u>2,759</u>	<u>1,955</u>
	<u>\$ 2,951</u>	<u>\$ 2,039</u>

SCHEDULE OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u> <u>2005</u>	<u>Actual</u> <u>2005</u>	<u>Actual</u> <u>2004</u>
Revenue			
Municipal contributions	\$ 4,000	\$ 4,000	\$ 4,024
Admission fees	500	526	427
Interest and donations	-	50	649
Fundraising	<u>500</u>	<u>1,379</u>	<u>1,183</u>
Total Revenue	<u>5,000</u>	<u>5,955</u>	<u>6,283</u>
Expenditures			
Salaries	3,000	3,267	3,442
Insurance	470	513	470
Audit	-	118	118
Office and bank	80	104	184
Repairs, maintenance and utilities	500	552	835
Other	<u>-</u>	<u>597</u>	<u>854</u>
	<u>4,050</u>	<u>5,151</u>	<u>5,903</u>
Net revenue	950	804	380
Fund balance, beginning of the year	<u>1,955</u>	<u>1,955</u>	<u>1,575</u>
Fund balance, end of the year	<u>\$ 2,905</u>	<u>\$ 2,759</u>	<u>\$ 1,955</u>

Basis of consolidation: Municipality of Magnetawan 100%

Michael D. Turner

146 Queen Street
P. O. Box 486
Burk's Falls, Ontario
P0A 1C0

CHARTERED ACCOUNTANT

Phone: (705) 382-3227
Fax: (705) 382-2181
e-mail: mdturner @onlink.net

THE CORPORATION OF THE
MUNICIPALITY OF MAGNETAWAN
AUDITOR'S REPORT
TRUST FUNDS

To the Members of Council, Inhabitants and
Ratepayers of the Corporation of the
Municipality of Magnetawan:

I have audited the statement of financial position of the trust funds of the Corporation of the Municipality of Magnetawan as at December 31, 2005 and the statement of financial activities and changes in fund balances for the year then ended. These financial statements are the responsibility of the Municipality's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The trust funds of the Corporation of the Municipality of Magnetawan derive receipts from the sale of cemetery interment rights, which are not susceptible to complete audit verification. Accordingly, my verification of such receipts was limited to accounting for the amounts recorded in the records of the trust funds.

In my opinion, except for the effect of adjustments which might have been required had receipts from the sale of cemetery interment rights been susceptible to complete audit verification, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation of the Municipality of Magnetawan as at December 31, 2005 and the results of operations for the year then ended in accordance with generally accepted accounting principles for local governments as outlined in the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants.



Michael D. Turner
Chartered Accountant

Burk's Falls, Ontario
March 23, 2006
Licence No: 1106

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

TRUST FUNDS

Statement of Financial Activities and Changes in Fund Balances

For the year ended December 31, 2005

	Magnetawan Medical <u>Trust</u>	Emily Ross Langford <u>Award</u>	Capital Account Care and <u>Maintenance</u>	Total <u>2005</u>	Total <u>2004</u>
Revenue					
Interest earned	\$ 3,081	\$ 1	\$ -	\$ 3,082	\$ 3,090
Capital receipts	-	-	621	621	1,800
Transfer from Spence Cemetery (Note 4)	<u>-</u>	<u>-</u>	<u>15,792</u>	<u>15,792</u>	<u>-</u>
Total Revenue	<u>3,081</u>	<u>1</u>	<u>16,413</u>	<u>19,495</u>	<u>4,890</u>
Expenditures					
Transfer to Medical Associates	3,081	-	-	3,081	3,089
Memorial awards	<u>-</u>	<u>30</u>	<u>-</u>	<u>30</u>	<u>20</u>
Total Expenditures	<u>3,081</u>	<u>30</u>	<u>-</u>	<u>3,111</u>	<u>3,109</u>
Net Revenue (Expenditures)	-	(29)	16,413	16,384	1,781
Opening Fund Balance	<u>60,429</u>	<u>337</u>	<u>45,053</u>	<u>105,819</u>	<u>104,038</u>
Closing Fund Balance	<u>\$ 60,429</u>	<u>\$ 308</u>	<u>\$ 61,466</u>	<u>\$ 122,203</u>	<u>\$ 105,819</u>

Statement of Financial Position

As at December 31, 2005

	Magnetawan Medical <u>Trust</u>	Emily Ross Langford <u>Award</u>	Capital Account Care and <u>Maintenance</u>	Total <u>2005</u>	Total <u>2004</u>
Financial Assets					
Cash and cash equivalents	\$ 60,430	\$ 308	\$ 61,466	\$ 122,204	\$ 105,819
Accounts receivable	<u>776</u>	<u>-</u>	<u>-</u>	<u>776</u>	<u>776</u>
	<u>\$ 61,206</u>	<u>\$ 308</u>	<u>\$ 61,466</u>	<u>\$ 122,980</u>	<u>\$ 106,595</u>
Liabilities and Fund Balance					
Accounts payable	\$ 777	\$ -	\$ -	\$ 777	\$ 776
Fund balance	<u>60,429</u>	<u>308</u>	<u>61,466</u>	<u>122,203</u>	<u>105,819</u>
	<u>\$ 61,206</u>	<u>\$ 308</u>	<u>\$ 61,466</u>	<u>\$ 122,980</u>	<u>\$ 106,595</u>

