

**THE CORPORATION OF THE**  
**MUNICIPALITY OF MAGNETAWAN**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

**THE CORPORATION OF THE**  
**MUNICIPALITY OF MAGNETAWAN**  
**AUDITORS' REPORT**

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

We have audited the consolidated statement of financial position of the Corporation of the Municipality of Magnetawan as at December 31, 2008 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. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our 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, 2008 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.

The comparative figures were audited by another public accountant.

Burk's Falls, Ontario  
February 23, 2009  
except for Note 12 which is as of May 22, 2009

Pahapill and Associates Professional Corporation  
Chartered Accountants  
Authorized to practise public accounting by  
The Institute of Chartered Accountants of Ontario

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2008**

	<u>2008</u>	<u>2007</u>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments	\$ 1,914,407	\$ 1,192,037
Taxes and grants-in-lieu receivable	403,338	402,847
Trade and other receivables	153,673	89,848
Other	12,419	-
Investment in Lakeland Holding Ltd. (Note 12)	<u>300,861</u>	<u>295,199</u>
<b>Total financial assets</b>	<b><u>2,784,698</u></b>	<b><u>1,979,931</u></b>
<b>LIABILITIES</b>		
Accounts payable	186,894	170,814
Deferred revenue-general	2,581	2,581
Deferred revenue-obligatory reserve funds (Note 6)	189,773	234,917
Employee benefits payable (Note 7)	952	-
Landfill closure and post-closure liability (Note 8)	587,250	620,000
Municipal debt (Note 9)	<u>712</u>	<u>31,336</u>
<b>Total liabilities</b>	<b><u>968,162</u></b>	<b><u>1,059,648</u></b>
<b>NET FINANCIAL ASSETS</b>	<b><u>1,816,536</u></b>	<b><u>920,283</u></b>
<b>NON-FINANCIAL ASSETS</b>		
Inventory and prepaid expenses	<u>36,809</u>	<u>37,370</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 1,853,345</u></b>	<b><u>\$ 957,653</u></b>
<b>MUNICIPAL POSITION</b>		
<b>Fund Balances (Note 11)</b>		
Current fund (see Schedule page 16)	\$ 408,397	\$ 420,392
Capital fund (see Schedule page 17)	726,365	-
Reserves (see Schedule page 18)	855,411	765,254
Reserve funds (see Schedule page 18)	151,225	128,144
Lakeland Holding Ltd. (Note 12)	<u>300,861</u>	<u>295,199</u>
<b>Total fund balances</b>	<b><u>2,442,259</u></b>	<b><u>1,608,989</u></b>
<b>Amounts to be recovered</b>		
From reserves and reserve funds on hand	(151,225)	(128,144)
From future revenues	<u>(437,689)</u>	<u>(523,192)</u>
<b>Total amounts to be recovered</b>	<b><u>(588,914)</u></b>	<b><u>(651,336)</u></b>
<b>TOTAL MUNICIPAL POSITION</b>	<b><u>\$ 1,853,345</u></b>	<b><u>\$ 957,653</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, 2008**

	Budget <u>2008</u>	Actual <u>2008</u>	Actual <u>2007</u>
<b>Revenue</b>			
Net taxation/user charges	\$ 2,764,218	\$ 2,819,657	\$ 2,662,738
Transfer payments	1,104,610	1,303,513	377,180
Other	<u>329,104</u>	<u>344,288</u>	<u>222,097</u>
<b>Total Revenue</b>	<b><u>4,197,932</u></b>	<b><u>4,467,458</u></b>	<b><u>3,262,015</u></b>
<b>Expenditures</b>			
Current			
General government	578,551	560,547	576,947
Protection to persons and property	363,074	332,835	311,886
Transportation services	1,281,232	1,218,546	840,283
Environmental services	249,640	157,407	181,249
Health services	184,911	182,066	164,464
Social and family services	484,806	481,013	481,993
Recreation and culture	333,126	269,061	258,684
Planning and development	<u>16,000</u>	<u>9,177</u>	<u>11,758</u>
Total Current	<u>3,491,340</u>	<u>3,210,652</u>	<u>2,827,264</u>
Capital			
General government	-	-	7,020
Protection to persons and property	-	14,841	8,662
Transportation services	740,981	143,341	101,851
Environmental services	58,550	23,928	15,602
Health services	37,100	24,127	2,043
Recreation and culture	<u>163,104</u>	<u>160,539</u>	<u>47,124</u>
Total Capital	<u>999,735</u>	<u>366,776</u>	<u>182,302</u>
<b>Total Expenditures</b>	<b><u>4,491,075</u></b>	<b><u>3,577,428</u></b>	<b><u>3,009,566</u></b>
<b>Net Revenue (Expenditures)</b>	<b><u>(293,143)</u></b>	<b><u>890,030</u></b>	<b><u>252,449</u></b>
Add: increase in employee benefits payable	-	952	-
Add: increase (decrease) in landfill closure and post-closure liability	45,250	(32,750)	25,750
Less: decrease in municipal debt	<u>(30,302)</u>	<u>(30,624)</u>	<u>(30,315)</u>
<b>Increase (decrease) in amounts to be recovered</b>	<b><u>14,948</u></b>	<b><u>(62,422)</u></b>	<b><u>(4,565)</u></b>
<b>Lakeland Holding Ltd. net income,</b>			
<b>net of dividends (Note 12)</b>	<u>-</u>	<u>5,662</u>	<u>7,586</u>
<b>Change in fund balances</b>	<b><u>\$ (278,195)</u></b>	<b><u>\$ 833,270</u></b>	<b><u>\$ 255,470</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, 2008**

