

THE CORPORATION OF THE
MUNICIPALITY OF MAGNETAWAN
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

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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, 2007 and the consolidated statements of financial activities, changes in financial position and change in net financial assets 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, 2007 and the results of its operations, the changes in its financial position and the change in its net financial assets 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 29, 2008
License No: 1106

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 1(k))	\$ 1,192,037	\$ 1,180,561
Taxes and grants-in-lieu receivable	402,847	379,585
Trade and other receivables	89,848	182,842
Investment in Lakeland Holding Ltd. (Note 1(a)(i), 12)	<u>295,199</u>	<u>287,613</u>
Total financial assets	<u>1,979,931</u>	<u>2,030,601</u>
LIABILITIES		
Temporary borrowing	\$ -	\$ 340,000
Accounts payable	170,814	189,338
Deferred revenue-general (Note 1(h))	2,581	2,581
Deferred revenue-obligatory reserve funds (Note 1(i), 7)	234,917	163,069
Landfill closure and post-closure liability (Note 8)	620,000	594,250
Municipal debt (Note 9)	<u>31,336</u>	<u>61,651</u>
Total liabilities	<u>1,059,648</u>	<u>1,350,889</u>
NET FINANCIAL ASSETS	<u>920,283</u>	<u>679,712</u>
NON-FINANCIAL ASSETS		
Inventory and prepaids	<u>37,370</u>	<u>17,906</u>
TOTAL NET ASSETS	<u>\$ 957,653</u>	<u>\$ 697,618</u>
MUNICIPAL POSITION		
Fund Balances (Note 11)		
Current fund (see Schedule page 14)	\$ 420,392	\$ 346,252
Reserves (see Schedule page 16)	765,254	615,360
Reserve funds (see Schedule page 16)	128,144	104,294
Lakeland Holding Ltd. (Note 1(a)(i), 12)	<u>295,199</u>	<u>287,613</u>
Total fund balances	<u>1,608,989</u>	<u>1,353,519</u>
Amounts to be recovered (Note 1(e))		
From reserves and reserve funds on hand	(128,144)	(104,294)
From future revenues	<u>(523,192)</u>	<u>(551,607)</u>
Total amounts to be recovered	<u>(651,336)</u>	<u>(655,901)</u>
TOTAL MUNICIPAL POSITION	<u>\$ 957,653</u>	<u>\$ 697,618</u>

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, 2007

	Budget <u>2007</u>	Actual <u>2007</u>	Actual <u>2006</u>
Revenue			
Net taxation/user charges	\$ 2,629,740	\$ 2,662,738	\$ 2,523,550
Transfer payments	416,541	377,180	746,720
Other	<u>269,179</u>	<u>222,097</u>	<u>238,530</u>
Total Revenue	<u>3,315,460</u>	<u>3,262,015</u>	<u>3,508,800</u>
Expenditures			
Current			
General government	497,821	576,947	428,114
Protection to persons and property	344,604	311,886	274,138
Transportation services	973,167	840,283	659,042
Environmental services	225,490	181,249	216,347
Health services	178,610	164,464	180,765
Social and family services	477,996	481,993	446,638
Recreation and culture	273,560	258,684	231,332
Planning and development	<u>9,000</u>	<u>11,758</u>	<u>3,977</u>
Total Current	<u>2,980,248</u>	<u>2,827,264</u>	<u>2,440,353</u>
Capital			
General government	30,000	7,020	-
Protection to persons and property	24,000	8,662	33,310
Transportation services	248,407	101,851	896,624
Environmental services	19,550	15,602	33,268
Health services	20,000	2,043	3,629
Recreation and culture	<u>188,757</u>	<u>47,124</u>	<u>48,277</u>
Total Capital	<u>530,714</u>	<u>182,302</u>	<u>1,015,108</u>
Total Expenditures	<u>3,510,962</u>	<u>3,009,566</u>	<u>3,455,461</u>
Net Revenue (Expenditures)	<u>(195,502)</u>	<u>252,449</u>	<u>53,339</u>
Add: increase in landfill closure and post-closure liability	49,500	25,750	47,500
Less: decrease in municipal debt	<u>(31,290)</u>	<u>(30,315)</u>	<u>(22,879)</u>
Increase (decrease) in amounts to be recovered	<u>18,210</u>	<u>(4,565)</u>	<u>24,621</u>
Lakeland Holding Ltd. net income,			
net of dividends (Note 12)	<u>-</u>	<u>7,586</u>	<u>3,667</u>
Change in fund balances	<u>\$ (177,292)</u>	<u>\$ 255,470</u>	<u>\$ 81,627</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, 2007

