

**THE CORPORATION OF THE**  
**MUNICIPALITY OF MAGNETAWAN**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

# Michael D. Turner

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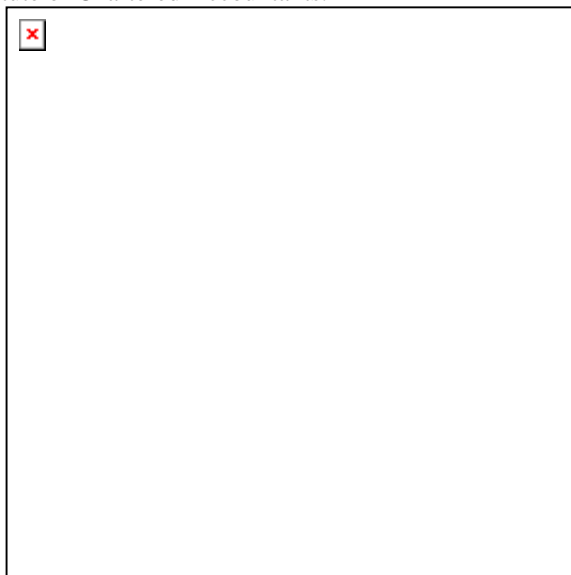
**THE CORPORATION OF THE**  
**MUNICIPALITY OF MAGNETAWAN**  
**AUDITOR'S REPORT**

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, 2006 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, 2006 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  
Licensed Public Accountant

Burk's Falls, Ontario  
February 27, 2007  
License No: 1106

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2006**

	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 1(k))	\$ 1,180,561	\$ 778,669
Taxes and grants-in-lieu receivable	379,585	383,561
Trade and other receivables	182,842	134,229
Investment in Lakeland Holding Ltd. (Note 1(a)(i), 11)	<u>287,613</u>	<u>283,946</u>
<b>Total financial assets</b>	<b><u>2,030,601</u></b>	<b><u>1,580,405</u></b>
<b>NON-FINANCIAL ASSETS</b>		
Inventory and prepaids	<u>17,906</u>	<u>5,022</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,048,507</u></b>	<b><u>\$ 1,585,427</u></b>
<b>LIABILITIES</b>		
Temporary borrowing (Note 5)	\$ 340,000	\$ -
Accounts payable	189,338	204,564
Deferred revenue-general (Note 1(h))	2,581	2,581
Deferred revenue-obligatory reserve funds (Note 1(i), 6)	163,069	106,390
Landfill closure and post-closure liability (Note 7)	594,250	546,750
Municipal debt (Note 8)	<u>61,651</u>	<u>84,530</u>
<b>Total liabilities</b>	<b><u>1,350,889</u></b>	<b><u>944,815</u></b>
<b>MUNICIPAL POSITION</b>		
<b>Fund Balances (Note 10)</b>		
Current fund (see Schedule page 13)	346,252	327,827
Capital fund (see Schedule page 14)	-	135,893
Reserves (see Schedule page 15)	615,360	441,708
Reserve funds (see Schedule page 15)	104,294	82,518
Lakeland Holding Ltd. (Note 1(a)(i), 11)	<u>287,613</u>	<u>283,946</u>
<b>Total fund balances</b>	<b><u>1,353,519</u></b>	<b><u>1,271,892</u></b>
<b>Amounts to be recovered (Note 1(e))</b>		
From reserves and reserve funds on hand	(104,294)	(82,518)
From future revenues	<u>(551,607)</u>	<u>(548,762)</u>
<b>Total amounts to be recovered</b>	<b><u>(655,901)</u></b>	<b><u>(631,280)</u></b>
<b>Total Municipal Position</b>	<b><u>697,618</u></b>	<b><u>640,612</u></b>
<b>TOTAL LIABILITIES AND MUNICIPAL POSITION</b>	<b><u>\$ 2,048,507</u></b>	<b><u>\$ 1,585,427</u></b>

APPROVED ON BEHALF OF COUNCIL:

\_\_\_\_\_ Mayor

\_\_\_\_\_ Councilor

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, 2006**

	Budget <u>2006</u>	Actual <u>2006</u>	Restated Actual <u>2005</u>
<b>Revenue</b>			
Net taxation/user charges	\$ 2,450,965	\$ 2,523,550	\$ 2,595,923
Transfer payments	744,960	746,720	444,050
Other	<u>266,849</u>	<u>238,530</u>	<u>205,850</u>
<b>Total Revenue</b>	<b><u>3,462,774</u></b>	<b><u>3,508,800</u></b>	<b><u>3,245,823</u></b>
<b>Expenditures</b>			
Current			
General government	473,610	428,114	458,189
Protection to persons and property	322,883	274,138	301,002
Transportation services	748,734	659,042	668,089
Environmental services	200,585	216,347	159,350
Health services	210,386	180,765	189,415
Social and family services	441,505	446,638	409,832
Recreation and culture	241,521	231,332	197,939
Planning and development	<u>27,000</u>	<u>3,977</u>	<u>30,532</u>
Total Current	<u>2,666,224</u>	<u>2,440,353</u>	<u>2,414,348</u>
Capital			
General government	-	-	34,957
Protection to persons and property	31,164	33,310	53,237
Transportation services	1,263,424	896,624	508,421
Environmental services	17,142	33,268	860
Health services	6,000	3,629	13,302
Recreation and culture	<u>67,250</u>	<u>48,277</u>	<u>61,199</u>
Total Capital	<u>1,384,980</u>	<u>1,015,108</u>	<u>671,976</u>
<b>Total Expenditures</b>	<b><u>4,051,204</u></b>	<b><u>3,455,461</u></b>	<b><u>3,086,324</u></b>
<b>Net Revenue (Expenditures)</b>	<b><u>(588,430)</u></b>	<b><u>53,339</u></b>	<b><u>159,499</u></b>
Add: increase in landfill closure and post-closure liability	30,500	47,500	34,000
Add: increase (decrease) in municipal debt	<u>292,398</u>	<u>(22,879)</u>	<u>(81,656)</u>
<b>Increase (Decrease) in amounts to be recovered</b>	<b><u>322,898</u></b>	<b><u>24,621</u></b>	<b><u>(47,656)</u></b>
<b>Lakeland Holding Ltd. net income,</b>			
<b>net of dividends (Note 11)</b>	<u>-</u>	<u>3,667</u>	<u>15,734</u>
<b>Change in fund balances</b>	<b><u>\$ (265,532)</u></b>	<b><u>\$ 81,627</u></b>	<b><u>\$ 127,577</u></b>

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, 2006**

	<u>2006</u>	<u>2005</u>
<b>Operations</b>		
Net revenue	\$ <u>53,339</u>	\$ <u>159,499</u>
Sources:		
Decrease in taxes receivable	3,976	-
Increase in accounts payable	-	105,648
Increase in deferred revenue-obligatory reserve funds	56,679	80,672
Increase in landfill closure and post closure liability	<u>47,500</u>	<u>34,000</u>
	<u>108,155</u>	<u>220,320</u>
Uses:		
Increase in taxes receivable	-	(16,926)
Increase in accounts receivable	(48,613)	(45,773)
Increase in inventory and prepaids	(12,884)	(2,792)
Decrease in accounts payable	<u>(15,226)</u>	<u>-</u>
	<u>(76,723)</u>	<u>(65,491)</u>
Net increase in cash from operations	<u>84,771</u>	<u>314,328</u>
<b>Investing</b>		
Net increase in cash from investing	<u>-</u>	<u>-</u>
<b>Financing</b>		
Increase in temporary borrowing	340,000	-
Decrease in municipal debt	<u>(22,879)</u>	<u>(81,656)</u>
Net increase (decrease) in cash from financing	<u>317,121</u>	<u>(81,656)</u>
Net change in cash and temporary investments	<u>401,892</u>	<u>232,672</u>
Opening cash and temporary investments	<u>778,669</u>	<u>545,997</u>
<b>Closing cash and temporary investments</b>	<b><u>\$ 1,180,561</u></b>	<b><u>\$ 778,669</u></b>

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>2006</u>	<u>2005</u>
Payable (receivable) at the beginning of the year	\$ 5,415	\$ (6,053)
Taxation and payments-in-lieu, net of adjustments	1,174,075	982,249
Remitted during the year	<u>(1,162,067)</u>	<u>(970,781)</u>
Payable at the end of the year	<u>\$ 17,423</u>	<u>\$ 5,415</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>2006</u>	<u>2005</u>
Health Unit	\$ 44,246	\$ 43,130
District Social Services Administration Board	370,647	333,956
Home for the Aged	<u>70,206</u>	<u>66,305</u>
	<u>\$ 485,099</u>	<u>\$ 443,391</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 \$124,728 (2005 \$122,203) 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. TEMPORARY BORROWING

The Municipality has a credit facility agreement with Kawartha Credit Union of \$250,000 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, of which \$56,000 was unused at the end of the year.

6. 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>2006</u>	<u>2005</u>
Reserve funds set aside for specific purposes by legislation, regulation or agreement:		
- for park purposes	\$ 109,589	\$ 78,947
- for municipal infrastructure	53,480	26,168
- for Joint Building Committee	<u>-</u>	<u>1,275</u>
	<u>\$ 163,069</u>	<u>\$ 106,390</u>

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**

NOTES TO THE FINANCIAL STATEMENTS

7. 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 utilization rates were measured in each subsequent year. Based on this information, landfill liability estimates are as follows:

Croft Landfill

Total estimated expenditures for closure and post-closure care	\$698,650
Reported liability in current year	\$180,750
Total expenditures remaining to be recognized	\$517,900
Utilization/year	1,372 cu. metre
Remaining capacity of the site	64,138 cu. metre
Remaining landfill site life	21 years
Number of years required for post-closure care	25 years

Chapman Landfill

Total estimated expenditures for closure and post-closure care	\$609,350
Reported liability in current year	\$413,500
Total expenditures remaining to be recognized	\$195,850
Utilization/year	2,520 cu. metre
Remaining capacity of the site	19,170 cu. metre
Remaining landfill site life	8 years
Number of years required for post-closure care	25 years

The Municipality has a reserve fund of \$104,294 (2005 \$82,518) to cover these estimated expenditures.