	<u>2008</u>	<u>2007</u>
<b>Operations</b>		
Net revenue	\$ <u>890,030</u>	\$ <u>252,449</u>
Sources:		
Decrease in accounts receivable	-	92,994
Decrease in inventory and prepaid expenses	561	-
Increase in accounts payable	16,080	-
Increase in deferred revenue-obligatory reserve funds	-	71,848
Increase in employee benefits payable	952	-
Increase in landfill closure and post closure liability	<u>-</u>	<u>25,750</u>
	<u>17,593</u>	<u>190,592</u>
Uses:		
Increase in taxes receivable	(491)	(23,262)
Increase in accounts receivable	(63,825)	-
Increase in inventory and prepaid expenses	-	(19,464)
Increase in other assets	(12,419)	-
Decrease in accounts payable	-	(18,524)
Decrease in deferred revenue-obligatory reserve funds	(45,144)	-
Decrease in landfill closure and post-closure liability	<u>(32,750)</u>	<u>-</u>
	<u>(154,629)</u>	<u>(61,250)</u>
Net increase in cash from operations	<u>752,994</u>	<u>381,791</u>
<b>Investing</b>		
Net increase in cash from investing	<u>-</u>	<u>-</u>
<b>Financing</b>		
Decrease in temporary borrowing	-	(340,000)
Decrease in municipal debt	<u>(30,624)</u>	<u>(30,315)</u>
Net increase in cash from financing	<u>(30,624)</u>	<u>(370,315)</u>
Net change in cash and temporary investments	<u>722,370</u>	<u>11,476</u>
Opening cash and temporary investments	<u>1,192,037</u>	<u>1,180,561</u>
<b>Closing cash and temporary investments</b>	<b><u>\$ 1,914,407</u></b>	<b><u>\$ 1,192,037</u></b>

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, 2008**

	<u>2008</u>	<u>2007</u>
<b>Net Revenue</b>	\$ 890,030	\$ 252,449
Lakeland Holding Ltd. net income	5,662	7,586
Change in inventories and prepaid expenses	<u>561</u>	<u>(19,464)</u>
<b>Increase in net financial assets</b>	896,253	240,571
<b>Net financial assets, beginning of year</b>	<u>920,283</u>	<u>679,712</u>
<b>Net financial assets, end of year</b>	<b><u>\$ 1,816,536</u></b>	<b><u>\$ 920,283</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: Heritage Centre 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 2008 the Municipality has worked towards compliance with the new requirements. Municipal staff have completed inventories of most of the existing capital assets and a policy relating to tangible capital assets reporting, including asset classifications, useful lives, and amortization rates has been established.

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>2008</u>	<u>2007</u>
Payable at the beginning of the year	\$ 1,077	\$ 17,423
Taxation and payments-in-lieu, net of adjustments	1,196,213	1,176,430
Remitted during the year	<u>(1,178,376)</u>	<u>(1,192,776)</u>
Payable at the end of the year	<u>\$ 18,914</u>	<u>\$ 1,077</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>2008</u>	<u>2007</u>
Health Unit	\$ 32,212	\$ 25,356
District Social Services Administration Board	394,191	399,051
Home for the Aged	<u>80,215</u>	<u>73,246</u>
	\$ <u>506,618</u>	\$ <u>497,653</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 \$131,638 (2007 \$127,827) 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. 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>2008</u>	<u>2007</u>
Reserve funds set aside for specific purposes by legislation, regulation or agreement:		
- for park purposes	\$ 73,364	\$ 134,419
- for municipal infrastructure	110,874	90,452
- for Joint Building Committee	<u>5,535</u>	<u>10,046</u>
	\$ <u>189,773</u>	\$ <u>234,917</u>

7. EMPLOYEE BENEFITS PAYABLE

Under the sick leave benefits plan of the local Joint Building Committee, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Committee's employment. The liability for these accumulated days amounted to \$952 (2007 NIL) at the end of the year.

**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.

The Municipality is currently responsible for the Croft and Chapman landfill sites, which have approved footprints of 25,000 m<sup>2</sup> and 15,000 m<sup>2</sup> respectively. An engineering study received in 2004 estimated that the maximum usable footprints are 15,000 m<sup>2</sup> at the Croft site and 10,000 m<sup>2</sup> at the Chapman site, with corresponding maximum waste and cover material capacities of 86,530 m<sup>3</sup> and 59,670 m<sup>3</sup> for Croft and Chapman respectively.

Usage estimates were provided in the 2003 engineering study, and subsequent fill rates were estimated in 2009. Based on this data, it is estimated that as at December 31, 2008, cumulative utilized capacity is 19,719 m<sup>3</sup> at the Croft site and 40,770 m<sup>3</sup> at the Chapman site.

Based on the above data, the landfill closure and post-closure estimates for the usable footprints are as follows:

Croft Landfill

Total estimated expenditures for closure and post-closure care	\$712,600
Reported liability in current year	\$162,500
Total expenditures remaining to be recognized	\$550,100
Utilization/year	409 m <sup>3</sup>
Estimated remaining usable capacity	66,811 m <sup>3</sup>
Remaining landfill site life	63 years
Number of years required for post-closure care	25 years

Chapman Landfill

Total estimated expenditures for closure and post-closure care	\$621,550
Reported liability in current year	\$424,750
Total expenditures remaining to be recognized	\$196,800
Utilization/year	954 m <sup>3</sup>
Estimated remaining usable capacity	18,900 m <sup>3</sup>
Remaining landfill site life	20 years
Number of years required for post-closure care	25 years

The Municipality has a reserve fund of \$151,225 (2007 \$128,144) to cover these estimated expenditures.

The Municipality intends to commission further engineering work related to usage, capacities and closure costs in 2009. The results of this work will be incorporated into the 2009 closure and post-closure estimates for the two landfill sites.

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**

NOTES TO THE FINANCIAL STATEMENTS

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>2008</u>	<u>2007</u>
- Municipality's share of Joint Building Committee loan from the Township of Strong, due February 2009, repayable in monthly payments of \$800 including interest calculated at 3.5%	\$ 712	\$ 4,402
- Canadian Imperial Bank of Commerce, fully repaid in 2008	<u>-</u>	<u>26,934</u>
	<u>\$ 712</u>	<u>\$ 31,336</u>

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

	<u>Principal</u>	<u>Interest</u>
2009	\$ <u>712</u>	\$ <u>4</u>

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

	<u>2008</u>	<u>2007</u>
Principal payments	\$ 30,624	\$ 30,315
Interest payments	<u>228</u>	<u>2,831</u>
	<u>\$ 30,852</u>	<u>\$ 33,146</u>

The annual principal and interest repayments required to service the Municipality's debt fall within the annual debt repayment limit of \$981,088 prescribed by the Ministry of Municipal Affairs and Housing.

