

**THE CORPORATION OF THE
MUNICIPALITY OF MAGNETAWAN
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010**

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of The Corporation of the Municipality of Magnetawan, which comprise of the consolidated statement of financial position as at December 31, 2010 and the consolidated statements of operations, the change in its net financial assets(debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Municipality of Magnetawan as at December 31, 2010, and the consolidated results of its operations, the consolidated change in its net financial assets(debt) and its consolidated cash flow for the year then ended in accordance with Canadian public sector accounting principles.

Huntsville, Ontario
June 22, 2011

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, 2010

	2010	2009
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 1,171,806	\$ 1,486,616
Accounts receivable	1,701,418	1,524,948
Investment in Lakeland Holding Ltd. (Note 5)	333,622	319,198
Inventories held for resale	11,392	11,841
	3,218,238	3,342,603
LIABILITIES		
Bank loan (Note 7)	1,282,193	809,651
Accounts payable and accrued liabilities	776,925	486,080
Deferred revenue	267,944	239,119
Employee benefits payable (Note 8)	602	1,043
Landfill closure and post-closure liability (Note 9)	1,208,500	1,134,500
	3,536,164	2,670,393
NET FINANCIAL ASSETS(DEBT)	(317,926)	672,210
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 10, Schedule 1)	13,621,012	11,488,243
Inventories of supplies	42,479	37,590
Prepaid expenses	52,569	45,529
	13,716,060	11,571,362
ACCUMULATED SURPLUS	\$ 13,398,134	\$ 12,243,572

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget 2010 (Note 14)	Actual 2010	Actual 2009
REVENUE			
Property taxes	\$ 2,910,350	\$ 2,935,903	\$ 2,847,882
User fees	15,520	13,035	14,406
Government transfers	2,450,812	2,620,554	1,789,350
Lakeland Holding Ltd. income (Note 5)	-	14,424	18,337
Other	377,139	430,632	198,188
TOTAL REVENUE	5,753,821	6,014,548	4,868,163
EXPENSES			
General government	655,948	722,864	660,223
Protection to persons and property	603,104	619,568	390,072
Transportation services	2,415,459	2,182,457	2,292,830
Environmental services	365,886	328,985	661,517
Health services	103,501	77,864	212,343
Social and family services	488,186	476,519	502,900
Recreation and culture	426,774	435,678	371,159
Planning and development	7,000	16,051	11,399
TOTAL EXPENSES	5,065,858	4,859,986	5,102,443
ANNUAL SURPLUS (DEFICIT)	687,963	1,154,562	(234,280)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	12,243,572	12,243,572	12,477,852
ACCUMULATED SURPLUS, END OF YEAR	\$ 12,931,535	\$ 13,398,134	\$ 12,243,572

The accompanying notes and schedules are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS(DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget 2010 (Note 14)	Actual 2010	Actual 2009
Annual surplus (deficit)	\$ 687,963	\$ 1,154,562	\$ (234,280)
Acquisition of tangible capital assets	(3,493,725)	(3,493,725)	(2,794,201)
Amortization of tangible capital assets	1,291,254	1,291,254	1,730,468
(Gain)loss on sale of tangible capital assets	37,201	37,201	150,622
Proceeds on sale of tangible capital assets	32,500	32,500	9,175
Change in supplies inventories	-	(4,888)	2,610
Change in prepaid expense	-	(7,040)	(8,720)
Increase (decrease) in net financial assets	(1,444,807)	(990,136)	(1,144,326)
Net financial assets, beginning of year	672,210	672,210	1,816,536
Net financial assets(debt), end of year	\$ (772,597)	\$ (317,926)	\$ 672,210

The accompanying notes and schedules are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
Operating transactions		
Annual surplus	\$ 1,154,562	\$ (234,280)
Non-cash charges to operations:		
Amortization	1,291,254	1,730,468
(Gain)loss on sale of tangible capital assets	37,201	150,622
	2,483,017	1,646,810
Changes in non-cash items:		
Accounts receivable	(176,470)	(967,937)
Inventories held for resale	449	578
Accounts payable and accrued liabilities	290,845	299,186
Deferred revenue	28,825	46,765
Employee benefits payable	(441)	91
Landfill closure and post closure liability	74,000	547,250
Inventories of supplies	(4,888)	2,610
Prepaid expenses	(7,040)	(8,720)
	205,280	(80,177)
Cash provided by operating transactions	2,688,297	1,566,633
Capital transactions		
Acquisition of tangible capital assets	(3,493,725)	(2,794,201)
Proceeds on disposal of tangible capital asset	32,500	9,175
Cash applied to capital transactions	(3,461,225)	(2,785,026)
Investing transactions		
Lakeland Holding Ltd.	(14,424)	(18,337)
Cash provided by investing transactions	(14,424)	(18,337)
Financing transactions		
Temporary borrowing	472,542	809,651
Debt principal repayments	-	(712)
Cash applied to financing transactions	472,542	808,939
Net change in cash and cash equivalents	(314,810)	(427,791)
Cash and cash equivalents, beginning of year	1,486,616	1,914,407
Cash and cash equivalents, end of year	\$ 1,171,806	\$ 1,486,616