	<u>2007</u>	<u>2006</u>
Operations		
Net revenue	\$ <u>252,449</u>	\$ <u>53,339</u>
Sources:		
Decrease in taxes receivable	-	3,976
Decrease in accounts receivable	92,994	-
Increase in deferred revenue-obligatory reserve funds	71,848	56,679
Increase in landfill closure and post closure liability	<u>25,750</u>	<u>47,500</u>
	<u>190,592</u>	<u>108,155</u>
Uses:		
Increase in taxes receivable	(23,262)	-
Increase in accounts receivable	-	(48,613)
Increase in inventory and prepaids	(19,464)	(12,884)
Decrease in accounts payable	<u>(18,524)</u>	<u>(15,226)</u>
	<u>(61,250)</u>	<u>(76,723)</u>
Net increase in cash from operations	<u>381,791</u>	<u>84,771</u>
Investing		
Net increase in cash from investing	<u>-</u>	<u>-</u>
Financing		
Increase (decrease) in temporary borrowing	(340,000)	340,000
Decrease in municipal debt	<u>(30,315)</u>	<u>(22,879)</u>
Net increase (decrease) in cash from financing	<u>(370,315)</u>	<u>317,121</u>
Net change in cash and temporary investments	<u>11,476</u>	<u>401,892</u>
Opening cash and temporary investments	<u>1,180,561</u>	<u>778,669</u>
Closing cash and temporary investments	<u>\$ 1,192,037</u>	<u>\$ 1,180,561</u>

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
Net Revenue	\$ 252,449	\$ 53,339
Lakeland Holding Ltd. net income	7,586	3,667
Change in inventories and prepaid expenses	<u>(19,464)</u>	<u>(12,884)</u>
Increase in net financial assets	240,571	44,122
Net financial assets, beginning of year	<u>679,712</u>	<u>635,590</u>
Net financial assets, end of year	<u>\$ 920,283</u>	<u>\$ 679,712</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.

I. 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 by Council, 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 approved.
- (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. **TANGIBLE CAPITAL ASSETS**

Further to note 1(d), Section 3150 of the Public Sector Accounting Board Handbook of the Canadian Institute of Chartered Accountants requires municipalities to record and amortize their tangible capital assets in their financial statements commencing in 2009. During the year municipal staff began drafting a tangible capital asset policy, and department managers began inventorying their capital assets. Additionally, the Municipality is participating with seventeen area municipalities to implement a joint GIS system. The Municipality has also tendered for a road needs study to obtain information about their road assets.

3. **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>2007</u>	<u>2006</u>
Payable at the beginning of the year	\$ 17,423	\$ 5,415
Taxation and payments-in-lieu, net of adjustments	1,176,430	1,174,075
Remitted during the year	<u>(1,192,776)</u>	<u>(1,162,067)</u>
Payable at the end of the year	\$ <u>1,077</u>	\$ <u>17,423</u>

NOTES TO THE FINANCIAL STATEMENTS

4. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	<u>2007</u>	<u>2006</u>
Health Unit	\$ 25,356	\$ 44,246
District Social Services Administration Board	399,051	370,647
Home for the Aged	<u>73,246</u>	<u>70,206</u>
	<u>\$ 497,653</u>	<u>\$ 485,099</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.

5. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$127,827 (2006 \$124,728) 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.

6. 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.

7. 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>2007</u>	<u>2006</u>
Reserve funds set aside for specific purposes by legislation, regulation or agreement:		
- for park purposes	\$ 134,419	\$ 109,589
- for municipal infrastructure	90,452	53,480
- for Joint Building Committee	<u>10,046</u>	<u>-</u>
	<u>\$ 234,917</u>	<u>\$ 163,069</u>

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

NOTES TO THE FINANCIAL STATEMENTS

8. **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. Except as noted below, utilization at the two sites has been measured in each subsequent year.

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

Due to a fire at the Croft landfill site in 2007, the net usage, if any, at the site for the year could not be measured. Consequently, the closure and post-closure liability has been left at its 2006 level.