8. MUNICIPAL DEBT

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

	<u>2006</u>	<u>2005</u>
- Municipality's share of Joint Building Committee loan from the Township of Strong, repayable in monthly payments of \$800 including interest calculated at 3.5%	\$ 6,502	\$ -
- Canadian Imperial Bank of Commerce, repayable in monthly payments of \$2,570 including interest calculated at prime, subject to annual review	<u>55,149</u>	<u>84,530</u>
	<u>\$ 61,651</u>	<u>\$ 84,530</u>

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

	<u>Principal</u>	<u>Interest</u>
2007	\$ 31,290	\$ 2,623
2008	29,745	839
2009	616	3
	<u>\$ 61,651</u>	<u>\$ 3,465</u>

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**

NOTES TO THE FINANCIAL STATEMENTS

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

	<u>2006</u>	<u>2005</u>
Principal payments	\$ 30,789	\$ 81,656
Interest payments	<u>1,588</u>	<u>8,228</u>
	<u>\$ 32,377</u>	<u>\$ 89,884</u>

The annual principal and interest repayments required to service the Municipality's debt fall within the annual debt repayment limit of \$721,396 prescribed by the Ministry of Municipal Affairs and Housing.

9. CONTRACTUAL OBLIGATIONS

In 2006 the Municipality extended an agreement to lease a portion of a municipal building to the Kawartha Credit Union for the period commencing on January 1, 2007 and ending on December 31, 2010. The base lease amount is \$4,800, which is to be adjusted annually by the consumer price index.

In January 2007 the Municipality extended a lease agreement with the Ahmic Harbour-Croft Fire Brigade to lease a building for the period January 1, 2007-December 31, 2007.

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.

10. MUNICIPAL FUND BALANCES AT THE END OF THE YEAR

The municipal fund balances of \$1,353,519 (2005 \$1,271,892) at the end of the year is comprised of the following:

	<u>2006</u>	<u>2005</u>
for general reduction of taxation - Municipality	\$ 340,872	\$ 318,237
for general reduction of taxation - Boards	3,137	7,949
for specific reduction of taxation - Special Area	<u>2,243</u>	<u>1,641</u>
	<u>346,252</u>	<u>327,827</u>
Lakeland Holding Ltd.	<u>287,613</u>	<u>283,946</u>
for acquisition of fixed assets	<u>-</u>	<u>135,893</u>
Reserves	615,360	441,708
Reserve Funds	<u>104,294</u>	<u>82,518</u>
	<u>719,654</u>	<u>524,226</u>
	<u>\$ 1,353,519</u>	<u>\$ 1,271,892</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>2006</u>	<u>2005</u>
Current assets	\$ 9,560,818	\$ 8,054,068
Capital and other assets	21,786,017	21,942,936
Regulatory assets	<u>2,191,655</u>	<u>2,933,085</u>
Total assets	<u>33,538,490</u>	<u>32,930,089</u>
Current liabilities	6,107,129	7,889,959
Long-term liabilities	<u>7,865,873</u>	<u>5,724,093</u>
Total liabilities	<u>13,973,002</u>	<u>13,614,052</u>
Net assets	<u>\$ 19,565,488</u>	<u>\$ 19,316,037</u>
Municipality's share of net assets (1.47% ownership)	<u>\$ 287,613</u>	<u>\$ 283,946</u>
Results of operations:		
Revenues	\$ 21,254,271	\$ 21,798,502
Operating expenses	20,147,935	19,888,214
Payments-in-lieu of income taxes	<u>406,885</u>	<u>727,433</u>
Net income	699,451	1,182,855
Less: dividends	<u>(450,000)</u>	<u>(112,500)</u>
Net income, net of dividends	<u>\$ 249,451</u>	<u>\$ 1,070,355</u>
Municipality's share of net income (1.47% ownership)	<u>\$ 3,667</u>	<u>\$ 15,734</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. Certain 2005 expenditures have been reclassified to conform with their presentation in 2006.

	<u>2006</u>	<u>2005</u>
Current expenditures consist of:		
Salaries, wages and benefits	\$ 663,907	\$ 660,952
Net long-term debt charges (interest)	1,588	8,228
Materials and supplies	587,215	641,093
Contracted services and transfer payments	1,111,533	1,045,238
Rents and financial expenses	28,610	24,837
Amounts for unfunded liabilities	<u>47,500</u>	<u>34,000</u>
Total current expenditures	<u>\$ 2,440,353</u>	<u>\$ 2,414,348</u>
Capital expenditures consist of:		
Salaries, wages and benefits	\$ 35,401	\$ 26,752
Materials and supplies	265,393	\$ 361,709
Contracted services	696,398	282,872
Rents and financial expenses	<u>17,916</u>	<u>643</u>
Total capital expenditures	<u>\$ 1,015,108</u>	<u>\$ 671,976</u>

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**

NOTES TO THE FINANCIAL STATEMENTS

13. **RELATED PARTY TRANSACTIONS**

In the year, the Municipality's landfill maintenance was performed by John Crossman, a councilor of the Municipality until November 2006. 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 former Mayor of the Municipality (Mayor until November 2006). Total purchases from Arrow Printing & Publishing in the year were \$22,275, including taxes.