The accompanying notes and schedules are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

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

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. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenues, expenses and reserve and reserve fund balances of the reporting entity. The reporting entity is comprised of all committees of Council and the boards, joint boards and municipal enterprises for which Council is politically accountable as follows:

(i) Consolidated and Proportionally Consolidated entities

The following local boards are consolidated:

Heritage Centre
Library

The following joint local boards and committees are proportionally consolidated:

Joint Building Committee

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

(ii) Modified equity accounting

Government business enterprises are accounted for by the modified equity method. Under this method the business enterprises' accounting principles are not adjusted to conform with those of the Municipality and interorganizational transactions and balances are not eliminated. The following government business enterprise is included in these financial statements: Lakeland Holding Ltd.

(iii) Non-consolidated entities

The following joint local boards are not consolidated:

North Bay Parry Sound District Health Unit
Parry Sound District Social Services Administration Board
District of Parry Sound (East) Home for the Aged.

(iv) Accounting for school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.

(v) Trust funds

Trust funds administered by the Municipality are not included in these consolidated financial statements, but are reported separately on the trust funds financial statements.

(b) Basis of Accounting

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
Year Ended December 31, 2010

- (i) **Accrual basis of accounting**
Sources of financing and expenditures are reported on the accrual basis of accounting. This method 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.
- (ii) **Non-financial assets**
Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of Municipal services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.
- (a) **Tangible capital assets**
Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets received as donations are recorded at their fair value at the date of receipt. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:
- Land improvements - 20 years
Buildings - 40 years
Machinery, equipment and furniture - 5 to 20 years
Vehicles - 8 to 15 years
Roads - 8 to 75 years
Bridges - 30 to 60 years
- One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.
- Estimated closure and post-closure expenses for active landfill sites as well as the land occupied by the sites are amortized annually on the basis of capacity used during the year as a percentage of the estimated total capacity of the landfill site.
- The Municipality has a capitalization threshold of \$3,000; individual tangible capital assets, or pooled assets of lesser value are expensed in the year of purchase.
- (b) **Inventories of supplies**
Inventories held for consumption are recorded at the lower of cost and replacement cost.
- (iii) **Government transfers**
Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**Year Ended December 31, 2010

(iv) Deferred revenue

The Municipality receives gas tax revenue from the Federal Government 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. The Municipality also 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 services are performed.

(v) Taxation and related revenues

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known. The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

(vi) 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.

(vii) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include valuation allowances for accounts receivable and solid waste landfill closure and post-closure liabilities. Actual results could differ from these estimates. The estimates are reviewed periodically and any resulting adjustments are reported in earnings in the year in which they become known.

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2010

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2010	2009
District of Parry Sound Social Services Administration Board	\$ 346,723	\$ 399,211
North Bay Parry Sound District Health Unit	38,800	37,733
District of Parry Sound (East) Home for the Aged	120,613	83,893
Total contributions made	\$ 506,136	\$ 520,837

The Municipality is contingently liable for its share, if any, of the accumulated deficits as at the end of the year for these boards. The Municipality's share of the accumulated surpluses (or deficits) of these boards has not been determined at this time.

The Municipality is also contingently liable for its share, if any, of the long-term liabilities issued by other municipalities for these boards. The Municipality's share of these long-term liabilities has not been determined at this time.

3. OPERATIONS OF SCHOOL BOARDS

Further to Note 1(a)(iv), the Municipality is required to collect property taxes and payments-in-lieu of taxes on the behalf of the school boards. The amounts collected, remitted and outstanding are as follows:

	2010	2009
Payable at the beginning of the year	\$ 13,707	\$ 18,914
Taxation and payments-in-lieu, net of adjustments	1,274,835	1,242,774
Remitted during the year	(1,284,914)	(1,247,981)
Payable (Receivable) at the end of the year	\$ 3,628	\$ 13,707

4. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$136,040 (2009 \$133,728) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations. As such balances are held in trust by the Municipality for the benefit of others, they are not presented as part of the Municipality's financial position or operations.