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

1. **ACCOUNTING POLICIES**

Basis of Accounting

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

2. **CARE AND MAINTENANCE FUND**

The Care and Maintenance Fund administered by the Municipality is funded by the sale of cemetery interment rights and markers. These funds are invested and earnings derived therefrom are used to perform maintenance to the Municipality's cemeteries. The operations and investments of the Fund are undertaken by the Municipality in accordance with the regulations of the Funeral, Burial and Cremation Services Act, 2002.

3. **INTEREST**

In 2005, \$1,416 (2004 \$979) of care and maintenance interest was earned and transferred to the Municipality.

4. **TRANSFER FROM SPENCE CEMETERY**

The Municipality accepted the transfer of the Spence Cemetery from the Spence Cemetery Commission effective July 1, 2005.

Michael D. Turner

146 Queen Street
P. O. Box 486
Burk's Falls, Ontario
P0A 1C0

CHARTERED ACCOUNTANT

Phone: (705) 382-3227
Fax: (705) 382-2181
e-mail: mdturner @onlink.net

THE CORPORATION OF THE
MUNICIPALITY OF MAGNETAWAN
LIBRARY BOARD
AUDITOR'S REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation of the
Municipality of Magnetawan:

I have audited the statement of financial position of the Magnetawan Public Library as at December 31, 2005 and the statement of financial activities for the year then ended. These financial statements are the responsibility of the Municipality's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Magnetawan Public Library as at December 31, 2005 and the results of its operations for the year then ended in accordance with generally accepted accounting principles for local governments as outlined in the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants.



Michael D. Turner
Chartered Accountant

Burk's Falls, Ontario
March 23, 2006
Licence No: 1106

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

PUBLIC LIBRARY

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
Assets		
Cash	\$ 9,573	\$ 14,971
Accounts receivable - GST	939	1,182
Accounts receivable - other	<u>5,260</u>	<u>1,194</u>
	<u>\$ 15,772</u>	<u>\$ 17,347</u>
Liabilities		
Accounts payable	\$ 882	\$ 3,048
Deferred revenue (Note 2)	<u>2,581</u>	<u>2,581</u>
	<u>3,463</u>	<u>5,629</u>
Fund Balances		
Reserve for working funds	4,000	4,000
Reserve - 2002 donation	3,119	3,119
Current fund	<u>5,190</u>	<u>4,599</u>
	<u>12,309</u>	<u>11,718</u>
	<u>\$ 15,772</u>	<u>\$ 17,347</u>

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u> <u>2005</u>	<u>Actual</u> <u>2005</u>	<u>Actual</u> <u>2004</u>
Revenue			
Municipal contribution	\$ 20,000	\$ 20,000	\$ 10,300
Provincial grants	10,323	10,323	12,266
DSL-connectivity grant	-	1,235	-
Community Access Program grant	1,139	5,038	3,794
Donations	200	2,233	1,500
Bank interest	100	53	127
Other - Library	<u>2,320</u>	<u>2,372</u>	<u>2,338</u>
	<u>34,082</u>	<u>41,254</u>	<u>30,325</u>
Expenditures			
Wages and benefits	24,397	24,868	17,473
Books	3,670	3,785	3,958
Rent	2,700	2,640	2,648
Audit	550	535	520
Advertising	100	91	56
Bank charges	100	118	102
DSL	1,200	1,477	-
Insurance	250	251	252
Other expenditures	2,575	1,977	2,621
Operating expenditures - Community Access Program	1,000	4,248	3,707
Capital expenditures - Library	1,000	-	4,328
Capital expenditures - Community Access Program	<u>1,139</u>	<u>673</u>	<u>1,327</u>
	<u>38,681</u>	<u>40,663</u>	<u>36,992</u>
Net Revenue (Expenditures)	(4,599)	591	(6,667)
Transfer from (to) reserves	-	-	2,385
Current Fund balance, beginning of the year	<u>4,599</u>	<u>4,599</u>	<u>8,881</u>
Current Fund balance, end of the year	<u>\$ -</u>	<u>\$ 5,190</u>	<u>\$ 4,599</u>