Chapman Landfill

Total estimated expenditures for closure and post-closure care	\$609,350
Reported liability in current year	\$439,250
Total expenditures remaining to be recognized	\$170,100
Utilization/year	2,520 cu. metre
Remaining capacity of the site	16,650 cu. metre
Remaining landfill site life	7 years
Number of years required for post-closure care	25 years

The Municipality has a reserve fund of \$128,144 (2006 \$104,294) to cover these estimated expenditures.

9. **MUNICIPAL DEBT**

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

	<u>2007</u>	<u>2006</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%	\$ 4,402	\$ 6,502
- Canadian Imperial Bank of Commerce, repayable in monthly payments of \$2,570 including interest calculated at prime, subject to annual review	<u>26,934</u>	<u>55,149</u>
	<u>\$ 31,336</u>	<u>\$ 61,651</u>

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

NOTES TO THE FINANCIAL STATEMENTS

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

	<u>Principal</u>	<u>Interest</u>
2008	\$ 30,584	\$ 857
2009	<u>752</u>	<u>4</u>
	<u>\$ 31,336</u>	<u>\$ 861</u>

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

	<u>2007</u>	<u>2006</u>
Principal payments	\$ 30,315	\$ 30,789
Interest payments	<u>2,831</u>	<u>1,588</u>
	<u>\$ 33,146</u>	<u>\$ 32,377</u>

The annual principal and interest repayments required to service the Municipality's debt fall within the annual debt repayment limit of \$884,950 prescribed by the Ministry of Municipal Affairs and Housing.

10. 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 2005, the Municipality accepted a five-year tender from A. Miron Topsoil for the supply of winter sand for the period 2005 to 2009.

11. MUNICIPAL FUND BALANCES AT THE END OF THE YEAR

The municipal fund balances of \$1,608,989 (2006 \$1,353,519) at the end of the year is comprised of the following:

	<u>2007</u>	<u>2006</u>
for general reduction of taxation - Municipality	\$ 409,697	\$ 340,872
for general reduction of taxation - Boards	6,045	3,137
for specific reduction of taxation - Special Area	<u>4,650</u>	<u>2,243</u>
	<u>420,392</u>	<u>346,252</u>
Lakeland Holding Ltd.	<u>295,199</u>	<u>287,613</u>
Reserves	765,254	615,360
Reserve Funds	<u>128,144</u>	<u>104,294</u>
	<u>893,398</u>	<u>719,654</u>
	<u>\$ 1,608,989</u>	<u>\$ 1,353,519</u>

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

NOTES TO THE FINANCIAL STATEMENTS

12. **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>2007</u>	<u>2006</u>
Current assets	\$ 6,527,453	\$ 9,560,818
Capital and other assets	21,637,816	21,786,017
Regulatory assets	<u>991,978</u>	<u>2,191,655</u>
Total assets	<u>29,157,247</u>	<u>33,538,490</u>
Current liabilities	4,759,874	5,746,395
Long-term liabilities	<u>4,315,786</u>	<u>8,226,607</u>
Total liabilities	<u>9,075,660</u>	<u>13,973,002</u>
Net assets	\$ <u>20,081,587</u>	\$ <u>19,565,488</u>
Municipality's share of net assets (1.47% ownership)	\$ <u>295,199</u>	\$ <u>287,613</u>
Results of operations:		
Revenues	\$ 21,242,122	\$ 21,254,271
Operating expenses	19,515,220	20,147,935
Payments-in-lieu of income taxes	<u>760,803</u>	<u>406,885</u>
Net income	966,099	699,451
Less: dividends	<u>(450,000)</u>	<u>(450,000)</u>
Net income, net of dividends	\$ <u>516,099</u>	\$ <u>249,451</u>
Municipality's share of net income (1.47% ownership)	\$ <u>7,586</u>	\$ <u>3,667</u>

13. **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>2007</u>	<u>2006</u>
Current expenditures consist of:		
Salaries, wages and benefits	\$ 794,561	\$ 663,907
Net long-term debt charges (interest)	2,831	1,588
Materials and supplies	698,506	587,215
Contracted services and transfer payments	1,286,667	1,111,533
Rents and financial expenses	18,949	28,610
Amounts for unfunded liabilities	<u>25,750</u>	<u>47,500</u>
Total current expenditures	\$ <u>2,827,264</u>	\$ <u>2,440,353</u>
Capital expenditures consist of:		
Salaries, wages and benefits	\$ 19,281	\$ 35,401
Net long-term debt charges (interest)	125,318	-
Materials and supplies	37,703	\$ 265,393
Contracted services	-	696,398
Rents and financial expenses	<u>-</u>	<u>17,916</u>
Total capital expenditures	\$ <u>182,302</u>	\$ <u>1,015,108</u>