10. CREDIT FACILITY

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

11. MUNICIPAL FUND BALANCES AT THE END OF THE YEAR

The municipal fund balances of \$2,442,259 (2007 \$1,608,989) at the end of the year is comprised of the following:

	<u>2008</u>	<u>2007</u>
for general reduction of taxation - Municipality	\$ 396,630	\$ 409,697
for general reduction of (increase in) taxation - Boards	(228)	6,045
for specific reduction of taxation - Special Area	<u>11,995</u>	<u>4,650</u>
	<u>408,397</u>	<u>420,392</u>
Lakeland Holding Ltd.	<u>300,861</u>	<u>295,199</u>
for acquisition of capital assets	<u>726,365</u>	<u>-</u>
Reserves	855,411	765,254
Reserve Funds	<u>151,225</u>	<u>128,144</u>
	<u>1,006,636</u>	<u>893,398</u>
	<u>\$ 2,442,259</u>	<u>\$ 1,608,989</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. It's subsidiaries produce and distribute hydro electric power to users in Bracebridge, Huntsville, Sundridge, Burk's Falls and Magnetawan. Condensed financial information in respect to Lakeland Holding Ltd. is provided below.

	<u>2008</u>	<u>2007</u>
Current assets	\$ 6,754,130	\$ 6,527,453
Capital and other assets	21,656,613	21,637,816
Regulatory assets	<u>69,055</u>	<u>991,978</u>
Total assets	<u>28,479,798</u>	<u>29,157,247</u>
Current liabilities	3,780,206	4,759,874
Long-term liabilities	<u>4,232,826</u>	<u>4,315,786</u>
Total liabilities	<u>8,013,032</u>	<u>9,075,660</u>
Net assets	<u>\$ 20,466,766</u>	<u>\$ 20,081,587</u>
Municipality's share of net assets (1.47% ownership)	<u>\$ 300,861</u>	<u>\$ 295,199</u>
Results of operations:		
Revenues	\$ 20,640,131	\$ 21,242,122
Operating expenses	19,005,346	19,515,220
Payments-in-lieu of income taxes	<u>537,103</u>	<u>760,803</u>
Net income	1,097,682	966,099
Less: dividends	<u>(712,502)</u>	<u>(450,000)</u>
Net income, net of dividends	<u>\$ 385,180</u>	<u>\$ 516,099</u>
Municipality's share of net income (1.47% ownership)	<u>\$ 5,662</u>	<u>\$ 7,586</u>

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**

NOTES TO THE FINANCIAL STATEMENTS

13. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT

The following is a breakdown of the change in fund balances as reported on the Consolidated Statement of Financial Position by major segment. This includes a breakdown of current and capital expenditures by the object of expenditures. The segments identified below correspond to the major functional categories used in the Municipality's Financial Information Return. Items are recorded as unallocated amounts when there is no reasonable basis for allocating them to a segment.

FOR THE YEAR ENDED DECEMBER 31, 2008

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Culture	Planning and Development	Unallocated Amounts	Consolidated
<b>REVENUES</b>										
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,806,066	\$ 2,806,066
User fees	-	-	-	250	7,535	-	5,806	-	-	13,591
Transfer payments	13,207	46,285	799,106	35,410	-	5,313	24,192	-	380,000	1,303,513
Other	<u>3,814</u>	<u>71,051</u>	<u>1,018</u>	<u>6,939</u>	<u>2,562</u>	<u>-</u>	<u>90,369</u>	<u>7,931</u>	<u>160,604</u>	<u>344,288</u>
<b>TOTAL REVENUE</b>	<b><u>17,021</u></b>	<b><u>117,336</u></b>	<b><u>800,124</u></b>	<b><u>42,599</u></b>	<b><u>10,097</u></b>	<b><u>5,313</u></b>	<b><u>120,367</u></b>	<b><u>7,931</u></b>	<b><u>3,346,670</u></b>	<b><u>4,467,458</u></b>
<b>EXPENDITURES</b>										
<b>Current</b>										
Salaries, wages and benefits	304,502	102,920	255,692	34,746	24,058	-	170,387	-	-	892,305
Long-term debt charges (interest)	-	228	-	-	-	-	-	-	-	228
Materials and supplies	63,160	63,891	647,108	9,838	10,391	-	87,329	3,772	-	885,489
Contracted services and external transfers	189,065	151,644	337,544	132,947	144,206	481,013	1,011	5,005	-	1,442,435
Inter-segment transfers	-	-	(22,402)	12,626	3,411	-	6,365	-	-	-
Rents and financial expenses	3,820	13,200	604	-	-	-	3,969	400	-	21,993
Amounts for unfunded liabilities	-	952	-	-	(32,750)	-	-	-	-	(31,798)
<b>Total Current</b>	<b><u>560,547</u></b>	<b><u>332,835</u></b>	<b><u>1,218,546</u></b>	<b><u>190,157</u></b>	<b><u>149,316</u></b>	<b><u>481,013</u></b>	<b><u>269,061</u></b>	<b><u>9,177</u></b>	<b><u>-</u></b>	<b><u>3,210,652</u></b>
<b>Capital</b>										
Salaries, wages and benefits	-	-	192	1,856	382	-	708	-	-	3,138
Materials and supplies	-	14,841	100,769	8,620	5,703	-	68,761	-	-	198,694
Contracted services and external transfers	-	-	42,080	8,160	18,042	-	91,070	-	-	159,352
Rents and financial expenses	-	-	300	5,292	-	-	-	-	-	5,592
<b>Total Capital</b>	<b><u>-</u></b>	<b><u>14,841</u></b>	<b><u>143,341</u></b>	<b><u>23,928</u></b>	<b><u>24,127</u></b>	<b><u>-</u></b>	<b><u>160,539</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>366,776</u></b>
<b>TOTAL EXPENDITURES</b>	<b><u>560,547</u></b>	<b><u>347,676</u></b>	<b><u>1,361,887</u></b>	<b><u>214,085</u></b>	<b><u>173,443</u></b>	<b><u>481,013</u></b>	<b><u>429,600</u></b>	<b><u>9,177</u></b>	<b><u>-</u></b>	<b><u>3,577,428</u></b>
<b>NET REVENUE (EXPENDITURES)</b>	<b><u>(543,526)</u></b>	<b><u>(230,340)</u></b>	<b><u>(561,763)</u></b>	<b><u>(171,486)</u></b>	<b><u>(163,346)</u></b>	<b><u>(475,700)</u></b>	<b><u>(309,233)</u></b>	<b><u>(1,246)</u></b>	<b><u>3,352,332</u></b>	<b><u>890,030</u></b>
Add: Lakeland Holding Inc. net income, net of dividends	-	-	-	-	-	-	-	-	5,662	5,662
Add: Increase in employee benefits payable	-	952	-	-	-	-	-	-	-	952
Less: Decrease in landfill closure and post-closure liability	-	-	-	(32,750)	-	-	-	-	-	(32,750)
Less: Decrease in municipal debt	-	(30,624)	-	-	-	-	-	-	-	(30,624)
<b>CHANGE IN FUND BALANCES</b>	<b><u>\$ (543,526)</u></b>	<b><u>\$ (260,012)</u></b>	<b><u>\$ (561,763)</u></b>	<b><u>\$ (204,236)</u></b>	<b><u>\$ (163,346)</u></b>	<b><u>\$ (475,700)</u></b>	<b><u>\$ (309,233)</u></b>	<b><u>\$ (1,246)</u></b>	<b><u>\$ 3,352,332</u></b>	<b><u>\$ 833,270</u></b>