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

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

5. INVESTMENT IN LAKELAND HOLDING LTD.

Lakeland Holding Ltd. is a municipally owned government business enterprise. It's subsidiaries produce and distribute hydro electric power to users in Bracebridge, Huntsville, Sundridge, Burk's Falls and Magnetawan. Condensed financial information in respect to Lakeland Holding Ltd. is provided below.

	2010	2009
Consolidated Balance Sheet		
Assets:		
Current assets	\$ 6,621,003	\$ 5,452,693
Capital and other assets	29,419,756	23,537,450
Regulatory assets, net of liabilities	1,590,212	1,381,178
Total Assets	\$ 37,630,971	\$ 30,371,321
Liabilities:		
Current liabilities	\$ 10,963,360	\$ 4,943,388
Long-term liabilities	3,972,242	3,713,766
Total Liabilities	14,935,602	8,657,154
Equity		
Share capital	12,609,650	12,609,650
Retained earnings	10,085,721	9,104,517
Total Equity	22,695,371	21,714,167
Total Liabilities and Equity	\$ 37,630,973	\$ 30,371,321
Municipality's share of equity (1.47% ownership)	\$ 333,622	\$ 319,198
Consolidated Statement of Operations, Retained Earnings and Comprehensive Income		
Total Revenues	25,178,039	23,810,341
Total Expenses	23,696,835	22,981,468
Net income and comprehensive income	1,481,204	828,873
Less: dividends	(500,000)	(500,008)
Add: adjustment to recognize future income taxes	-	918,536
Net income, net of dividends	\$ 981,204	\$ 1,247,401
Municipality's share of net income, net of dividends (1.47% ownership)	14,424	18,337

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

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

6. MUNICIPAL DEBT

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

	2010	2009
Principal payments	\$ -	\$ 712
Interest	-	2
	\$ -	\$ 714

The annual principal and interest payments required to service the Municipality's debt were within the the annual debt repayment limit of \$1,102,187 prescribed by the Ministry of Municipal Affairs and Housing.

7. CREDIT FACILITY AGREEMENT

The Municipality has a credit facility agreement with the Royal Bank of Canada of \$1,639,000 (2009 \$849,999), of which \$1,282,193 (2009 \$809,651) was used at the end of the year. The loan is payable on demand and bears interest at the rate of prime.

8. 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 \$602 (2009 \$1,043) at the end of the year.

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

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

9. 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 25,000m² and 15,000m² respectively. An engineering study received in 2009 estimated that the maximum usable footprints are 15,000m² at the Croft site and 10,000m² at the Chapman site, with corresponding maximum waste and cover material capacities of 17,460m³ and 38,712m³ 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, 2010, cumulative utilized capacity is 12,270m³ at the Croft site and 28,620m³ 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	\$928,030
Reported liability in current year	\$652,000
Total expenditures remaining to be recognized	\$276,030
Utilization/year	409m ³
Estimated remaining usable capacity	5,599m ³
Remaining landfill site life	13 years
Number of year required for post-closure care	25 years

Chapman Landfill

Total estimated expenditures for closure and post-closure care	\$752,930
Reported liability in current year	\$556,500
Total expenditures remaining to be recognized	\$196,430
Utilization/year	954m ³
Estimated remaining usable capacity	11,046m ³
Remaining landfill site life	11 years
Number of year required for post-closure care	25 years

10. TANGIBLE CAPITAL ASSETS

Schedule 1 provides information on the tangible capital assets of the Municipality by major asset class. Additional information relating to these assets is provided below.

(a) Capitalization of Interest

The Municipality has a policy of expensing borrowing costs related to the acquisition of tangible capital assets.

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2010

11. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT

The following provides a breakdown by major segment of the annual surplus (deficit) reported on the Consolidated Statement of Operations as well as the net tangible capital assets reported on the Consolidated Statement of Financial Position. 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. Inter-segment transfers are priced at the Municipality's machine charge-out rate.

FOR THE YEAR ENDED DECEMBER 31, 2010

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Culture	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,935,903	\$ 2,935,903
User fees	-	-	-	-	6,376	-	4,593	2,066	-	13,035
Government transfers	21,268	34,822	1,702,041	46,303	-	-	48,519	-	767,601	2,620,554
Lakeland Holding Ltd. income	-	-	-	-	-	-	-	-	14,424	14,424
Other	9,582	9,193	96,212	10,968	-	-	19,736	45,504	239,437	430,632
TOTAL REVENUE	30,850	44,015	1,798,253	57,271	6,376	-	72,848	47,570	3,957,365	6,014,548
EXPENSES										
Salaries, wages and benefits	362,890	113,973	245,171	74,803	19,628	-	224,617	-	-	1,041,082
Operating expenses	323,874	481,300	861,833	162,796	56,015	475,732	149,509	16,051	-	2,527,110
Amortization	36,100	24,295	1,075,453	91,386	2,221	787	61,552	-	-	1,291,794
TOTAL EXPENSES	722,864	619,568	2,182,457	328,985	77,864	476,519	435,678	16,051	-	4,859,986
ANNUAL SURPLUS (DEFICIT)	\$ (692,014)	\$ (575,553)	\$ (384,204)	\$ (271,714)	\$ (71,488)	\$ (476,519)	\$ (362,830)	\$ 31,519	\$ 3,957,365	\$ 1,154,562