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

NOTES TO THE FINANCIAL STATEMENTS

14. TAX RATES

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

	<u>2007</u>		<u>2006</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	0.595819	0.264000	0.562559	0.264000
Area 2	0.817067	0.264000	0.789213	0.264000
Multi-residential:				
Area 2	1.704709	0.264000	1.646594	0.264000
Commercial Occupied:				
Area 1, 3 & 4	0.685543	0.903943	0.647273	0.903943
Area 2	0.940109	0.903943	0.908059	0.903943
Commercial Vacant:				
Area 1, 3 & 4	0.479880	0.632760	0.453091	0.632760
Area 2	0.658076	0.632760	0.635641	0.632760
Industrial Occupied:				
Area 1, 3 & 4	0.655362	0.719965	0.618777	0.719965
Industrial Vacant:				
Area 1, 3 & 4	0.425985	0.467977	0.402205	0.467977
Farmland & Managed Forest:				
Area 1, 3 & 4	0.148955	0.066000	0.140640	0.066000
Area 2	0.204267	0.066000	0.197304	0.066000

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 2007 was \$24,647 (2006 \$21,431) for current service and is included as an expenditure on the Consolidated Statement of Financial Activities.

16. PUBLIC SECTOR SALARY DISCLOSURE ACT

For 2007 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, 2007

	Budget <u>2007</u>	Actual <u>2007</u>	Actual <u>2006</u>
Revenue			
Net taxation/user charges	\$ 2,629,740	\$ 2,662,738	\$ 2,523,550
Transfer payments	348,975	374,389	334,682
Other	<u>209,179</u>	<u>216,074</u>	<u>215,644</u>
Total Revenue	<u>3,187,894</u>	<u>3,253,201</u>	<u>3,073,876</u>
Expenditures			
General government	497,821	576,947	428,114
Protection to persons and property	344,604	311,886	274,138
Transportation services	<u>973,167</u>	<u>840,283</u>	<u>659,042</u>
Environmental services	225,490	181,249	216,347
Health services	178,610	164,464	180,765
Social and family services	477,996	481,993	446,638
Recreation and culture	273,560	258,684	231,332
Planning and development	<u>9,000</u>	<u>11,758</u>	<u>3,977</u>
Total Expenditures	<u>2,980,248</u>	<u>2,827,264</u>	<u>2,440,353</u>
Net Revenue	<u>207,646</u>	<u>425,937</u>	<u>633,523</u>
Financing and transfers			
Increase in landfill closure and post-closure liability	49,500	25,750	47,500
Decrease in municipal debt	(31,290)	(30,315)	(30,789)
Transfers to reserves and reserve funds	(166,346)	(172,921)	(205,892)
Transfers to capital fund	<u>(403,148)</u>	<u>(174,311)</u>	<u>(425,917)</u>
Net financing and transfers	<u>(551,284)</u>	<u>(351,797)</u>	<u>(615,098)</u>
Change in current fund	<u>(343,638)</u>	<u>74,140</u>	<u>18,425</u>
Fund balance at the beginning of the year	<u>346,252</u>	<u>346,252</u>	<u>327,827</u>
Fund balance at the end of the year	<u>\$ 2,614</u>	<u>\$ 420,392</u>	<u>\$ 346,252</u>