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**

NOTES TO THE FINANCIAL STATEMENTS

13. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2007

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Culture	Planning and Development	Unallocated Amounts	Consolidated
<b>REVENUES</b>										
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,652,264	\$ 2,652,264
User fees	-	-	-	340	6,245	-	3,889	-	-	10,474
Transfer payments	-	41,428	-	12,420	-	9,696	34,387	-	279,249	377,180
Other	<u>4,975</u>	<u>59,962</u>	<u>1,415</u>	<u>4,408</u>	<u>-</u>	<u>-</u>	<u>23,841</u>	<u>8,579</u>	<u>118,917</u>	<u>222,097</u>
<b>TOTAL REVENUE</b>	<u>4,975</u>	<u>101,390</u>	<u>1,415</u>	<u>17,168</u>	<u>6,245</u>	<u>9,696</u>	<u>62,117</u>	<u>8,579</u>	<u>3,050,430</u>	<u>3,262,015</u>
<b>EXPENDITURES</b>										
<b>Current</b>										
Salaries, wages and benefits	280,562	89,310	215,274	25,472	21,231	-	162,712	-	-	794,561
Long-term debt charges (interest)	-	2,831	-	-	-	-	-	-	-	2,831
Materials and supplies	92,491	66,428	433,751	9,415	10,141	-	86,198	82	-	698,506
Contracted services and external transfers	200,007	140,117	204,663	111,816	129,609	481,993	7,386	11,076	-	1,286,667
Inter-segment transfers	-	-	(13,405)	8,796	3,483	-	1,126	-	-	-
Rents and financial expenses	3,887	13,200	-	-	-	-	1,262	600	-	18,949
Amounts for unfunded liabilities	-	-	-	25,750	-	-	-	-	-	25,750
<b>Total Current</b>	<u>576,947</u>	<u>311,886</u>	<u>840,283</u>	<u>181,249</u>	<u>164,464</u>	<u>481,993</u>	<u>258,684</u>	<u>11,758</u>	<u>-</u>	<u>2,827,264</u>
<b>Capital</b>										
Salaries, wages and benefits	-	-	17,344	1,937	-	-	-	-	-	19,281
Materials and supplies	7,020	8,662	66,426	13,665	1,043	-	28,502	-	-	125,318
Contracted services and external transfers	-	-	18,081	-	1,000	-	18,622	-	-	37,703
<b>Total Capital</b>	<u>7,020</u>	<u>8,662</u>	<u>101,851</u>	<u>15,602</u>	<u>2,043</u>	<u>-</u>	<u>47,124</u>	<u>-</u>	<u>-</u>	<u>182,302</u>
<b>TOTAL EXPENDITURES</b>	<u>583,967</u>	<u>320,548</u>	<u>942,134</u>	<u>196,851</u>	<u>166,507</u>	<u>481,993</u>	<u>305,808</u>	<u>11,758</u>	<u>-</u>	<u>3,009,566</u>
<b>NET REVENUE (EXPENDITURES)</b>	<u>(578,992)</u>	<u>(219,158)</u>	<u>(940,719)</u>	<u>(179,683)</u>	<u>(160,262)</u>	<u>(472,297)</u>	<u>(243,691)</u>	<u>(3,179)</u>	<u>3,050,430</u>	<u>252,449</u>
Add: Lakeland Holding Inc. net income, net of dividends	-	-	-	-	-	-	-	-	7,586	7,586
Add: Increase in landfill closure and post-closure liability	-	-	-	25,750	-	-	-	-	-	25,750
Less: Decrease in municipal debt	-	(30,315)	-	-	-	-	-	-	-	(30,315)
<b>CHANGE IN FUND BALANCES</b>	<u>\$ (578,992)</u>	<u>\$ (249,473)</u>	<u>\$ (940,719)</u>	<u>\$ (153,933)</u>	<u>\$ (160,262)</u>	<u>\$ (472,297)</u>	<u>\$ (243,691)</u>	<u>\$ (3,179)</u>	<u>\$ 3,058,016</u>	<u>\$ 255,470</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>2008</u>		<u>2007</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	0.624962	0.264000	0.595819	0.264000
Area 2	0.850512	0.264000	0.817067	0.264000
Multi-residential:				
Area 2	1.774488	0.264000	1.704709	0.264000
Commercial Occupied:				
Area 1, 3 & 4	0.719074	0.903943	0.685543	0.903943
Area 2	0.978590	0.903943	0.940109	0.903943
Commercial Vacant:				
Area 1, 3 & 4	0.503352	0.632760	0.479880	0.632760
Area 2	0.685013	0.632760	0.658076	0.632760
Industrial Occupied:				
Area 1, 3 & 4	0.687417	0.719965	0.655362	0.719965
Industrial Vacant:				
Area 1, 3 & 4	0.446821	0.467977	0.425985	0.467977
Farmland & Managed Forest:				
Area 1, 3 & 4	0.156241	0.066000	0.148955	0.066000
Area 2	0.212629	0.066000	0.204267	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 2008 was \$29,411 (2007 \$24,647) for current service and is included as an expenditure on the Consolidated Statement of Financial Activities.