14. **TAX RATES**

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

	<u>2006</u>		<u>2005</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	0.562559	0.264000	0.786885	0.296000
Area 2	0.789213	0.264000	0.989614	0.296000
Multi-residential:				
Area 2	1.646594	0.264000	2.064705	0.296000
Commercial Occupied:				
Area 1, 3 & 4	0.647273	0.903943	0.905380	0.988276
Area 2	0.908059	0.903943	1.138638	0.988276
Commercial Vacant:				
Area 1, 3 & 4	0.453091	0.632760	0.633766	0.691793
Area 2	0.635641	0.632760	0.797046	0.691793
Industrial Occupied:				
Area 1, 3 & 4	0.618777	0.719965	0.865522	0.787815
Industrial Vacant:				
Area 1, 3 & 4	0.402205	0.467977	0.562589	0.512080
Farmland & Managed Forest:				
Area 1, 3 & 4	0.140640	0.066000	0.196721	0.074000
Area 2	0.197304	0.066000	0.247403	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 2006 was \$21,431 (2005 \$19,595) for current service and is included as an expenditure on the Consolidated Statement of Financial Activities.

16. **PUBLIC SECTOR SALARY DISCLOSURE ACT**

For 2006 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, 2006**

	Budget <u>2006</u>	Actual <u>2006</u>	Actual <u>2005</u>
<b>Revenue</b>			
Net taxation/user charges	\$ 2,450,965	\$ 2,523,550	\$ 2,595,923
Transfer payments	337,581	334,682	388,159
Other	<u>224,599</u>	<u>215,644</u>	<u>191,395</u>
<b>Total Revenue</b>	<b><u>3,013,145</u></b>	<b><u>3,073,876</u></b>	<b><u>3,175,477</u></b>
<b>Expenditures</b>			
General government	473,610	428,114	458,189
Protection to persons and property	322,883	274,138	301,002
Transportation services	748,734	659,042	668,089
Environmental services	200,585	216,347	159,350
Health services	210,386	180,765	189,415
Social and family services	441,505	446,638	409,832
Recreation and culture	241,521	231,332	197,939
Planning and development	<u>27,000</u>	<u>3,977</u>	<u>30,532</u>
<b>Total Expenditures</b>	<b><u>2,666,224</u></b>	<b><u>2,440,353</u></b>	<b><u>2,414,348</u></b>
<b>Net Revenue</b>	<b><u>346,921</u></b>	<b><u>633,523</u></b>	<b><u>761,129</u></b>
<b>Financing and transfers</b>			
Increase in landfill closure and post-closure liability	30,500	47,500	34,000
Decrease in municipal debt	(27,602)	(30,789)	(81,656)
Transfers to reserves and reserve funds	(205,892)	(205,892)	(195,371)
Transfers to capital fund	<u>(468,994)</u>	<u>(425,917)</u>	<u>(490,256)</u>
<b>Net financing and transfers</b>	<b><u>(671,988)</u></b>	<b><u>(615,098)</u></b>	<b><u>(733,283)</u></b>
<b>Change in current fund</b>	<b>(325,067)</b>	<b>18,425</b>	<b>27,846</b>
<b>Fund balance at the beginning of the year</b>	<b><u>327,827</u></b>	<b><u>327,827</u></b>	<b><u>299,981</u></b>
<b>Fund balance at the end of the year</b>	<b><u>\$ 2,760</u></b>	<b><u>\$ 346,252</u></b>	<b><u>\$ 327,827</u></b>

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**  
**CONSOLIDATED SCHEDULE OF CAPITAL FUND OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budget <u>2006</u>	Actual <u>2006</u>	Actual <u>2005</u>
<b>Revenue</b>			
Transfer payments	\$ 407,379	\$ 412,038	\$ 55,891
Other	<u>42,250</u>	<u>22,886</u>	<u>14,455</u>
<b>Total Revenue</b>	<b><u>449,629</u></b>	<b><u>434,924</u></b>	<b><u>70,346</u></b>
<b>Expenditures</b>			
General government	-	-	34,957
Protection to persons and property	31,164	33,310	53,237
Transportation services	1,263,424	896,624	508,421
Environmental services	17,142	33,268	860
Health services	6,000	3,629	13,302
Recreation and culture	<u>67,250</u>	<u>48,277</u>	<u>61,199</u>
<b>Total Expenditures</b>	<b><u>1,384,980</u></b>	<b><u>1,015,108</u></b>	<b><u>671,976</u></b>
<b>Net Expenditures</b>	<b><u>(935,351)</u></b>	<b><u>(580,184)</u></b>	<b><u>(601,630)</u></b>
<b>Financing and transfers</b>			
Proceeds of municipal debt	320,000	7,910	-
Transfers from current fund	468,994	425,917	490,256
Transfers from (to) reserves and reserve funds	<u>10,464</u>	<u>10,464</u>	<u>(8,464)</u>
<b>Net financing and transfers</b>	<b><u>799,458</u></b>	<b><u>444,291</u></b>	<b><u>481,792</u></b>
<b>Change in capital fund</b>	<b>(135,893)</b>	<b>(135,893)</b>	<b>(119,838)</b>
<b>Fund balance at the beginning of the year</b>	<b><u>135,893</u></b>	<b><u>135,893</u></b>	<b><u>255,731</u></b>
<b>Fund balance at the end of the year</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 135,893</u></b>