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN
CONSOLIDATED SCHEDULE OF CAPITAL FUND OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget <u>2007</u>	Actual <u>2007</u>	Actual <u>2006</u>
Revenue			
Transfer payments	\$ 67,566	\$ 2,791	\$ 412,038
Other	<u>60,000</u>	<u>5,200</u>	<u>22,886</u>
Total Revenue	<u>127,566</u>	<u>7,991</u>	<u>434,924</u>
Expenditures			
General government	30,000	7,020	-
Protection to persons and property	24,000	8,662	33,310
Transportation services	248,407	101,851	896,624
Environmental services	19,550	15,602	33,268
Health services	20,000	2,043	3,629
Recreation and culture	<u>188,757</u>	<u>47,124</u>	<u>48,277</u>
Total Expenditures	<u>530,714</u>	<u>182,302</u>	<u>1,015,108</u>
Net Expenditures	<u>(403,148)</u>	<u>(174,311)</u>	<u>(580,184)</u>
Financing and transfers			
Proceeds of municipal debt	-	-	7,910
Transfers from current fund	403,148	174,311	425,917
Transfers from (to) reserves and reserve funds	<u>-</u>	<u>-</u>	<u>10,464</u>
Net financing and transfers	<u>403,148</u>	<u>174,311</u>	<u>444,291</u>
Change in capital fund	-	-	(135,893)
Fund balance at the beginning of the year	<u>-</u>	<u>-</u>	<u>135,893</u>
Fund balance at the end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN
CONSOLIDATED SCHEDULE OF RESERVES AND RESERVE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget <u>2007</u>	Actual <u>2007</u>	Actual <u>2006</u>
Total Revenue	\$ -	\$ 823	\$ -
Financing and transfers			
Transfers from current fund	166,346	172,921	205,892
Transfers to capital fund	<u>-</u>	<u>-</u>	<u>(10,464)</u>
Net financing and transfers	<u>166,346</u>	<u>172,921</u>	<u>195,428</u>
Change in reserves and reserve funds balance	166,346	173,744	195,428
Fund balance at the beginning of the year	<u>719,654</u>	<u>719,654</u>	<u>524,226</u>
Fund balance at the end of the year	<u>\$ 886,000</u>	<u>\$ 893,398</u>	<u>\$ 719,654</u>
Analyzed as follows:			
Reserves set aside for specific purposes by Council:			
for working capital		\$ 445,125	\$ 405,125
for community enhancement		14,886	6,616
for Joint Building Committee		1,500	1,500
for roads		282,000	182,000
for cemetery		9,500	9,500
for library		<u>12,243</u>	<u>10,619</u>
Total Reserves		<u>765,254</u>	<u>615,360</u>
Reserve funds set aside for specific purposes by Council:			
for landfill closure		<u>128,144</u>	<u>104,294</u>
Total Reserves and Reserve Funds		<u>\$ 893,398</u>	<u>\$ 719,654</u>

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN
MAGNETAWAN HISTORICAL MUSEUM BOARD

SCHEDULE OF FINANCIAL POSITION

AS AT DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
Financial Assets		
Cash	\$ 6,390	\$ 4,981
Shares in Credit Union	<u>25</u>	<u>25</u>
	<u>\$ 6,415</u>	<u>\$ 5,006</u>
Liabilities		
Accounts payable	\$ <u>280</u>	\$ <u>143</u>
Fund Balance		
Fund Balance	<u>6,135</u>	<u>4,863</u>
	<u>\$ 6,415</u>	<u>\$ 5,006</u>

SCHEDULE OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budget</u> <u>2007</u>	<u>Actual</u> <u>2007</u>	<u>Actual</u> <u>2006</u>
Revenue			
Municipal contributions	\$ 9,000	\$ 9,647	\$ 11,808
Grants	-	300	-
Admission fees	500	650	697
Interest and donations	-	221	135
Fundraising	<u>1,000</u>	<u>1,404</u>	<u>1,241</u>
Total Revenue	<u>10,500</u>	<u>12,222</u>	<u>13,881</u>
Expenditures			
Salaries	3,200	3,003	3,179
Insurance	500	551	517
Advertising	200	186	70
Audit	100	126	128
Office and bank	50	48	37
Repairs, maintenance and utilities	7,700	4,496	1,028
Capital	-	-	5,701
Other	<u>1,000</u>	<u>2,540</u>	<u>1,117</u>
	<u>12,750</u>	<u>10,950</u>	<u>11,777</u>
Net revenue (expenditures)	(2,250)	1,272	2,104
Fund balance, beginning of the year	<u>4,863</u>	<u>4,863</u>	<u>2,759</u>
Fund balance, end of the year	<u>\$ 2,613</u>	<u>\$ 6,135</u>	<u>\$ 4,863</u>

Basis of consolidation: Municipality of Magnetawan 100%

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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, 2007 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, 2007 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 29, 2008
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, 2007**