16. PUBLIC SECTOR SALARY DISCLOSURE ACT

For 2008 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, 2008**

	Budget <u>2008</u>	Actual <u>2008</u>	Actual <u>2007</u>
<b>Revenue</b>			
Net taxation/user charges	\$ 2,764,218	\$ 2,819,657	\$ 2,662,738
Transfer payments	461,929	510,343	374,389
Other	<u>249,901</u>	<u>261,885</u>	<u>216,074</u>
<b>Total Revenue</b>	<b><u>3,476,048</u></b>	<b><u>3,591,885</u></b>	<b><u>3,253,201</u></b>
<b>Expenditures</b>			
General government	578,551	560,547	576,947
Protection to persons and property	363,074	332,835	311,886
Transportation services	1,281,232	1,218,546	840,283
Environmental services	249,640	157,407	181,249
Health services	184,911	182,066	164,464
Social and family services	484,806	481,013	481,993
Recreation and culture	333,126	269,061	258,684
Planning and development	<u>16,000</u>	<u>9,177</u>	<u>11,758</u>
<b>Total Expenditures</b>	<b><u>3,491,340</u></b>	<b><u>3,210,652</u></b>	<b><u>2,827,264</u></b>
<b>Net Revenue (Expenditures)</b>	<b><u>(15,292)</u></b>	<b><u>381,233</u></b>	<b><u>425,937</u></b>
<b>Financing and transfers</b>			
Increase in employee benefits payable	-	952	-
Increase (decrease) in landfill closure and post-closure liability	45,250	(32,750)	25,750
Decrease in municipal debt	(30,302)	(30,624)	(30,315)
Transfers to reserves and reserve funds	(132,713)	(128,820)	(172,921)
Transfers to capital fund	<u>(277,851)</u>	<u>(201,986)</u>	<u>(174,311)</u>
<b>Net financing and transfers</b>	<b><u>(395,616)</u></b>	<b><u>(393,228)</u></b>	<b><u>(351,797)</u></b>
<b>Change in current fund</b>	<b>(410,908)</b>	<b>(11,995)</b>	<b>74,140</b>
<b>Fund balance at the beginning of the year</b>	<b><u>420,392</u></b>	<b><u>420,392</u></b>	<b><u>346,252</u></b>
<b>Fund balance at the end of the year</b>	<b><u>\$ 9,484</u></b>	<b><u>\$ 408,397</u></b>	<b><u>\$ 420,392</u></b>

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**  
**CONSOLIDATED SCHEDULE OF CAPITAL FUND OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budget <u>2008</u>	Actual <u>2008</u>	Actual <u>2007</u>
<b>Revenue</b>			
Transfer payments	\$ 642,681	\$ 793,170	\$ 2,791
Other	<u>79,203</u>	<u>78,658</u>	<u>5,200</u>
<b>Total Revenue</b>	<b><u>721,884</u></b>	<b><u>871,828</u></b>	<b><u>7,991</u></b>
<b>Expenditures</b>			
General government	-	-	7,020
Protection to persons and property	-	14,841	8,662
Transportation services	740,981	143,341	101,851
Environmental services	58,550	23,928	15,602
Health services	37,100	24,127	2,043
Recreation and culture	<u>163,104</u>	<u>160,539</u>	<u>47,124</u>
<b>Total Expenditures</b>	<b><u>999,735</u></b>	<b><u>366,776</u></b>	<b><u>182,302</u></b>
<b>Net Revenue (Expenditures)</b>	<b><u>(277,851)</u></b>	<b><u>505,052</u></b>	<b><u>(174,311)</u></b>
<b>Financing and transfers</b>			
Transfers from current fund	277,851	201,986	174,311
Transfers from reserves and reserve funds	<u>-</u>	<u>19,327</u>	<u>-</u>
<b>Net financing and transfers</b>	<b><u>277,851</u></b>	<b><u>221,313</u></b>	<b><u>174,311</u></b>
<b>Change in capital fund</b>	<b>-</b>	<b>726,365</b>	<b>-</b>
<b>Fund balance at the beginning of the year</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund balance at the end of the year</b>	<b><u>\$ -</u></b>	<b><u>\$ 726,365</u></b>	<b><u>\$ -</u></b>

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**  
**CONSOLIDATED SCHEDULE OF RESERVES AND RESERVE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budget <u>2008</u>	Actual <u>2008</u>	Actual <u>2007</u>
<b>Total Revenue</b>	\$ <u>-</u>	\$ <u>3,745</u>	\$ <u>823</u>
<b>Financing and transfers</b>			
Transfers from current fund	132,713	128,820	172,921
Transfers to capital fund	<u>-</u>	<u>(19,327)</u>	<u>-</u>
<b>Net financing and transfers</b>	<u>132,713</u>	<u>109,493</u>	<u>172,921</u>
<b>Change in reserves and reserve funds balance</b>	132,713	113,238	173,744
<b>Fund balance at the beginning of the year</b>	<u>893,398</u>	<u>893,398</u>	<u>719,654</u>
<b>Fund balance at the end of the year</b>	<u>\$ 1,026,111</u>	<u>\$ 1,006,636</u>	<u>\$ 893,398</u>
Analyzed as follows:			
Reserves set aside for specific purposes by Council:			
for working capital		\$ 485,125	\$ 445,125
for community enhancement		36,753	14,886
for fire		10,000	-
for Joint Building Committee		1,500	1,500
for roads		300,673	282,000
for cemetery		9,500	9,500
for library		<u>11,860</u>	<u>12,243</u>
<b>Total Reserves</b>		<u>855,411</u>	<u>765,254</u>
Reserve funds set aside for specific purposes by Council:			
for landfill closure		<u>151,225</u>	<u>128,144</u>
<b>Total Reserves and Reserve Funds</b>		<u>\$ 1,006,636</u>	<u>\$ 893,398</u>

