

**THE CORPORATION OF THE  
MUNICIPALITY OF MAGNETAWAN  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**  
**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

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	Page
Independent Auditors' Report	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Operations	3
Consolidated Statement of Change in Net Financial Assets(Debt)	4
Consolidated Statement of Cash Flow	5
Notes to the Consolidated Financial Statements	6 - 15
Schedule 1 - Consolidated Schedule of Tangible Capital Assets	16
Supplementary Unaudited Schedule of Surplus	17

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## INDEPENDENT AUDITORS' REPORT

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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, 2011 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, 2011, 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 27, 2012

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, 2011**

	2011	2010
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 771,777	\$ 1,171,806
Accounts receivable <i>(Note 16)</i>	2,216,409	1,701,418
Investment in Lakeland Holding Ltd. <i>(Note 5)</i>	346,847	333,622
Inventories held for resale	10,953	11,392
	<b>3,345,986</b>	<b>3,218,238</b>
<b>LIABILITIES</b>		
Bank loan <i>(Note 7)</i>	506,185	1,282,193
Accounts payable and accrued liabilities	312,039	776,925
Deferred revenue	140,371	267,944
Employee benefits payable <i>(Note 8)</i>	1,171	602
Landfill closure and post-closure liability <i>(Note 9)</i>	633,000	1,208,500
	<b>1,592,766</b>	<b>3,536,164</b>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>1,753,220</b>	<b>(317,926)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net <i>(Note 10, Schedule 1)</i>	12,703,313	13,621,012
Inventories of supplies	59,040	42,479
Prepaid expenses	57,548	52,569
	<b>12,819,901</b>	<b>13,716,060</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 14,573,121</b>	<b>\$ 13,398,134</b>

APPROVED ON BEHALF OF COUNCIL:

\_\_\_\_\_ Mayor

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budget 2011 (Note 14)	Actual 2011	Actual 2010
<b>REVENUE</b>			
Property taxes	\$ 3,197,153	\$ 3,116,539	\$ 2,935,903
User fees	12,579	13,042	13,035
Government transfers	876,405	953,656	2,607,838
Lakeland Holding Ltd. income (Note 5)	-	13,225	14,424
Other (Note 16)	639,017	1,416,025	443,348
<b>TOTAL REVENUE</b>	<b>4,725,154</b>	<b>5,512,487</b>	<b>6,014,548</b>
<b>EXPENSES</b>			
General government	797,466	833,349	722,864
Protection to persons and property	571,914	540,143	475,948
Transportation services	2,239,677	2,017,909	2,250,299
Environmental services	287,352	241,131	254,985
Landfill	-	(575,500)	74,000
Health services	262,890	242,729	221,484
Social and family services	464,891	478,290	476,519
Recreation and culture	514,615	500,588	367,836
Planning and development	52,000	58,861	16,051
<b>TOTAL EXPENSES</b>	<b>5,190,805</b>	<b>4,337,500</b>	<b>4,859,986</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>(465,651)</b>	<b>1,174,987</b>	<b>1,154,562</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>13,398,134</b>	<b>13,398,134</b>	<b>12,243,572</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 12,932,483</b>	<b>\$ 14,573,121</b>	<b>\$ 13,398,134</b>

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, 2011**

	Budget 2011 (Note 14)	Actual 2011	Actual 2010
<b>Annual surplus (deficit)</b>	\$ (465,651)	\$ 1,174,987	\$ 1,154,562
Acquisition of tangible capital assets	(4,003,425)	(4,003,425)	(3,493,725)
Amortization of tangible capital assets	1,274,578	1,274,578	1,291,254
Allocation from work in progress	2,399,235	2,399,235	-
(Gain)loss on disposition of tangible capital assets	-	(651,598)	37,201
Proceeds on disposition of tangible capital assets	-	1,898,909	32,500
Change in supplies inventories	-	(16,561)	(4,888)
Change in prepaid expense	-	(4,979)	(7,040)
<b>Increase (decrease) in net financial assets</b>	(795,263)	2,071,146	(990,136)
<b>Net financial assets (debt), beginning of year</b>	(317,926)	(317,926)	672,210
<b>Net financial assets (debt), end of year</b>	\$ (1,113,189)	\$ 1,753,220	\$ (317,926)