	Magnetawan Medical <u>Trust</u>	Emily Ross Langford <u>Award</u>	Capital Account Care and <u>Maintenance</u>	Total <u>2007</u>	Total <u>2006</u>
Revenue					
Interest earned	\$ 2,117	\$ 1	\$ -	\$ 2,118	\$ 3,082
Capital receipts	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Total Revenue	<u>2,117</u>	<u>1</u>	<u>1,000</u>	<u>3,118</u>	<u>4,082</u>
Expenditures					
Transfer to Medical Associates	-	-	-	-	1,527
Memorial awards	<u>-</u>	<u>19</u>	<u>-</u>	<u>19</u>	<u>30</u>
Total Expenditures	<u>-</u>	<u>19</u>	<u>-</u>	<u>19</u>	<u>1,557</u>
Net Revenue (Expenditures)	2,117	(18)	1,000	3,099	2,525
Opening Fund Balance	<u>61,983</u>	<u>279</u>	<u>62,466</u>	<u>124,728</u>	<u>122,203</u>
Closing Fund Balance	<u>\$ 64,100</u>	<u>\$ 261</u>	<u>\$ 63,466</u>	<u>\$ 127,827</u>	<u>\$ 124,728</u>

**Statement of Financial Position
As at December 31, 2007**

	Magnetawan Medical <u>Trust</u>	Emily Ross Langford <u>Award</u>	Capital Account Care and <u>Maintenance</u>	Total <u>2007</u>	Total <u>2006</u>
Financial Assets					
Cash and cash equivalents	\$ 64,100	\$ 261	\$ 63,631	\$ 127,992	\$ 123,952
Accounts receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>776</u>
	<u>\$ 64,100</u>	<u>\$ 261</u>	<u>\$ 63,631</u>	<u>\$ 127,992</u>	<u>\$ 124,728</u>
Liabilities and Fund Balance					
Accounts payable	\$ -	\$ -	\$ 165	\$ 165	\$ -
Fund balance	<u>64,100</u>	<u>261</u>	<u>63,466</u>	<u>127,827</u>	<u>124,728</u>
	<u>\$ 64,100</u>	<u>\$ 261</u>	<u>\$ 63,631</u>	<u>\$ 127,992</u>	<u>\$ 124,728</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 2007, \$2,079 (2006 \$1,614) of care and maintenance interest was earned and transferred to the Municipality.

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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, 2007 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, 2007 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 29, 2008
License No: 1106

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN PUBLIC LIBRARY

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
Assets		
Cash	\$ 14,948	\$ 11,520
Accounts receivable - GST	990	1,180
Accounts receivable - other	<u>-</u>	<u>2,844</u>
	<u>\$ 15,938</u>	<u>\$ 15,544</u>
Liabilities		
Accounts payable	\$ 1,204	\$ 303
Deferred revenue (Note 2)	<u>2,581</u>	<u>2,581</u>
	<u>3,785</u>	<u>2,884</u>
Fund Balances		
Reserve for working funds	4,000	4,000
Reserve - donations	3,568	1,119
Reserve - literacy and life-long learning	4,675	5,500
Current fund	<u>(90)</u>	<u>2,041</u>
	<u>12,153</u>	<u>12,660</u>
	<u>\$ 15,938</u>	<u>\$ 15,544</u>

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budget 2007</u>	<u>Actual 2007</u>	<u>Actual 2006</u>
Revenue			
Municipal contribution	\$ 27,000	\$ 27,000	\$ 22,000
Provincial grants	19,323	19,323	20,823
DSL-connectivity grant	1,300	564	1,295
Community Access Program grant	2,900	8,616	6,735
Parks and Recreation grant	-	-	500
Donations	1,200	1,244	2,323
Bank interest	100	134	83
Other - Library	<u>1,600</u>	<u>2,674</u>	<u>2,538</u>
	<u>53,423</u>	<u>59,555</u>	<u>56,297</u>
Expenditures			
Wages and benefits	30,511	33,261	27,906
Books	5,400	5,195	4,249
Rent and insurance	3,074	3,077	2,940
Audit	600	600	600
Advertising	450	1,174	358
Bank charges	-	199	133
Literacy and life-long learning	3,832	825	1,168
DSL	1,380	1,396	1,381
Other expenditures	6,568	3,603	3,291
Operating expenditures - Community Access Program	3,000	6,018	7,262
Capital expenditures - Library	2,000	1,923	4,929
Capital expenditures - Community Access Program	<u>3,600</u>	<u>2,791</u>	<u>1,729</u>
	<u>60,415</u>	<u>60,062</u>	<u>55,946</u>
Net Revenue (Expenditures)	<u>(6,992)</u>	<u>(507)</u>	<u>351</u>
Transfer from (to) reserves	<u>4,951</u>	<u>(1,624)</u>	<u>(3,500)</u>
Current Fund balance, beginning of the year	<u>2,041</u>	<u>2,041</u>	<u>5,190</u>
Current Fund balance, end of the year	<u>\$ -</u>	<u>\$ (90)</u>	<u>\$ 2,041</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