**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**  
**CONSOLIDATED SCHEDULE OF RESERVES AND RESERVE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budget <u>2006</u>	Actual <u>2006</u>	Actual <u>2005</u>
<b>Total Revenue</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Financing and transfers</b>			
Transfers from current fund	205,892	205,892	195,371
Transfers from (to) capital fund	<u>(10,464)</u>	<u>(10,464)</u>	<u>8,464</u>
<b>Net financing and transfers</b>	<u><b>195,428</b></u>	<u><b>195,428</b></u>	<u><b>203,835</b></u>
<b>Change in reserves and reserve funds balance</b>	<b>195,428</b>	<b>195,428</b>	<b>203,835</b>
<b>Fund balance at the beginning of the year</b>	<u><b>524,226</b></u>	<u><b>524,226</b></u>	<u><b>320,391</b></u>
<b>Fund balance at the end of the year</b>	<u><b>\$ 719,654</b></u>	<u><b>\$ 719,654</b></u>	<u><b>\$ 524,226</b></u>
Analyzed as follows:			
Reserves set aside for specific purposes by Council:			
for working capital		\$ 405,125	\$ 365,125
for community enhancement		6,616	-
for fire		-	8,464
for Joint Building Committee		1,500	1,500
for roads		182,000	50,000
for cemetery		9,500	9,500
for library		<u>10,619</u>	<u>7,119</u>
Total Reserves		<u>615,360</u>	<u>441,708</u>
Reserve funds set aside for specific purposes by Council:			
for landfill closure		<u>104,294</u>	<u>82,518</u>
Total Reserve Funds		<u>104,294</u>	<u>82,518</u>
<b>Total Reserves and Reserve Funds</b>		<u><b>\$ 719,654</b></u>	<u><b>\$ 524,226</b></u>

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**  
**MAGNETAWAN HISTORICAL MUSEUM BOARD**

**SCHEDULE OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2006**

	<u>2006</u>	<u>2005</u>
<b>Financial Assets</b>		
Cash	\$ 4,981	\$ 2,926
Shares in Credit Union	<u>25</u>	<u>25</u>
	<b><u>\$ 5,006</u></b>	<b><u>\$ 2,951</u></b>
<b>Liabilities</b>		
Accounts payable	\$ 143	\$ 192
<b>Fund Balance</b>		
Fund Balance	<u>4,863</u>	<u>2,759</u>
	<b><u>\$ 5,006</u></b>	<b><u>\$ 2,951</u></b>

**SCHEDULE OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budget</u> <u>2006</u>	<u>Actual</u> <u>2006</u>	<u>Actual</u> <u>2005</u>
<b>Revenue</b>			
Municipal contributions	\$ 6,100	\$ 11,808	\$ 4,000
Admission fees	500	697	526
Interest and donations	-	135	50
Fundraising	<u>700</u>	<u>1,241</u>	<u>1,379</u>
<b>Total Revenue</b>	<b><u>7,300</u></b>	<b><u>13,881</u></b>	<b><u>5,955</u></b>
<b>Expenditures</b>			
Salaries	500	3,179	3,267
Insurance	500	517	513
Advertising	400	70	-
Audit	300	128	118
Office and bank	-	37	104
Repairs, maintenance and utilities	1,100	1,028	552
Capital	3,500	5,701	-
Other	<u>1,000</u>	<u>1,117</u>	<u>597</u>
	<b><u>7,300</u></b>	<b><u>11,777</u></b>	<b><u>5,151</u></b>
<b>Net revenue</b>	-	<b><u>2,104</u></b>	<b><u>804</u></b>
<b>Fund balance, beginning of the year</b>	<u>2,759</u>	<u>2,759</u>	<u>1,955</u>
<b>Fund balance, end of the year</b>	<b><u>\$ 2,759</u></b>	<b><u>\$ 4,863</u></b>	<b><u>\$ 2,759</u></b>

**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

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

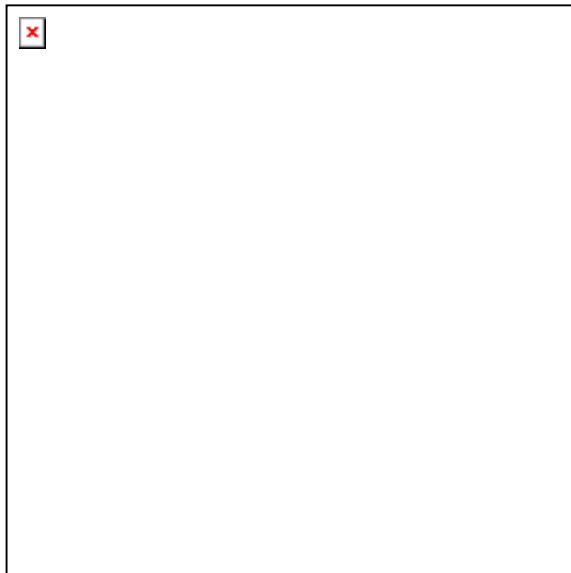
To the Members of Council, Inhabitants and  
Ratepayers of the Corporation of the  
Municipality of Magnetawan:

I have audited the statement of financial position of the trust funds of the Corporation of the Municipality of Magnetawan as at December 31, 2006 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, 2006 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  
Licensed Public Accountant

Burk's Falls, Ontario  
February 27, 2007  
License 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, 2006**

	Magnetawan Medical <u>Trust</u>	Emily Ross Langford <u>Award</u>	Capital Account Care and <u>Maintenance</u>	Total <u>2006</u>	Total <u>2005</u>
<b>Revenue</b>					
Interest earned	\$ 3,081	\$ 1	\$ -	\$ 3,082	\$ 3,082
Capital receipts	-	-	1,000	1,000	621
Transfer from Spence Cemetery (Note 4)	-	-	-	-	15,792
<b>Total Revenue</b>	<b><u>3,081</u></b>	<b><u>1</u></b>	<b><u>1,000</u></b>	<b><u>4,082</u></b>	<b><u>19,495</u></b>
<b>Expenditures</b>					
Transfer to Medical Associates	1,527	-	-	1,527	3,081
Memorial awards	-	30	-	30	30
<b>Total Expenditures</b>	<b><u>1,527</u></b>	<b><u>30</u></b>	<b><u>-</u></b>	<b><u>1,557</u></b>	<b><u>3,111</u></b>
<b>Net Revenue (Expenditures)</b>	<b>1,554</b>	<b>(29)</b>	<b>1,000</b>	<b>2,525</b>	<b>16,384</b>
<b>Opening Fund Balance</b>	<b><u>60,429</u></b>	<b><u>308</u></b>	<b><u>61,466</u></b>	<b><u>122,203</u></b>	<b><u>105,819</u></b>
<b>Closing Fund Balance</b>	<b><u>\$ 61,983</u></b>	<b><u>\$ 279</u></b>	<b><u>\$ 62,466</u></b>	<b><u>\$ 124,728</u></b>	<b><u>\$ 122,203</u></b>

**Statement of Financial Position  
As at December 31, 2006**

	Magnetawan Medical <u>Trust</u>	Emily Ross Langford <u>Award</u>	Capital Account Care and <u>Maintenance</u>	Total <u>2006</u>	Total <u>2005</u>
<b>Financial Assets</b>					
Cash and cash equivalents	\$ 61,207	\$ 279	\$ 62,466	\$ 123,952	\$ 122,204
Accounts receivable	776	-	-	776	776
	<b><u>\$ 61,983</u></b>	<b><u>\$ 279</u></b>	<b><u>\$ 62,466</u></b>	<b><u>\$ 124,728</u></b>	<b><u>\$ 122,980</u></b>
<b>Liabilities and Fund Balance</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 777
Fund balance	61,983	279	62,466	124,728	122,203
	<b><u>\$ 61,983</u></b>	<b><u>\$ 279</u></b>	<b><u>\$ 62,466</u></b>	<b><u>\$ 124,728</u></b>	<b><u>\$ 122,980</u></b>

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 2006, \$1,614 (2005 \$1,416) 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

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P0A 1C0

CHARTERED ACCOUNTANT

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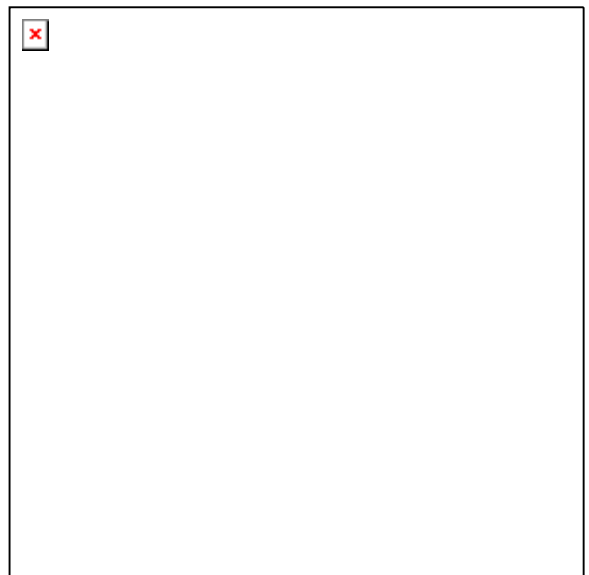
**THE CORPORATION OF THE**  
**MUNICIPALITY OF MAGNETAWAN**  
**LIBRARY BOARD**  
**AUDITOR'S REPORT**

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, 2006 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, 2006 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  
Licensed Public Accountant

Burk's Falls, Ontario  
February 27, 2007  
License No: 1106



**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN PUBLIC LIBRARY**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2006**

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash	\$ 11,520	\$ 9,573
Accounts receivable - GST	1,180	939
Accounts receivable - other	<u>2,844</u>	<u>5,260</u>
	<b><u>\$ 15,544</u></b>	<b><u>\$ 15,772</u></b>
<b>Liabilities</b>		
Accounts payable	\$ 303	\$ 882
Deferred revenue (Note 2)	<u>2,581</u>	<u>2,581</u>
	<u>2,884</u>	<u>3,463</u>
<b>Fund Balances</b>		
Reserve for working funds	9,500	4,000
Reserve - 2002 donation	1,119	3,119
Current fund	<u>2,041</u>	<u>5,190</u>
	<b><u>12,660</u></b>	<b><u>12,309</u></b>
	<b><u>\$ 15,544</u></b>	<b><u>\$ 15,772</u></b>

**STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budget</u> <u>2006</u>	<u>Actual</u> <u>2006</u>	<u>Actual</u> <u>2005</u>
<b>Revenue</b>			
Municipal contribution	\$ 22,000	\$ 22,000	\$ 20,000
Provincial operating grant	10,323	10,323	10,323
Provincial literacy and LLL grant	10,500	10,500	-
Provincial DSL-connectivity grant	200	1,295	1,235
Community Access Program grant	587	6,735	5,038
Parks and Recreation grant	-	500	-
Donations	1,000	2,323	2,233
Bank interest	100	83	53
Other - Library	<u>2,000</u>	<u>2,538</u>	<u>2,372</u>
	<u>46,710</u>	<u>56,297</u>	<u>41,254</u>
<b>Expenditures</b>			
Wages and benefits	24,671	27,906	24,868
Books	4,000	4,249	3,785
Rent	2,640	2,640	2,640
Audit	650	600	535
Advertising	150	358	91
Bank charges	125	133	118
Literacy and LLL operating expenditures	3,500	1,168	-
DSL	1,477	1,381	1,477
Insurance	300	300	251
Other expenditures	5,800	3,291	1,977
Operating expenditures - Community Access Program	587	7,262	4,248
Capital expenditures - Library	4,500	4,929	-
Capital expenditures - Community Access Program	<u>-</u>	<u>1,729</u>	<u>673</u>
	<u>48,400</u>	<u>55,946</u>	<u>40,663</u>
<b>Net Revenue (Expenditures)</b>	<b>(1,690)</b>	<b>351</b>	<b>591</b>
<b>Transfer to reserves</b>	<b>(3,500)</b>	<b>(3,500)</b>	<b>-</b>
<b>Current Fund balance, beginning of the year</b>	<b><u>5,190</u></b>	<b><u>5,190</u></b>	<b><u>4,599</u></b>
<b>Current Fund balance, end of the year</b>	<b><u>\$ -</u></b>	<b><u>\$ 2,041</u></b>	<b><u>\$ 5,190</u></b>
<b>Basis of consolidation: Municipality of Magnetawan 100%</b>			

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 (2005 \$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>2006</u>	<u>2005</u>
Current Expenditures consist of:		
Salaries, wages and benefits	\$ 33,374	\$ 25,463
Materials and supplies	11,041	10,234
Contracted services	2,100	1,535
Rents and financial expenses	<u>2,773</u>	<u>2,758</u>
<b>Total current expenditures</b>	<b><u>49,288</u></b>	<b><u>39,990</u></b>
Capital expenditures consist of:		
Materials and supplies	<u>6,658</u>	<u>673</u>
<b>Total expenditures</b>	<b><u>\$ 55,946</u></b>	<b><u>\$ 40,663</u></b>

May 29, 2007

Hi Linda,

Please note that we have added some signature lines to the Consolidated Statement of Financial Position. Before distributing the financial statements to third parties, please be sure that the Mayor and a councilor sign the certificate at the bottom of the statement of financial position signifying approval of council.

The following are attached:

- a) the 2006 "Financial Statement Highlights". I'll have Phyllis email you a copy of these as well;
- b) two copies of the 2006 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**

**2006 FINANCIAL HIGHLIGHTS**

**TAX RATES**

	<u>2006</u>		<u>2005</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	0.562559	0.264000	0.786885	0.296000
Area 2	0.789213	0.264000	0.989614	0.296000
Multi-residential:				
Area 2	1.646594	0.264000	2.064705	0.296000
Commercial Occupied:				
Area 1, 3 & 4	0.647273	0.903943	0.905380	0.988276
Area 2	0.908059	0.903943	1.138638	0.988276
Commercial Vacant:				
Area 1, 3 & 4	0.453091	0.632760	0.633766	0.691793
Area 2	0.635641	0.632760	0.797046	0.691793
Industrial Occupied:				
Area 1, 3 & 4	0.618777	0.719965	0.865522	0.787815
Industrial Vacant:				
Area 1, 3 & 4	0.402205	0.467977	0.562589	0.512080
Farmland & Managed Forest:				
Area 1, 3 & 4	0.140640	0.066000	0.196721	0.074000
Area 2	0.197304	0.066000	0.247403	0.074000

**TRANSACTIONS FOR THE SCHOOL BOARDS**

Payable (receivable) at the beginning of the year	\$	<u>2006</u>	\$	<u>2005</u>
Taxation and payments-in-lieu, net of adjustments		5,415		(6,053)
Remitted during the year		1,174,075		982,249
		<u>(1,162,067)</u>		<u>(970,781)</u>
Payable at the end of the year	\$	<u>17,423</u>	\$	<u>5,415</u>

