

**THE CORPORATION OF THE
MUNICIPALITY OF MAGNETAWAN
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012**

DRAFT FOR DISCUSSION PURPOSES ONLY

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN
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DRAFT FOR DISCUSSION PURPOSES ONLY

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, 2012 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 standards, 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, 2012, 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 standards.

Huntsville, Ontario

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, 2012

	2012	2011
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 1,719,688	\$ 771,777
Accounts receivable	857,664	2,216,409
Investment in Lakeland Holding Ltd. (Note 5)	380,999	346,847
Inventories held for resale	10,376	10,953
	2,968,727	3,345,986
LIABILITIES		
Bank loan (Note 8)	302,704	506,185
Accounts payable and accrued liabilities	659,876	312,039
Deferred revenue (Note 6)	85,503	140,371
Employee benefits payable (Note 9)	1,615	1,171
Landfill closure and post-closure liability (Note 10)	647,000	633,000
	1,696,698	1,592,766
NET FINANCIAL ASSETS (DEBT)	1,272,029	1,753,220
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 11, Schedule 1)	12,601,860	12,703,313
Inventories of supplies	46,766	59,040
Prepaid expenses	68,035	57,548
	12,716,661	12,819,901
ACCUMULATED SURPLUS	\$ 13,988,690	\$ 14,573,121

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budget 2012	Actual 2012	Actual 2011
REVENUE			
Property taxes	\$ 3,103,791	\$ 3,122,605	\$ 3,116,539
User fees	11,986	13,801	13,042
Government transfers	933,635	1,058,559	1,133,047
Lakeland Holding Ltd. income (Note 5)	-	34,151	13,225
Other	571,517	602,015	1,236,634
TOTAL REVENUE	4,620,929	4,831,131	5,512,487
EXPENSES			
General government	775,074	711,847	833,349
Protection to persons and property	491,308	572,107	540,143
Transportation services	2,383,580	2,495,800	2,017,909
Environmental services	331,856	323,453	241,131
Landfill	-	14,000	(575,500)
Health services	274,500	259,647	242,729
Social and family services	454,903	459,420	478,290
Recreation and culture	555,254	509,664	500,588
Planning and development	80,000	69,624	58,861
TOTAL EXPENSES	5,346,475	5,415,562	4,337,500
ANNUAL SURPLUS (DEFICIT)	(725,546)	(584,431)	1,174,987
ACCUMULATED SURPLUS, BEGINNING OF YEAR	14,573,121	14,573,121	13,398,134
ACCUMULATED SURPLUS, END OF YEAR	\$ 13,847,575	\$ 13,988,690	\$ 14,573,121

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, 2012

	Budget 2012 (Note 13)	Actual 2012	Actual 2011
Annual surplus (deficit)	\$ (725,546)	\$ (584,431)	\$ 1,174,987
Acquisition of tangible capital assets	(1,169,066)	(1,169,066)	(4,003,425)
Amortization of tangible capital assets	1,253,292	1,253,292	1,274,578
Allocation from work in progress	-	-	2,399,235
(Gain)loss on disposition of tangible capital assets	-	(4,889)	(651,598)
Proceeds on disposition of tangible capital assets	-	22,116	1,898,909
Change in supplies inventories	-	12,274	(16,561)
Change in prepaid expense	-	(10,487)	(4,979)
Increase (decrease) in net financial assets	(641,320)	(481,191)	2,071,146
Net financial assets (debt), beginning of year	1,753,220	1,753,220	(317,926)
Net financial assets (debt), end of year	\$ 1,111,900	\$ 1,272,029	\$ 1,753,220

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, 2012

	2012	2011
Operating transactions		
Annual surplus	\$ (584,431)	\$ 1,174,987
Non-cash charges to operations:		
Amortization	1,253,292	1,274,578
(Gain)loss on disposal of tangible capital assets	(4,889)	(651,598)
	663,972	1,797,967
Changes in non-cash items:		
Accounts receivable	1,358,745	(514,991)
Inventories held for resale	577	439
Accounts payable and accrued liabilities	347,836	(464,886)
Deferred revenue	(54,868)	(127,573)
Employee benefits payable	444	569
Landfill closure and post closure liability	14,000	(575,500)
Inventories of supplies	12,274	(16,561)
Prepaid expenses	(10,487)	(4,979)
	1,668,521	(1,703,482)
Cash provided by operating transactions	2,332,493	94,485
Capital transactions		
Acquisition of tangible capital assets	(1,169,066)	(4,003,425)
Allocation from work in progress	-	2,399,235
Proceeds on disposal of tangible capital asset	22,116	1,898,909
Cash applied to capital transactions	(1,146,950)	294,719
Investing transactions		
Lakeland Holding Ltd.	(34,151)	(13,225)
Cash provided by investing transactions	(34,151)	(13,225)
Financing transactions		
Temporary borrowing	(203,481)	(776,008)
Cash applied to financing transactions	(203,481)	(776,008)
Net change in cash and cash equivalents	947,911	(400,029)
Cash and cash equivalents, beginning of year	771,777	1,171,806
Cash and cash equivalents, end of year	\$ 1,719,688	\$ 771,777