I. **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 by Council, 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 (2006 \$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>2007</u>	<u>2006</u>
Current Expenditures consist of:		
Salaries, wages and benefits	\$ 37,770	\$ 33,374
Materials and supplies	13,083	11,041
Contracted services	1,656	2,100
Rents and financial expenses	<u>2,839</u>	<u>2,773</u>
Total current expenditures	<u>55,348</u>	<u>49,288</u>
Capital expenditures consist of:		
Materials and supplies	<u>4,714</u>	<u>6,658</u>
Total expenditures	<u>\$ 60,062</u>	<u>\$ 55,946</u>

3. **RESTATEMENT**

Certain 2006 amounts have been reclassified to conform with their presentation in 2007.

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BURK'S FALLS, JOLY, MACHAR, MAGNETAWAN, RYERSON, SOUTH RIVER, STRONG AND SUNDRIDGE JOINT BUILDING COMMITTEE

AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Contributing Municipalities of the
Burk's Falls, Joly, Machar, Magnetawan, Ryerson, South River, Strong and
Sundridge Joint Building Committee:

I have audited the statement of financial position of the Burk's Falls, Joly, Machar, Magnetawan, Ryerson, South River, Strong and Sundridge Joint Building Committee as at December 31, 2007 and the statement of financial activities for the year then ended. These financial statements are the responsibility of the Building Committee'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 Burk's Falls, Joly, Machar, Magnetawan, Ryerson, South River, Strong and Sundridge Joint Building Committee as at December 31, 2007 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
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Licensed Public Accountant

Burk's Falls, Ontario
February 14, 2008
Licence No: 1106

BURK'S FALLS, JOLY, MACHAR, MAGNETAWAN, RYERSON, SOUTH RIVER, STRONG AND SUNDRIDGEJOINT BUILDING COMMITTEESTATEMENT OF FINANCIAL POSITIONAS AT DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
Financial Assets		
Cash	\$ 44,164	\$ 6,637
Accounts receivable	<u>1,733</u>	<u>2,882</u>
Total Assets	<u>\$ 45,897</u>	<u>\$ 9,519</u>
Liabilities		
Accounts payable - trade	\$ 3,214	\$ 4,841
Accounts payable - municipalities (Note 2)	10,940	10,940
Deferred revenue-obligatory reserve funds (Note 3)	25,743	-
Loan from the Township of Strong (Note 4)	<u>11,281</u>	<u>20,318</u>
Total Liabilities	<u>51,178</u>	<u>36,099</u>
Committee Position		
Fund Balances		
Current fund	-	(12,262)
Reserve (Note 5)	<u>6,000</u>	<u>6,000</u>
Total fund balances	6,000	(6,262)
Amounts to be recovered from future revenues (Note 1(d))	<u>(11,281)</u>	<u>(20,318)</u>
Total Committee Position	<u>(5,281)</u>	<u>(26,580)</u>
Total Liabilities and Committee Position	<u>\$ 45,897</u>	<u>\$ 9,519</u>

STATEMENT OF FINANCIAL ACTIVITIESFOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budget 2007</u>	<u>Actual 2007</u>	<u>Actual 2006</u>
Revenue			
Building permit fees and fines (Note 6)	\$ 184,362	\$ 169,314	\$ 100,751
Other	-	25	-
Transfer from (to) deferred revenue	<u>(5,000)</u>	<u>(25,743)</u>	<u>3,749</u>
Total Revenue	<u>179,362</u>	<u>143,596</u>	<u>104,500</u>
Expenditures			
Current	163,063	122,297	112,361
Capital	<u>-</u>	<u>-</u>	<u>24,719</u>
Total Expenditures	<u>163,063</u>	<u>122,297</u>	<u>137,080</u>
Net revenue (expenditures)	16,299	21,299	(32,580)
Add: increase (decrease) in debt	(9,037)	(9,037)	20,318
Current fund balance, beginning of the year	<u>(12,262)</u>	<u>(12,262)</u>	<u>-</u>
Current fund balance, end of the year	<u>\$ (5,000)</u>	<u>\$ -</u>	<u>\$ (12,262)</u>