Basis of consolidation: Municipality of Magnetawan 100%

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

1. **ACCOUNTING POLICIES**

- (a) **Basis of Accounting**
Sources of financing and expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
- (b) **Fund Accounting**
Funds within the financial statements consist of current, capital and reserve. Transfers between funds are recorded as adjustments to the appropriate fund balance.
- (c) **Capital Assets**
The historical cost and accumulated amortization for capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the Statement of Financial Activities in the year of acquisition.
- (d) **Reserves**
Certain amounts, as approved in the budget, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective fund when budgeted.
- (e) **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.
- (f) **Deferred Revenue**
The Library defers recognition of certain operating grants which have been collected but for which the related expenditures have yet to be incurred. These amounts will be recognized as revenues in the fiscal year the expenditures are incurred.
- (g) **Use of Estimates**
The preparation of financial statements in conformity with 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 expenditures during the period. While actual results could differ from these estimates, material changes in the amounts reported within the next year are not considered reasonably possible.

2. **DEFERRED REVENUE**

A portion of the Province of Ontario's operating grant and pay equity funding has been deferred to reflect the fact that annual funding covers a one-year period beginning on April 1. The balance reported for deferred revenue is \$2,581 (2004 \$2,581).

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

3. **EXPENDITURES BY OBJECT**

The following is a summary of the current and capital expenditures reported on the Statement of Financial Activities by the object of expenditures:

	<u>2005</u>	<u>2004</u>
Current Expenditures consist of:		
Salaries, wages and benefits	\$ 25,463	\$ 18,556
Materials and supplies	10,234	11,160
Contracted services	1,535	1,520
Rents and financial expenses	<u>2,758</u>	<u>101</u>
Total current expenditures	<u>39,990</u>	<u>31,337</u>
Capital expenditures consist of:		
Materials and supplies	<u>673</u>	<u>5,655</u>
Total expenditures	<u>\$ 40,663</u>	<u>\$ 36,992</u>

May 18, 2006

Hi Linda,

The following are attached:

- a) the 2005 "Financial Statement Highlights". As requested, I'll have Phyllis email you a copy of these as well;
- b) two copies of the 2005 Communication to Council/Independence Letter. The copy stamped "Client's Copy" is for your records. Please have Council review and sign the other copy and then return it to us.

Regards,

Marjorie

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

2005 FINANCIAL HIGHLIGHTS

TAX RATES

	<u>2005</u>		<u>2004</u>	
	<u>Tax Rates (%)</u>		<u>Tax Rates (%)</u>	
	<u>Municipality</u>	<u>School Board</u>	<u>Municipality</u>	<u>School Board</u>
	<u>purposes</u>	<u>purposes</u>	<u>purposes</u>	<u>purposes</u>
Residential/Farm:				
Area 1, 3 & 4	0.786885	0.296000	0.744206	0.296000
Area 2	0.989614	0.296000	0.934532	0.296000
Multi-residential:				
Area 2	2.064705	0.296000	1.949783	0.296000
Commercial Occupied:				
Area 1, 3 & 4	0.905380	0.988276	0.856275	0.988276
Area 2	1.138638	0.988276	1.075261	0.988276
Commercial Vacant:				
Area 1, 3 & 4	0.633766	0.691793	0.599392	0.691793
Area 2	0.797046	0.691793	0.752682	0.691793
Industrial Occupied:				
Area 1, 3 & 4	0.865522	0.787815	0.818578	0.787815
Industrial Vacant:				
Area 1, 3 & 4	0.562589	0.512080	0.532076	0.512080
Farmland & Managed Forest:				
Area 1, 3 & 4	0.196721	0.074000	0.186052	0.074000
Area 2	0.247403	0.074000	0.233633	0.074000

TRANSACTIONS FOR THE SCHOOL BOARDS

	<u>2005</u>	<u>2004</u>
Payable (receivable) at the beginning of the year	\$ (6,053)	\$ 6,089
Taxation and payments-in-lieu, net of adjustments	982,249	971,935
Remitted during the year	<u>(970,781)</u>	<u>(984,077)</u>
Payable (receivable) at the end of the year	\$ <u>5,415</u>	\$ <u>(6,053)</u>

These revenues and expenditures are not reflected in the Consolidated Statement of Financial Activities.