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**  
**MAGNETAWAN HERITAGE CENTRE BOARD**

**SCHEDULE OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2008**

	<u>2008</u>	<u>2007</u>
<b>Financial Assets</b>		
Cash	\$ 2,790	\$ 6,390
Shares in Credit Union	34	25
Prepaid expenses	<u>290</u>	<u>-</u>
	<b><u>\$ 3,114</u></b>	<b><u>\$ 6,415</u></b>
<b>Liabilities</b>		
Accounts payable	\$ <u>2,667</u>	\$ <u>280</u>
<b>Fund Balance</b>		
Fund Balance	<u>447</u>	<u>6,135</u>
	<b><u>\$ 3,114</u></b>	<b><u>\$ 6,415</u></b>

**SCHEDULE OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
<b>Revenue</b>			
Municipal contributions	\$ 9,000	\$ 9,012	\$ 9,647
Grants	500	500	300
Admission fees	500	788	650
Interest and donations	150	181	221
Fundraising	<u>1,500</u>	<u>1,601</u>	<u>1,404</u>
<b>Total Revenue</b>	<b><u>11,650</u></b>	<b><u>12,082</u></b>	<b><u>12,222</u></b>
<b>Expenditures</b>			
Salaries	3,200	3,545	3,003
Insurance	600	574	551
Advertising	300	-	186
Audit	150	131	126
Office and bank	50	194	48
Repairs, maintenance and utilities	3,000	2,288	4,496
Capital	-	9,322	-
Other	<u>1,000</u>	<u>1,716</u>	<u>2,540</u>
	<b><u>8,300</u></b>	<b><u>17,770</u></b>	<b><u>10,950</u></b>
<b>Net revenue (expenditures)</b>	<b>3,350</b>	<b>(5,688)</b>	<b>1,272</b>
<b>Fund balance, beginning of the year</b>	<b><u>6,135</u></b>	<b><u>6,135</u></b>	<b><u>4,863</u></b>
<b>Fund balance, end of the year</b>	<b><u>\$ 9,485</u></b>	<b><u>\$ 447</u></b>	<b><u>\$ 6,135</u></b>

**Basis of consolidation: Municipality of Magnetawan 100%**

**THE CORPORATION OF THE**  
**MUNICIPALITY OF MAGNETAWAN**  
**AUDITORS' REPORT**  
**TRUST FUNDS**

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

We have audited the statement of financial position of the trust funds of the Corporation of the Municipality of Magnetawan as at December 31, 2008 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. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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, our verification of such receipts was limited to accounting for the amounts recorded in the records of the trust funds.

In our 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, 2008 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.

The comparative figures were audited by another public accountant.

Burk's Falls, Ontario  
February 23, 2009

Pahapill and Associates Professional Corporation  
Chartered Accountants  
Authorized to practise public accounting by  
The Institute of Chartered Accountants of Ontario

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**

**TRUST FUNDS**

**Statement of Financial Activities and Changes in Fund Balances**

**For the year ended December 31, 2008**

	Magnetawan Medical <u>Trust</u>	Emily Ross Langford <u>Award</u>	Capital Account Care and <u>Maintenance</u>	Total <u>2008</u>	Total <u>2007</u>
<b>Revenue</b>					
Interest earned	\$ 2,085	\$ 1	\$ -	\$ 2,086	\$ 2,118
Capital receipts	<u>-</u>	<u>-</u>	<u>1,755</u>	<u>1,755</u>	<u>1,000</u>
<b>Total Revenue</b>	<u><b>2,085</b></u>	<u><b>1</b></u>	<u><b>1,755</b></u>	<u><b>3,841</b></u>	<u><b>3,118</b></u>
<b>Expenditures</b>					
Memorial awards	<u>-</u>	<u>30</u>	<u>-</u>	<u>30</u>	<u>19</u>
<b>Total Expenditures</b>	<u>-</u>	<u><b>30</b></u>	<u>-</u>	<u><b>30</b></u>	<u><b>19</b></u>
<b>Net Revenue (Expenditures)</b>	<b>2,085</b>	<b>(29)</b>	<b>1,755</b>	<b>3,811</b>	<b>3,099</b>
<b>Opening Fund Balance</b>	<u><b>64,100</b></u>	<u><b>261</b></u>	<u><b>63,466</b></u>	<u><b>127,827</b></u>	<u><b>124,788</b></u>
<b>Closing Fund Balance</b>	<u><b>\$ 66,185</b></u>	<u><b>\$ 232</b></u>	<u><b>\$ 65,221</b></u>	<u><b>\$ 131,638</b></u>	<u><b>\$ 127,887</b></u>

**Statement of Financial Position**

**As at December 31, 2008**

	Magnetawan Medical <u>Trust</u>	Emily Ross Langford <u>Award</u>	Capital Account Care and <u>Maintenance</u>	Total <u>2008</u>	Total <u>2007</u>
<b>Financial Assets</b>					
<b>Cash and temporary investments</b>	<u><b>\$ 66,185</b></u>	<u><b>\$ 232</b></u>	<u><b>\$ 65,618</b></u>	<u><b>\$ 132,035</b></u>	<u><b>\$ 127,992</b></u>
<b>Liabilities and Fund Balance</b>					
Accounts payable	\$ -	\$ -	\$ 397	\$ 397	\$ 165
Fund balance	<u>66,185</u>	<u>232</u>	<u>65,221</u>	<u>131,638</u>	<u>127,827</u>
	<u><b>\$ 66,185</b></u>	<u><b>\$ 232</b></u>	<u><b>\$ 65,618</b></u>	<u><b>\$ 132,035</b></u>	<u><b>\$ 127,992</b></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

- (a) (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) Temporary Investments  
Temporary investments are reported at cost plus accrued interest.