Basis of consolidation: each party's share is determined based on the formula: value of permit fees collected for party / total value of permit fees collected by all participating parties

The accompanying notes are an integral part of these financial statements

BURK'S FALLS, JOLY, MACHAR, MAGNETAWAN, SOUTH RIVER, STRONG AND SUNDRIDGE

JOINT BUILDING COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS

1. **SIGNIFICANT ACCOUNTING POLICIES**

- (a) **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.
- (b) **Fund Accounting**
Funds within the financial statements consist of current, capital, reserve and reserve funds. 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) **Amounts to be Recovered in Future Years**
Amounts to be recovered in future years, which represents the outstanding principal portion of unmatured debt is reported on the Statement of Financial Position.
- (e) **Reserves and Reserve Funds**
Certain amounts, as approved by Council, 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.
- (f) **Deferred Revenue-Obligatory Reserve Funds**
The Building Committee receives building permit fees under the authority of provincial legislation and Municipal by-laws. These funds are restricted in their use and until applied to expenditures are recorded as deferred revenue. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.
- (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. Actual results could differ from these estimates.

Material changes in the amounts reported within the next year are not considered reasonably possible.

BURK'S FALLS, JOLY, MACHAR, MAGNETAWAN, RYERSON, SOUTH RIVER, STRONG AND SUNDRIDGEJOINT BUILDING COMMITTEENOTES TO THE FINANCIAL STATEMENTS2. ACCOUNTS PAYABLE-MUNICIPALITIES

The balance of accounts payable-municipalities reported on the Statement of Financial Position is made up of the following:

Village of Burk's Falls	\$	743
Township of Joly		623
Township of Machar		1,524
Municipality of Magnetawan		4,284
Village of South River		725
Township of Strong		1,984
Village of Sundridge		<u>1,057</u>
	\$	<u>10,940</u>

3. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

Beginning in July 2005, municipalities must treat as deferred revenue that portion of fee revenue that exceeds the costs of providing building services. The balance reported for deferred revenue is \$25,743 (2006 NIL). This is attributable to the participating municipalities as follows:

Village of Burk's Falls	\$	1,846
Township of Joly		267
Township of Machar		5,474
Municipality of Magnetawan		10,045
Township of Ryerson		1,625
Village of South River		506
Township of Strong		4,894
Village of Sundridge		<u>1,086</u>
	\$	<u>25,743</u>

4. LOAN FROM THE TOWNSHIP OF STRONG

The loan from the Township of Strong is repayable in monthly payments of \$800 including interest calculated at 3.5%. Future estimated principal and interest payments on this debt are as follows:

	<u>Principal</u>	<u>Interest</u>
2008	\$ 9,355	\$ 245
2009	<u>1,926</u>	<u>9</u>
	\$ <u>11,281</u>	\$ <u>254</u>

BURK'S FALLS, JOLY, MACHAR, MAGNETAWAN, RYERSON, SOUTH RIVER, STRONG AND SUNDRIDGE

JOINT BUILDING COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS

5. **RESERVE FUNDS**

The balance of reserves reported on the Statement of Financial Position is made up of contributions from the participating municipalities as follows:

Village of Burk's Falls	\$	750
Township of Joly		750
Township of Machar		750
Municipality of Magnetawan		1,500
Village of South River		750
Township of Strong		750
Village of Sundridge		<u>750</u>
	\$	<u>6,000</u>

6. **BUILDING PERMIT FEES**

The 2007 building permit fees collected on behalf of the participating municipalities, and which form the basis of consolidation, are as follows:

Village of Burk's Falls	\$	12,944
Township of Joly		3,300
Township of Machar		28,693
Municipality of Magnetawan		61,545
Township of Ryerson		17,514
Village of South River		4,936
Township of Strong		30,369
Village of Sundridge		<u>10,013</u>
	\$	<u>169,314</u>

7. **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>2007</u>	<u>2006</u>
Current Expenditures consist of:		
Salaries, wages and benefits	\$ 107,440	\$ 88,448
Net Long-term debt charges (interest)	563	399
Materials	10,536	11,085
Contracted services	<u>3,758</u>	<u>12,429</u>
Total current expenditures	\$ <u>122,297</u>	\$ <u>112,361</u>
Capital expenditures consist of:		
Materials and supplies	\$ -	\$ 24,719
Total capital expenditures	\$ -	\$ <u>24,719</u>