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

**YEAR END BALANCE OF TRUST FUNDS UNDER ADMINISTRATION**

	<u>2006</u>	<u>2005</u>
Trust Funds	\$ <u>124,728</u>	\$ <u>122,203</u>

**CONSOLIDATED SCHEDULE OF CURRENT, CAPITAL, RESERVES AND RESERVE FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<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	\$ 327,827	\$ 135,893	\$ 524,226
Change during the year	<u>18,425</u>	<u>(135,893)</u>	<u>195,428</u>
Balance at the end of the year	\$ <u>346,252</u>	\$ <u>-</u>	\$ <u>719,654</u>

**NOTES**

- The 2006 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 2006 Consolidated Financial Report of the Municipality and its local boards as described in Note 1. Copies of the 2006 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**

**2006 FINANCIAL HIGHLIGHTS**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2006**

	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments	\$ 1,180,561	\$ 778,669
Taxes and grants-in-lieu receivable	379,585	383,561
Trade and other receivables	182,842	134,229
Investment in Lakeland Holding Ltd.	<u>287,613</u>	<u>283,946</u>
<b>Total financial assets</b>	<b><u>2,030,601</u></b>	<b><u>1,580,405</u></b>
<b>NON-FINANCIAL ASSETS</b>		
Inventory and prepaids	<u>17,906</u>	<u>5,022</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,048,507</u></b>	<b><u>\$ 1,585,427</u></b>
<b>LIABILITIES</b>		
Temporary borrowing	\$ 340,000	\$ -
Accounts payable	189,338	204,564
Deferred revenue-general	2,581	2,581
Deferred revenue-obligatory reserve funds	163,069	106,390
Landfill closure and post-closure liability	594,250	546,750
Municipal debt	<u>61,651</u>	<u>84,530</u>
<b>Total liabilities</b>	<b><u>1,350,889</u></b>	<b><u>944,815</u></b>
<b>MUNICIPAL POSITION</b>		
<b>Fund Balances</b>		
Current fund	346,252	327,827
Capital fund	-	135,893
Reserves	615,360	441,708
Reserve funds	104,294	82,518
Lakeland Holding Ltd.	<u>287,613</u>	<u>283,946</u>
<b>Total fund balances</b>	<b><u>1,353,519</u></b>	<b><u>1,271,892</u></b>
<b>Amounts to be recovered</b>		
From reserves and reserve funds on hand	(104,294)	(82,518)
From future revenues	<u>(551,607)</u>	<u>(548,762)</u>
<b>Total amounts to be recovered</b>	<b><u>(655,901)</u></b>	<b><u>(631,280)</u></b>
<b>Total Municipal Position</b>	<b><u>697,618</u></b>	<b><u>640,612</u></b>
<b>TOTAL LIABILITIES AND MUNICIPAL POSITION</b>	<b><u>\$ 2,048,507</u></b>	<b><u>\$ 1,585,427</u></b>

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**

**2006 FINANCIAL HIGHLIGHTS**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budget <u>2006</u>	Actual <u>2006</u>	Actual <u>2005</u>
<b>Revenue</b>			
Net taxation/user charges	\$ 2,450,965	\$ 2,523,550	\$ 2,595,923
Transfer payments	744,960	746,720	444,050
Other	<u>266,849</u>	<u>238,530</u>	<u>205,850</u>
<b>Total Revenue</b>	<b><u>3,462,774</u></b>	<b><u>3,508,800</u></b>	<b><u>3,245,823</u></b>
<b>Expenditures</b>			
Current			
General government	473,610	428,114	458,189
Protection to persons and property	322,883	274,138	301,002
Transportation services	748,734	659,042	668,089
Environmental services	200,585	216,347	159,350
Health services	210,386	180,765	189,415
Social and family services	441,505	446,638	409,832
Recreation and culture	241,521	231,332	197,939
Planning and development	<u>27,000</u>	<u>3,977</u>	<u>30,532</u>
Total Current	<u>2,666,224</u>	<u>2,440,353</u>	<u>2,414,348</u>
Capital			
General government	-	-	34,957
Protection to persons and property	31,164	33,310	53,237
Transportation services	1,263,424	896,624	508,421
Environmental services	17,142	33,268	860
Health services	6,000	3,629	13,302
Recreation and culture	<u>67,250</u>	<u>48,277</u>	<u>61,199</u>
Total Capital	<u>1,384,980</u>	<u>1,015,108</u>	<u>671,976</u>
<b>Total Expenditures</b>	<b><u>4,051,204</u></b>	<b><u>3,455,461</u></b>	<b><u>3,086,324</u></b>
<b>Net Revenue (Expenditures)</b>	<b><u>(588,430)</u></b>	<b><u>53,339</u></b>	<b><u>159,499</u></b>
Add: increase in landfill closure and post-closure liability	30,500	47,500	34,000
Add: increase (decrease) in municipal debt	<u>292,398</u>	<u>(22,879)</u>	<u>(81,656)</u>
<b>Increase (Decrease) in amounts to be recovered</b>	<b><u>322,898</u></b>	<b><u>24,621</u></b>	<b><u>(47,656)</u></b>
<b>Lakeland Holding Ltd. net income, net of dividends</b>	<b><u>-</u></b>	<b><u>3,667</u></b>	<b><u>15,734</u></b>
<b>Change in fund balances</b>	<b><u>\$ (265,532)</u></b>	<b><u>\$ 81,627</u></b>	<b><u>\$ 127,577</u></b>