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, 2012

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 MAGNETAWANNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2012

- (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, 2012

(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, various employee matters 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, 2012

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2012	2011
District of Parry Sound Social Services Administration Board	\$ 312,275	\$ 311,412
North Bay Parry Sound District Health Unit	41,685	40,798
District of Parry Sound (East) Home for the Aged	134,467	131,790
Land Ambulance	170,771	155,293
Total contributions made	\$ 659,198	\$ 639,293

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:

	2012	2011
Payable at the beginning of the year	\$ 9,193	\$ 3,628
Taxation and payments-in-lieu, net of adjustments	1,342,918	1,319,906
Remitted during the year	(1,353,115)	(1,314,341)
Payable (Receivable) at the end of the year	\$ (1,004)	\$ 9,193

4. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$153,558 (2011 \$145,585) 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, 2012

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.

	2012	2011
Consolidated Balance Sheet		
Assets:		
Current assets	\$ 8,315,498	\$ 6,531,091
Capital and other assets	47,275,307	42,781,475
Regulatory assets, net of liabilities	1,258,457	2,454,684
Total Assets	\$ 56,849,262	\$ 51,767,250
Liabilities:		
Current liabilities	\$ 7,632,328	\$ 24,455,786
Long-term liabilities	23,298,666	3,716,409
Total Liabilities	30,930,994	28,172,195
Equity		
Share capital	12,609,650	12,609,650
Retained earnings	13,308,618	10,985,405
Total Equity	25,918,268	23,595,055
Total Liabilities and Equity	\$ 56,849,262	\$ 51,767,250
Municipality's share of equity (1.47% ownership)	\$ 380,999	\$ 346,847
Consolidated Statement of Operations, Retained Earnings and Comprehensive Income		
Total Revenues	32,527,118	26,754,511
Total Expenses	29,703,905	25,354,827
Net income and comprehensive income	2,823,213	1,399,684
Less: dividends	(500,000)	(500,000)
Net income, net of dividends	\$ 2,323,213	\$ 899,684
Municipality's share of net income, net of dividends (1.47% ownership)	34,151	13,225

6. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

The 2012 continuity of transactions within the obligatory reserve funds are described below:

	Balance beginning of year	Contributions received	Interest earned	Amounts taken into revenue	Balance end of year
Cash in lieu of parkland	\$ 64,886	\$ 23,674	\$ 525	\$ (55,000)	\$ 34,085
Federal gas tax	48,376	98,774	834	(119,500)	28,484
Other	27,109	3,832	-	(8,007)	22,934
	\$ 140,371	\$ 126,280	\$ 1,359	\$ (182,507)	\$ 85,503

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2012

7. MUNICIPAL DEBT

The annual principal and interest payments required to service the Municipality's debt were within the the annual debt repayment limit of \$1,060,793 prescribed by the Ministry of Municipal Affairs and Housing.

8. CREDIT FACILITY AGREEMENT

The Municipality has a credit facility agreement with the Royal Bank of Canada of \$1,639,000 (2011 \$1,639,000), of which \$302,704 (2011 \$506,185) was used at the end of the year. The loan is payable on demand and bears interest at the rate of prime.

9. 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 \$1,615 (2011 \$1,171) at the end of the year.

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THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2012

10. 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.

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 138,850m³ at the Croft site and 46,650m³ 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	\$956,970
Reported liability in current year	\$134,000
Total expenditures remaining to be recognized	\$822,970
Utilization/year	603m ³
Estimated remaining usable capacity	119,976m ³
Remaining landfill site life	84 years
Number of year required for post-closure care	25 years

Chapman Landfill

Total estimated expenditures for closure and post-closure care	\$776,409
Reported liability in current year	\$513,000
Total expenditures remaining to be recognized	\$263,409
Utilization/year	1,000m ³
Estimated remaining usable capacity	16,833m ³
Remaining landfill site life	16 years
Number of year required for post-closure care	25 years