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, 2011**

	2011	2010
<b>Operating transactions</b>		
Annual surplus	\$ 1,174,987	\$ 1,154,562
Non-cash charges to operations:		
Amortization	1,274,578	1,291,254
(Gain)loss on disposal of tangible capital assets	(651,598)	37,201
	1,797,967	2,483,017
Changes in non-cash items:		
Accounts receivable	(514,991)	(176,470)
Inventories held for resale	439	449
Accounts payable and accrued liabilities	(464,886)	290,845
Deferred revenue	(127,573)	28,825
Employee benefits payable	569	(441)
Landfill closure and post closure liability	(575,500)	74,000
Inventories of supplies	(16,561)	(4,888)
Prepaid expenses	(4,979)	(7,040)
	(1,703,482)	205,280
Cash provided by operating transactions	94,485	2,688,297
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(4,003,425)	(3,493,725)
Allocation from work in progress	2,399,235	-
Proceeds on disposal of tangible capital asset	1,898,909	32,500
Cash applied to capital transactions	294,719	(3,461,225)
<b>Investing transactions</b>		
Lakeland Holding Ltd.	(13,225)	(14,424)
Cash provided by investing transactions	(13,225)	(14,424)
<b>Financing transactions</b>		
Temporary borrowing	(776,008)	472,542
Cash applied to financing transactions	(776,008)	472,542
<b>Net change in cash and cash equivalents</b>	<b>(400,029)</b>	<b>(314,810)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,171,806</b>	<b>1,486,616</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 771,777</b>	<b>\$ 1,171,806</b>

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, 2011

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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, 2011

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- (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, 2011

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- (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, 2011

### 2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2011	2010
District of Parry Sound Social Services Administration Board	\$ 311,412	\$ 346,723
North Bay Parry Sound District Health Unit	40,798	38,800
District of Parry Sound (East) Home for the Aged	131,790	120,613
<b>Total contributions made</b>	<b>\$ 484,000</b>	<b>\$ 506,136</b>

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:

	2011	2010
Payable at the beginning of the year	\$ 3,628	\$ 13,707
Taxation and payments-in-lieu, net of adjustments	1,319,906	1,274,835
Remitted during the year	(1,314,341)	(1,284,914)
<b>Payable (Receivable) at the end of the year</b>	<b>\$ 9,193</b>	<b>\$ 3,628</b>

### 4. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$145,585 (2010 \$136,537) 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, 2011

### 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.

	2011	2010
<b>Consolidated Balance Sheet</b>		
Assets:		
Current assets	\$ 6,531,091	\$ 6,621,003
Capital and other assets	42,781,475	29,419,756
Regulatory assets, net of liabilities	2,454,684	1,590,212
<b>Total Assets</b>	<b>\$ 51,767,250</b>	<b>\$ 37,630,971</b>
Liabilities:		
Current liabilities	\$ 24,455,786	\$ 10,963,360
Long-term liabilities	3,716,409	3,972,240
<b>Total Liabilities</b>	<b>28,172,195</b>	<b>14,935,600</b>
Equity		
Share capital	12,609,650	12,609,650
Retained earnings	10,985,405	10,085,721
<b>Total Equity</b>	<b>23,595,055</b>	<b>22,695,371</b>
<b>Total Liabilities and Equity</b>	<b>\$ 51,767,250</b>	<b>\$ 37,630,971</b>
<b>Municipality's share of equity (1.47% ownership)</b>	<b>\$ 346,847</b>	<b>\$ 333,622</b>
<b>Consolidated Statement of Operations, Retained Earnings and Comprehensive Income</b>		
Total Revenues	26,754,511	25,178,039
Total Expenses	25,354,827	23,696,835
Net income and comprehensive income	1,399,684	1,481,204
Less: dividends	(500,000)	(500,000)
<b>Net income, net of dividends</b>	<b>\$ 899,684</b>	<b>\$ 981,204</b>
<b>Municipality's share of net income, net of dividends (1.47% ownership)</b>	<b>13,225</b>	<b>14,424</b>

### 6. MUNICIPAL DEBT

The annual principal and interest payments required to service the Municipality's debt were within the the annual debt repayment limit of \$1,017,328 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 (2010 \$1,639,000), of which \$506,185 (2010 \$1,282,193) was used at the end of the year. The loan is payable on demand and bears interest at the rate of prime.

## THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2011

#### 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 \$1,171 (2010 \$602) at the end of the year.

#### 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 25,000m<sup>2</sup> and 15,000m<sup>2</sup> respectively. An engineering study received in 2009 estimated that the maximum usable footprints are 15,000m<sup>2</sup> at the Croft site and 10,000m<sup>2</sup> at the Chapman site, with corresponding maximum waste and cover material capacities of 17,460m<sup>3</sup> and 38,712m<sup>3</sup> for Croft and Chapman respectively.

An engineering study received in 2011 has significantly increased waste capacities at both the Croft and Chapman landfill sites due to the prior study being based on existing waste footprints and did not account for the entire approved waste footprint and the calculated theoretical capacity of each site. The maximum waste and cover material capacities are 138,850m<sup>3</sup> at the Croft site and 46,650m<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	\$949,375
Reported liability in current year	\$129,000
Total expenditures remaining to be recognized	\$820,375
Utilization/year	603m <sup>3</sup>
Estimated remaining usable capacity	120,579m <sup>3</sup>
Remaining landfill site life	80 years
Number of year required for post-closure care	25 years

##### Chapman Landfill

Total estimated expenditures for closure and post-closure care	\$770,247
Reported liability in current year	\$504,000
Total expenditures remaining to be recognized	\$266,247
Utilization/year	1,096m <sup>3</sup>
Estimated remaining usable capacity	17,220m <sup>3</sup>
Remaining landfill site life	15 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.

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2011

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- (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, 2011

#### 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, 2011

	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>REVENUE</b>										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,116,539	\$ 3,116,539
User fees	-	-	-	-	6,317	-	4,626	2,099	-	13,042
Government transfers	23,719	27,672	-	27,014	-	-	102,552	-	772,699	953,656
Lakeland Holding Ltd. income	-	-	-	-	-	-	-	-	13,225	13,225
Other	7,108	6,871	258,569	14,654	-	-	69,110	64,172	995,541	1,416,025
<b>TOTAL REVENUE</b>	<b>30,827</b>	<b>34,543</b>	<b>258,569</b>	<b>41,668</b>	<b>6,317</b>	<b>-</b>	<b>176,288</b>	<b>66,271</b>	<b>4,898,004</b>	<b>5,512,487</b>
<b>EXPENSES</b>										
Salaries, wages and benefits	456,388	222,666	320,052	82,731	24,364	-	252,532	-	-	1,358,733
Long-term debt charges (interest)	6,280	-	-	-	-	-	-	-	-	6,280
Operating expenses	322,744	292,348	604,624	137,898	216,144	476,913	163,877	58,861	-	2,273,409
Landfill	-	-	-	(575,500)	-	-	-	-	-	(575,500)
Amortization	47,937	25,129	1,093,233	20,502	2,221	1,377	84,179	-	-	1,274,578
<b>TOTAL EXPENSES</b>	<b>833,349</b>	<b>540,143</b>	<b>2,017,909</b>	<b>(334,369)</b>	<b>242,729</b>	<b>478,290</b>	<b>500,588</b>	<b>58,861</b>	<b>-</b>	<b>4,337,500</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (802,522)</b>	<b>\$ (505,600)</b>	<b>\$(1,759,340)</b>	<b>\$ 376,037</b>	<b>\$ (236,412)</b>	<b>\$ (478,290)</b>	<b>\$ (324,300)</b>	<b>\$ 7,410</b>	<b>\$ 4,898,004</b>	<b>\$ 1,174,987</b>

# THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2011

### 11. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

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
<b>REVENUE</b>										
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	33,587	-	-	48,519	-	767,601	2,607,838
Lakeland Holding Ltd. income	-	-	-	-	-	-	-	-	14,424	14,424
Other	9,582	9,193	108,928	10,968	-	-	19,736	45,504	239,437	443,348
<b>TOTAL REVENUE</b>	<b>30,850</b>	<b>44,015</b>	<b>1,810,969</b>	<b>44,555</b>	<b>6,376</b>	<b>-</b>	<b>72,848</b>	<b>47,570</b>	<b>3,957,365</b>	<b>6,014,548</b>
<b>EXPENSES</b>										
Salaries, wages and benefits	362,890	113,973	302,866	74,803	19,628	-	166,922	-	-	1,041,082
Operating expenses	323,874	337,680	871,980	88,796	199,635	475,732	139,362	16,051	-	2,453,110
Landfill	-	-	-	74,000	-	-	-	-	-	74,000
Amortization	36,100	24,295	1,075,453	91,386	2,221	787	61,552	-	-	1,291,794
<b>TOTAL EXPENSES</b>	<b>722,864</b>	<b>475,948</b>	<b>2,250,299</b>	<b>328,985</b>	<b>221,484</b>	<b>476,519</b>	<b>367,836</b>	<b>16,051</b>	<b>-</b>	<b>4,859,986</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (692,014)</b>	<b>\$ (431,933)</b>	<b>\$ (439,330)</b>	<b>\$ (284,430)</b>	<b>\$ (215,108)</b>	<b>\$ (476,519)</b>	<b>\$ (294,988)</b>	<b>\$ 31,519</b>	<b>\$ 3,957,365</b>	<b>\$ 1,154,562</b>



## THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2011

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#### 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 2011 was \$48,708 (2010 \$37,938) 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.

#### 16. INVOLUNTARY DISPOSITION OF TANGIBLE CAPITAL ASSETS

During the year the municipality had a fire that destroyed a significant portion of its public works garage and related equipment. The municipality has received insurance proceeds of approximately \$656,000 and will receive an additional approximate \$1,319,000, which is included in accounts receivable in the current year. It will reconstruct the capital assets with such proceeds. The event also resulted in the municipality recording a gain on disposition of approximately \$652,000 which is included in other income in the current year.

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**

**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

**Schedule 1**

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL 2011	TOTAL 2010
<b>COST</b>								
Balance, beginning 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
Additions and betterments	29,956	2,553,119	169,413	889,521	361,416		4,003,425	3,493,725
Disposals and writedowns	(575,500)	(515,314)	(385,672)	(778,645)	(75,238)	(2,399,235)	(4,729,604)	(324,431)
<b>BALANCE, END OF YEAR</b>	<b>1,515,519</b>	<b>3,534,931</b>	<b>1,002,734</b>	<b>1,367,764</b>	<b>22,478,486</b>	<b>2,424</b>	<b>29,901,858</b>	<b>30,628,037</b>
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year	1,317,545	509,574	401,638	635,828	14,142,440		17,007,025	15,970,500
Annual amortization	16,650	63,430	97,075	92,650	1,004,773		1,274,578	1,291,254
Amortization disposals	(575,500)	(4,450)	(59,284)	(376,683)	(67,141)		(1,083,058)	(254,729)
<b>BALANCE, END OF YEAR</b>	<b>758,695</b>	<b>568,554</b>	<b>439,429</b>	<b>351,795</b>	<b>15,080,072</b>		<b>17,198,545</b>	<b>17,007,025</b>
<b>TANGIBLE CAPITAL ASSETS-NET</b>	<b>\$ 756,824</b>	<b>\$ 2,966,377</b>	<b>\$ 563,305</b>	<b>\$ 1,015,969</b>	<b>\$ 7,398,414</b>	<b>\$ 2,424</b>	<b>\$ 12,703,313</b>	<b>\$ 13,621,012</b>

**THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN**

**SUPPLEMENTARY UNAUDITED SCHEDULE OF SURPLUS**

**2011**

	2011	2010
<b>RESERVES AND RESERVE FUNDS</b>		
Working capital	\$ 503,279	\$ 503,279
Fire	58,000	58,000
Waste disposal	216,917	193,819
Community enhancement	14,833	7,365
Roads	225,674	225,674
Cemetery	9,500	9,500
Other	4,876	4,876
<b>TOTAL RESERVES AND RESERVE FUNDS</b>	<b>1,033,079</b>	<b>1,002,513</b>
<b>OTHER</b>		
Tangible capital assets	12,703,313	13,621,013
General operating surplus(deficit)	715,804	(395,712)
Unexpended capital	913,263	45,198
Amounts to be recovered	(1,139,185)	(1,208,500)
Equity in Lakeland Holding Ltd.	346,847	333,622
<b>TOTAL OTHER</b>	<b>13,540,042</b>	<b>12,395,621</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 14,573,121</b>	<b>\$ 13,398,134</b>