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 2008, \$2,231 (2007 \$2,079) of care and maintenance interest was earned and transferred to the Municipality.

**THE CORPORATION OF THE**  
**MUNICIPALITY OF MAGNETAWAN**  
**MAGNETAWAN PUBLIC LIBRARY**  
**AUDITORS' REPORT**

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

We have audited the statement of financial position of the Magnetawan Public Library as at December 31, 2008 and the statement of financial activities for the year then ended. These financial statements are the responsibility of the Municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Magnetawan Public Library as at December 31, 2008 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.

The comparative figures were audited by another public accountant.

Burk's Falls, Ontario  
February 23, 2009

Pahapill and Associates Professional Corporation  
Chartered Accountants  
Authorized to practise public accounting by  
The Institute of Chartered Accountants of Ontario



**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN****MAGNETAWAN PUBLIC LIBRARY****STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2008**

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Cash	\$ 14,777	\$ 14,948
Accounts receivable	<u>2,693</u>	<u>990</u>
	<b><u>\$ 17,470</u></b>	<b><u>\$ 15,938</u></b>
<b>Liabilities</b>		
Accounts payable	\$ 3,704	\$ 1,204
Deferred revenue (Note 3)	<u>2,581</u>	<u>2,581</u>
	<u>6,285</u>	<u>3,785</u>
<b>Fund Balances</b>		
Reserve for working funds	4,000	4,000
Reserve - donations	3,568	3,568
Reserve - literacy and life-long learning	4,292	4,675
Current fund	<u>(675)</u>	<u>(90)</u>
	<u>11,185</u>	<u>12,153</u>
	<b><u>\$ 17,470</u></b>	<b><u>\$ 15,938</u></b>

**STATEMENT OF FINANCIAL ACTIVITIES****FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budget 2008</u>	<u>Actual 2008</u>	<u>Actual 2007</u>
<b>Revenue</b>			
Municipal contribution	\$ 32,000	\$ 32,000	\$ 27,000
Provincial grants	10,323	10,323	19,323
Other grants	1,363	1,856	-
DSL-connectivity grant	1,800	1,705	564
Community Access Program grant	7,984	5,067	8,616
Donations	1,300	826	1,244
Bank interest	130	144	134
Other - Library	<u>3,145</u>	<u>1,683</u>	<u>2,674</u>
	<u>58,045</u>	<u>53,604</u>	<u>59,555</u>
<b>Expenditures</b>			
Wages and benefits	36,863	36,526	33,261
Books	6,250	5,534	5,195
Rent and insurance	3,077	3,041	3,077
Audit	650	650	600
Advertising	500	345	1,174
Bank charges	200	169	199
Literacy and life-long learning	1,000	463	825
DSL	1,200	1,259	1,396
Other expenditures	4,015	2,775	3,603
Operating expenditures - Community Access Program	1,500	2,903	6,018
Capital expenditures - Library	1,000	907	1,923
Capital expenditures - Community Access Program	<u>2,700</u>	<u>-</u>	<u>2,791</u>
	<u>58,955</u>	<u>54,572</u>	<u>60,062</u>
<b>Net Expenditures</b>	<b>(910)</b>	<b>(968)</b>	<b>(507)</b>
<b>Transfer from (to) reserves</b>	<b>1,000</b>	<b>383</b>	<b>(1,624)</b>
<b>Current Fund balance, beginning of the year</b>	<b>(90)</b>	<b>(90)</b>	<b>2,041</b>
<b>Current Fund balance, end of the year</b>	<b><u>\$ -</u></b>	<b><u>\$ (675)</u></b>	<b><u>\$ (90)</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**

**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 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. **TANGIBLE CAPITAL ASSETS**

Further to note 1(c), 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. All work related to meeting this requirement is being performed by municipal staff.

3. **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 (2007 \$2,581).

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

MAGNETAWAN PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

4. 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>2008</u>	<u>2007</u>
Current Expenditures consist of:		
Salaries, wages and benefits	\$ 37,826	\$ 37,770
Materials and supplies	12,380	13,083
Contracted services	650	1,656
Rents and financial expenses	<u>2,809</u>	<u>2,839</u>
<b>Total current expenditures</b>	<b><u>53,665</u></b>	<b><u>55,348</u></b>
Capital expenditures consist of:		
Materials and supplies	<u>907</u>	<u>4,714</u>
<b>Total expenditures</b>	<b><u>\$ 54,572</u></b>	<b><u>\$ 60,062</u></b>

May 25, 2009

Hi Linda,

The following are attached:

- a) the 2008 "Financial Statement Highlights". I'll have Phyllis email you a copy of these as well;
- b) two copies of the 2008 Communication to Council 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;
- c) one copy of your annual independence letter for your records.

Regards,  
Marjorie

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**

**2008 FINANCIAL HIGHLIGHTS**

**TAX RATES**

	<u>2008</u>		<u>2007</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	0.624962	0.264000	0.595819	0.264000
Area 2	0.850512	0.264000	0.817067	0.264000
Multi-residential:				
Area 2	1.774488	0.264000	1.704709	0.264000
Commercial Occupied:				
Area 1, 3 & 4	0.719074	0.903943	0.685543	0.903943
Area 2	0.978590	0.903943	0.940109	0.903943
Commercial Vacant:				
Area 1, 3 & 4	0.503352	0.632760	0.479880	0.632760
Area 2	0.685013	0.632760	0.658076	0.632760
Industrial Occupied:				
Area 1, 3 & 4	0.687417	0.719965	0.655362	0.719965
Industrial Vacant:				
Area 1, 3 & 4	0.446821	0.467977	0.425985	0.467977
Farmland & Managed Forest:				
Area 1, 3 & 4	0.156241	0.066000	0.148955	0.066000
Area 2	0.212629	0.066000	0.204267	0.066000