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

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

11. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2009

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Culture	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,847,882	\$ 2,847,882
User fees	-	-	-	280	9,654	-	2,364	2,108	-	14,406
Government transfers	23,148	38,468	807,025	44,517	-	-	52,492	-	823,700	1,789,350
Lakeland Holding Ltd. income	-	-	-	-	-	-	-	-	18,337	18,337
Other	6,700	10,179	11,925	8,345	-	-	7,712	56,327	97,000	198,188
TOTAL REVENUE	29,848	48,647	818,950	53,142	9,654	-	62,568	58,435	3,786,919	4,868,163
EXPENSES										
Salaries, wages and benefits	294,152	96,852	235,741	52,576	24,705	-	202,886	-	-	906,912
Operating expenses	329,147	270,185	1,001,047	52,141	185,417	502,704	113,023	11,399	-	2,465,063
Amortization	36,924	23,035	1,056,042	556,800	2,221	196	55,250	-	-	1,730,468
TOTAL EXPENSES	660,223	390,072	2,292,830	661,517	212,343	502,900	371,159	11,399	-	5,102,443
ANNUAL SURPLUS (DEFICIT)	\$ (630,375)	\$ (341,425)	\$ (1,473,880)	\$ (608,375)	\$ (202,689)	\$ (502,900)	\$ (308,591)	\$ 47,036	\$ 3,786,919	\$ (234,280)

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

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

12. BUDGET FIGURES

The budget adopted for the current year was prepared on a fund basis, and has been restated to conform with the accounting and reporting standards adopted for the current year actual results.

13. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2010 was \$37,938 (2009 \$20,714) for current service and is included as an expense on the Consolidated Statement of Operations.

14. CONTINGENT LIABILITY

In the normal course of business, the municipality is named to lawsuits related to its operations. Management is of the view that these lawsuits are without merit and any settlement would not be material to the financial position of the municipality.

15. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current year's presentation.

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010

Schedule 1

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL 2010	TOTAL 2009
COST								
Balance, beginning of year	\$ 1,971,521	\$ 1,449,889	\$ 960,143	\$ 1,216,446	\$ 21,827,815	\$ 32,929	\$ 27,458,743	\$ 25,279,483
Additions and betterments	89,542	47,237	421,200	40,442	526,574	2,368,730	3,493,725	2,794,201
Disposals and write-downs			(162,350)		(162,081)		(324,431)	(614,941)
BALANCE, END OF YEAR	2,061,063	1,497,126	1,218,993	1,256,888	22,192,308	2,401,659	30,628,037	27,458,743
ACCUMULATED AMORTIZATION								
Balance, beginning of year	1,228,006	472,148	440,735	551,172	13,278,439		15,970,500	14,695,176
Annual amortization	89,539	37,426	92,060	84,656	987,573		1,291,254	1,730,468
Amortization disposals			(131,157)		(123,572)		(254,729)	(455,144)
BALANCE, END OF YEAR	1,317,545	509,574	401,638	635,828	14,142,440		17,007,025	15,970,500
TANGIBLE CAPITAL ASSETS-NET	\$ 743,518	\$ 987,552	\$ 817,355	\$ 621,060	\$ 8,049,868	\$ 2,401,659	\$ 13,621,012	\$ 11,488,243

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN
SUPPLEMENTARY UNAUDITED SCHEDULE OF SURPLUS**

2010

	2010	2009
RESERVES AND RESERVE FUNDS		
Working capital	\$ 503,279	\$ 543,279
Fire	58,000	20,000
Waste disposal	193,819	172,965
Community enhancement	7,365	-
Roads	225,674	400,673
Cemetery	9,500	9,500
Other	4,876	5,589
TOTAL RESERVES AND RESERVE FUNDS	1,002,513	1,152,006
OTHER		
Tangible capital assets	13,621,013	11,488,243
General operating surplus(deficit)	(350,514)	373,427
Amounts to be recovered	(1,208,500)	(1,134,500)
Equity in Lakeland Holding Ltd.	333,622	319,198
Capital fund	-	45,198
TOTAL OTHER	12,395,621	11,091,566
ACCUMULATED SURPLUS	\$ 13,398,134	\$ 12,243,572