11. 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, 2012

12. 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, 2012

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,122,605	\$ 3,122,605
User fees	-	-	-	-	7,295	-	4,693	1,813	-	13,801
Government transfers	67,879	26,338	119,500	33,087	-	-	33,255	-	778,500	1,058,559
Lakeland Holding Ltd. income	-	-	-	-	-	-	-	-	34,151	34,151
Other	7,035	7,179	291,581	9,967	-	-	29,306	68,126	188,821	602,015
TOTAL REVENUE	74,914	33,517	411,081	43,054	7,295	-	67,254	69,939	4,124,077	4,831,131
EXPENSES										
Salaries, wages and benefits	351,243	170,396	577,111	94,793	27,076	-	259,858	-	-	1,480,477
Long-term debt charges (interest)	10,108	-	-	-	-	-	-	-	-	10,108
Operating expenses	290,869	371,259	888,126	193,304	230,414	458,043	155,695	69,624	-	2,657,334
Landfill	-	-	-	14,000	-	-	-	-	-	14,000
Amortization	59,627	30,452	1,030,563	35,356	2,157	1,377	94,111	-	-	1,253,643
TOTAL EXPENSES	711,847	572,107	2,495,800	337,453	259,647	459,420	509,664	69,624	-	5,415,562
ANNUAL SURPLUS (DEFICIT)	\$ (636,933)	\$ (538,590)	\$(2,084,719)	\$ (294,399)	\$ (252,352)	\$ (459,420)	\$ (442,410)	\$ 315	\$ 4,124,077	\$ (584,431)

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2012

12. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

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
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,116,539	\$ 3,116,539
User fees	-	-	-	-	6,317	-	4,626	2,099	-	13,042
Government transfers	23,597	27,672	179,513	27,014	-	-	102,552	-	772,699	1,133,047
Lakeland Holding Ltd. income	-	-	-	-	-	-	-	-	13,225	13,225
Other	7,230	6,871	258,569	14,654	-	-	69,110	64,172	816,028	1,236,634
TOTAL REVENUE	30,827	34,543	438,082	41,668	6,317	-	176,288	66,271	4,718,491	5,512,487
EXPENSES										
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
TOTAL EXPENSES	833,349	540,143	2,017,909	(334,369)	242,729	478,290	500,588	58,861	-	4,337,500
ANNUAL SURPLUS (DEFICIT)	\$ (802,522)	\$ (505,600)	\$ (1,579,827)	\$ 376,037	\$ (236,412)	\$ (478,290)	\$ (324,300)	\$ 7,410	\$ 4,718,491	\$ 1,174,987

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2012

13. 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.

14. 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 2012 was \$58,983 (2011 \$48,708) for current service and is included as an expense on the Consolidated Statement of Operations.

15. 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.

16. 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, 2012

Schedule 1

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL 2012	TOTAL 2011
COST								
Balance, beginning of year	\$ 1,516,179	\$ 3,534,931	\$ 1,002,074	\$ 1,367,764	\$ 22,478,486	\$ 2,424	\$ 29,901,858	\$ 30,628,037
Additions and betterments	72,845	92,845	330,782	79,084	188,836	404,674	1,169,066	4,003,425
Disposals and writedowns		(15,633)	(18,717)		(38,721)		(73,071)	(4,729,604)
BALANCE, END OF YEAR	1,589,024	3,612,143	1,314,139	1,446,848	22,628,601	407,098	30,997,853	29,901,858
ACCUMULATED AMORTIZATION								
Balance, beginning of year	758,711	568,554	439,413	351,795	15,080,072		17,198,545	17,007,025
Annual amortization	33,160	89,818	102,759	102,352	925,203		1,253,292	1,274,578
Amortization disposals		(9,468)	(9,768)		(36,608)		(55,844)	(1,083,058)
BALANCE, END OF YEAR	791,871	648,904	532,404	454,147	15,968,667		18,395,993	17,198,545
TANGIBLE CAPITAL ASSETS-NET	\$ 797,153	\$ 2,963,239	\$ 781,735	\$ 992,701	\$ 6,659,934	\$ 407,098	\$ 12,601,860	\$ 12,703,313

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

SUPPLEMENTARY UNAUDITED SCHEDULE OF SURPLUS

2012

	2012	2011
RESERVES AND RESERVE FUNDS		
Working capital	\$ 503,279	\$ 503,279
Fire	103,375	58,000
Waste disposal	239,879	216,917
Community enhancement	22,467	14,833
Roads	366,048	225,674
Cemetery	9,500	9,500
Parks	20,000	-
Other	4,876	4,876
TOTAL RESERVES AND RESERVE FUNDS	1,269,424	1,033,079
OTHER		
Tangible capital assets	12,601,860	12,703,313
General operating surplus(deficit)	730,352	715,804
Unexpended capital	213,759	913,263
Amounts to be recovered	(1,207,704)	(1,139,185)
Equity in Lakeland Holding Ltd.	380,999	346,847
TOTAL OTHER	12,719,266	13,540,042
ACCUMULATED SURPLUS	\$ 13,988,690	\$ 14,573,121