**TRANSACTIONS FOR THE SCHOOL BOARDS**

	<u>2008</u>	<u>2007</u>
Payable at the beginning of the year	\$ 1,077	\$ 17,423
Taxation and payments-in-lieu, net of adjustments	1,196,213	1,176,430
Remitted during the year	<u>(1,178,376)</u>	<u>(1,192,776)</u>
Payable at the end of the year	<u>\$ 18,914</u>	<u>\$ 1,077</u>

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

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

	<u>2008</u>	<u>2007</u>
Trust Funds	<u>\$ 131,638</u>	<u>\$ 127,827</u>

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

**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<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	\$ 420,392	\$ -	\$ 893,398
Change during the year	<u>(11,995)</u>	<u>726,365</u>	<u>113,238</u>
Balance at the end of the year	<u>\$ 408,397</u>	<u>\$ 726,365</u>	<u>\$ 1,006,636</u>

**NOTES**

- The 2008 financial report consolidates the operations, assets and liabilities of the Municipality and its local boards as follows: Heritage Centre and Library. The Building Committee has been proportionally consolidated.
- The above data has been extracted from the audited 2008 Consolidated Financial Report of the Municipality and its local boards as described in Note 1. Copies of the 2008 Consolidated Financial Report and the Auditors' Report of Pahapill and Associates Professional Corporation, Chartered Accountants, 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**

**2008 FINANCIAL HIGHLIGHTS**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2008**

	<u>2008</u>	<u>2007</u>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments	\$ 1,914,407	\$ 1,192,037
Taxes and grants-in-lieu receivable	403,338	402,847
Trade and other receivables	153,673	89,848
Other	12,419	-
Investment in Lakeland Holding Ltd.	<u>300,861</u>	<u>295,199</u>
<b>Total financial assets</b>	<b><u>2,784,698</u></b>	<b><u>1,979,931</u></b>
<b>LIABILITIES</b>		
Accounts payable	186,894	170,814
Deferred revenue-general	2,581	2,581
Deferred revenue-obligatory reserve funds	189,773	234,917
Employee benefits payable	952	-
Landfill closure and post-closure liability	587,250	620,000
Municipal debt	<u>712</u>	<u>31,336</u>
<b>Total liabilities</b>	<b><u>968,162</u></b>	<b><u>1,059,648</u></b>
<b>NET FINANCIAL ASSETS</b>	<b><u>1,816,536</u></b>	<b><u>920,283</u></b>
<b>NON-FINANCIAL ASSETS</b>		
Inventory and prepaid expenses	<u>36,809</u>	<u>37,370</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 1,853,345</u></b>	<b><u>\$ 957,653</u></b>
<b>MUNICIPAL POSITION</b>		
<b>Fund Balances</b>		
Current fund	\$ 408,397	\$ 420,392
Capital fund	726,365	-
Reserves	855,411	765,254
Reserve funds	151,225	128,144
Lakeland Holding Ltd.	<u>300,861</u>	<u>295,199</u>
<b>Total fund balances</b>	<b><u>2,442,259</u></b>	<b><u>1,608,989</u></b>
<b>Amounts to be recovered</b>		
From reserves and reserve funds on hand	(151,225)	(128,144)
From future revenues	<u>(437,689)</u>	<u>(523,192)</u>
<b>Total amounts to be recovered</b>	<b><u>(588,914)</u></b>	<b><u>(651,336)</u></b>
<b>TOTAL MUNICIPAL POSITION</b>	<b><u>\$ 1,853,345</u></b>	<b><u>\$ 957,653</u></b>

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**

**2008 FINANCIAL HIGHLIGHTS**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budget <u>2008</u>	Actual <u>2008</u>	Actual <u>2007</u>
<b>Revenue</b>			
Net taxation/user charges	\$ 2,764,218	\$ 2,819,657	\$ 2,662,738
Transfer payments	1,104,610	1,303,513	377,180
Other	<u>329,104</u>	<u>344,288</u>	<u>222,097</u>
<b>Total Revenue</b>	<b><u>4,197,932</u></b>	<b><u>4,467,458</u></b>	<b><u>3,262,015</u></b>
<b>Expenditures</b>			
Current			
General government	578,551	560,547	576,947
Protection to persons and property	363,074	332,835	311,886
Transportation services	1,281,232	1,218,546	840,283
Environmental services	249,640	157,407	181,249
Health services	184,911	182,066	164,464
Social and family services	484,806	481,013	481,993
Recreation and culture	333,126	269,061	258,684
Planning and development	<u>16,000</u>	<u>9,177</u>	<u>11,758</u>
Total Current	<u>3,491,340</u>	<u>3,210,652</u>	<u>2,827,264</u>
Capital			
General government	-	-	7,020
Protection to persons and property	-	14,841	8,662
Transportation services	740,981	143,341	101,851
Environmental services	58,550	23,928	15,602
Health services	37,100	24,127	2,043
Recreation and culture	<u>163,104</u>	<u>160,539</u>	<u>47,124</u>
Total Capital	<u>999,735</u>	<u>366,776</u>	<u>182,302</u>
<b>Total Expenditures</b>	<b><u>4,491,075</u></b>	<b><u>3,577,428</u></b>	<b><u>3,009,566</u></b>
<b>Net Revenue (Expenditures)</b>	<b><u>(293,143)</u></b>	<b><u>890,030</u></b>	<b><u>252,449</u></b>
Add: increase in employee benefits payable	-	952	-
Add: increase (decrease) in landfill closure and post-closure liability	45,250	(32,750)	25,750
Less: decrease in municipal debt	<u>(30,302)</u>	<u>(30,624)</u>	<u>(30,315)</u>
<b>Increase (decrease) in amounts to be recovered</b>	<b><u>14,948</u></b>	<b><u>(62,422)</u></b>	<b><u>(4,565)</u></b>
<b>Lakeland Holding Ltd. net income, net of dividends</b>	<b><u>-</u></b>	<b><u>5,662</u></b>	<b><u>7,586</u></b>
<b>Change in fund balances</b>	<b><u>\$ (278,195)</u></b>	<b><u>\$ 833,270</u></b>	<b><u>\$ 255,470</u></b>