YEAR END BALANCE OF TRUST FUNDS UNDER ADMINISTRATION

	<u>2005</u>	<u>2004</u>
Trust Funds	\$ <u>122,203</u>	\$ <u>105,819</u>

CONSOLIDATED SCHEDULE OF CURRENT, CAPITAL, RESERVES AND RESERVE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Current</u>	<u>Capital</u>	<u>Reserves and</u>
	<u>Fund</u>	<u>Fund</u>	<u>Reserve Funds</u>
Balance at the beginning of the year	\$ 299,981	\$ 255,731	\$ 320,391
Change during the year	<u>27,846</u>	<u>(119,838)</u>	<u>203,835</u>
Balance at the end of the year	\$ <u>327,827</u>	\$ <u>135,893</u>	\$ <u>524,226</u>

NOTES

- The 2005 financial report consolidates the operations, assets and liabilities of the Municipality and its local boards as follows: Museum and Library. The Building Committee has been proportionally consolidated.
- The above data has been extracted from the audited 2005 Consolidated Financial Report of the Municipality and its local boards as described in Note 1. Copies of the 2005 Consolidated Financial Report and the Auditor's Report of Michael D. Turner, Chartered Accountant, Burk's Falls, Ontario, and of the audited financial statements for the local boards are available at the Municipal office to any resident who wishes to review or analyze the financial operations of the Municipality in greater detail.

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

2005 FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2005

	<u>2005</u>	Restated <u>2004</u>
ASSETS		
FINANCIAL ASSETS		
Cash and temporary investments	\$ 778,669	\$ 545,997
Taxes and grants-in-lieu receivable	383,561	366,635
Trade and other receivables	134,229	88,456
Investment in Lakeland Holding Ltd.	<u>283,946</u>	<u>268,212</u>
Total financial assets	1,580,405	1,269,300
NON-FINANCIAL ASSETS		
Inventory and prepaids	<u>5,022</u>	<u>2,230</u>
TOTAL ASSETS	\$ <u>1,585,427</u>	\$ <u>1,271,530</u>
LIABILITIES		
Accounts payable	\$ 204,564	\$ 98,916
Deferred revenue-general	2,581	2,581
Deferred revenue-obligatory reserve funds	106,390	25,718
Landfill closure and post-closure liability	546,750	512,750
Municipal debt	<u>84,530</u>	<u>166,186</u>
Total liabilities	<u>944,815</u>	<u>806,151</u>
MUNICIPAL POSITION		
Fund Balances		
Current fund	327,827	299,981
Capital fund	135,893	255,731
Reserves	441,708	254,793
Reserve funds	82,518	65,598
Lakeland Holding Ltd.	<u>283,946</u>	<u>268,212</u>
Total fund balances	1,271,892	1,144,315
Amounts to be recovered		
From reserves and reserve funds on hand	(82,518)	(61,232)
From future revenues	<u>(548,762)</u>	<u>(617,704)</u>
Total amounts to be recovered	<u>(631,280)</u>	<u>(678,936)</u>
Total Municipal Position	<u>640,612</u>	<u>465,379</u>
TOTAL LIABILITIES AND MUNICIPAL POSITION	\$ <u>1,585,427</u>	\$ <u>1,271,530</u>

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

2005 FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2005

	Budget <u>2005</u>	Actual <u>2005</u>	Restated Actual <u>2004</u>
Revenue			
Net taxation/user charges	\$ 2,547,770	\$ 2,595,923	\$ 2,417,299
Transfer payments	377,667	444,050	160,482
Other	<u>142,673</u>	<u>205,850</u>	<u>196,328</u>
Total Revenue	<u>3,068,110</u>	<u>3,245,823</u>	<u>2,774,109</u>
Expenditures			
Current			
General government	446,867	458,189	423,608
Protection to persons and property	309,288	301,002	251,480
Transportation services	772,756	668,089	697,604
Environmental services	160,566	159,350	119,501
Health services	200,300	189,415	176,816
Social and family services	407,840	409,832	395,071
Recreation and culture	204,095	197,939	155,412
Planning and development	<u>17,500</u>	<u>30,532</u>	<u>8,386</u>
Total Current	<u>2,519,212</u>	<u>2,414,348</u>	<u>2,227,878</u>
Capital			
General government	25,500	34,957	43,323
Protection to persons and property	-	53,237	19,597
Transportation services	674,789	508,421	181,506
Environmental services	36,142	860	13,630
Health services	9,100	13,302	-
Recreation and culture	<u>53,539</u>	<u>61,199</u>	<u>46,095</u>
Total Capital	<u>799,070</u>	<u>671,976</u>	<u>304,151</u>
Total Expenditures	<u>3,318,282</u>	<u>3,086,324</u>	<u>2,532,029</u>
Net Revenue (Expenditures)	<u>(250,172)</u>	<u>159,499</u>	<u>242,080</u>
Add: increase in landfill closure and post-closure liability	24,750	34,000	9,000
Less: debt principal repayments	<u>(79,648)</u>	<u>(81,656)</u>	<u>(94,311)</u>
Decrease in amounts to be recovered	<u>(54,898)</u>	<u>(47,656)</u>	<u>(85,311)</u>
Lakeland Holding Ltd. net income, net of dividends	<u>-</u>	<u>15,734</u>	<u>18,738</u>
Change in fund balances	<u>\$ (305,070)</u>	<u>\$ 127,577</u>	<u>\$ 175,507</u>