

**THE CORPORATION OF THE
MUNICIPALITY OF MAGNETAWAN
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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, 2014 and the consolidated statements of operations, the consolidated change in its net financial assets (debt) and consolidated 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, 2014, 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
June 24, 2015

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

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 1,361,283	\$ 1,470,216
Accounts receivable	1,109,522	924,323
Investment in Lakeland Holding Ltd. (Note 5)	492,648	432,704
Inventories held for resale	9,684	9,849
	2,973,137	2,837,092
LIABILITIES		
Bank loan (Note 8)	-	94,032
Accounts payable and accrued liabilities	296,744	266,443
Deferred revenue (Note 6)	203,350	190,834
Employee benefits payable (Note 9)	3,061	2,114
Landfill closure and post-closure liability (Note 10)	1,420,500	676,000
	1,923,655	1,229,423
NET FINANCIAL ASSETS	1,049,482	1,607,669
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 11, Schedule 1)	12,355,221	12,486,427
Inventories of supplies	40,675	36,937
Prepaid expenses	94,989	78,358
	12,490,885	12,601,722
ACCUMULATED SURPLUS	\$ 13,540,367	\$ 14,209,391

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget 2014 (Note 13)	Actual 2014	Actual 2013
REVENUE			
Property taxes	\$ 3,364,653	\$ 3,391,219	\$ 3,261,612
User fees	10,428	9,962	9,188
Government transfers	1,015,498	1,026,847	1,136,482
Lakeland Holding Ltd. income (Note 5)	-	59,944	51,705
Other	447,837	620,331	492,602
TOTAL REVENUE	4,838,416	5,108,303	4,951,589
EXPENSES			
General government	779,701	765,505	772,871
Protection to persons and property	595,315	664,651	649,844
Transportation services	1,901,031	1,901,755	1,738,764
Environmental services	1,065,969	389,527	267,255
Landfill	-	744,500	29,000
Health services	288,381	286,407	266,086
Social and family services	467,499	467,499	456,271
Recreation and culture	577,983	545,220	534,683
Planning and development	18,000	12,263	16,114
TOTAL EXPENSES	5,693,879	5,777,327	4,730,888
ANNUAL SURPLUS (DEFICIT)	(855,463)	(669,024)	220,701
ACCUMULATED SURPLUS, BEGINNING OF YEAR	14,209,391	14,209,391	13,988,690
ACCUMULATED SURPLUS, END OF YEAR	\$ 13,353,928	\$ 13,540,367	\$ 14,209,391

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, 2014

	Budget 2014 (Note 13)	Actual 2014	Actual 2013
Annual surplus (deficit)	\$ (855,463)	\$ (669,024)	\$ 220,701
Acquisition of tangible capital assets	(1,327,143)	(1,327,143)	(1,172,028)
Amortization of tangible capital assets	1,282,731	1,282,731	883,084
Allocation from work in progress	-	-	398,277
(Gain) loss on disposition of tangible capital assets	-	(42,353)	6,100
Proceeds on disposition of tangible capital assets	-	217,971	-
Change in supplies inventories	-	(3,738)	9,829
Change in prepaid expense	-	(16,631)	(10,323)
Increase (decrease) in net financial assets	(899,875)	(558,187)	335,640
Net financial assets, beginning of year	1,607,669	1,607,669	1,272,029
Net financial assets, end of year	\$ 707,794	\$ 1,049,482	\$ 1,607,669

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, 2014

	2014	2013
Operating transactions		
Annual surplus	\$ (669,024)	\$ 220,701
Non-cash charges to operations:		
Amortization	1,282,731	883,084
(Gain)loss on disposal of tangible capital assets	(42,353)	6,100
	571,354	1,109,885
Changes in non-cash items:		
Accounts receivable	(185,199)	(66,659)
Inventories held for resale	165	527
Accounts payable and accrued liabilities	30,301	(393,433)
Deferred revenue	12,516	105,331
Employee benefits payable	947	499
Landfill closure and post closure liability	744,500	29,000
Inventories of supplies	(3,738)	9,829
Prepaid expenses	(16,631)	(10,323)
	582,861	(325,229)
Cash provided by operating transactions	1,154,215	784,656
Capital transactions		
Acquisition of tangible capital assets	(1,327,143)	(1,172,028)
Allocation from work in progress	-	398,277
Proceeds on disposal of tangible capital asset	217,971	-
Cash applied to capital transactions	(1,109,172)	(773,751)
Investing transactions		
Lakeland Holding Ltd.	(59,944)	(51,705)
Cash provided by investing transactions	(59,944)	(51,705)
Financing transactions		
Temporary borrowing	(94,032)	(208,672)
Cash applied to financing transactions	(94,032)	(208,672)
Net change in cash and cash equivalents	(108,933)	(249,472)
Cash and cash equivalents, beginning of year	1,470,216	1,719,688
Cash and cash equivalents, end of year	\$ 1,361,283	\$ 1,470,216

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, 2014

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, 2014

- (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, 2014

- (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, 2014

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2014	2013
District of Parry Sound Social Services Administration Board	\$ 305,084	\$ 305,448
North Bay Parry Sound District Health Unit	45,045	44,137
District of Parry Sound (East) Home for the Aged	152,688	140,141
Land Ambulance	178,400	172,303
Total contributions made	\$ 681,217	\$ 662,029

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:

	2014	2013
Payable at the beginning of the year	\$ (9)	\$ (1,004)
Taxation and payments-in-lieu, net of adjustments	1,311,552	1,315,480
Remitted during the year	(1,311,578)	(1,314,485)
Payable (Receivable) at the end of the year	\$ (35)	\$ (9)

4. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$159,629 (2013 \$155,810) 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, 2014

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. On July 1, 2014, Lakeland Holding Ltd. amalgamated with Parry Sound Hydro Corporation which resulted in the Municipalities' share of equity to be reduced from 1.47% to 1.24%. Condensed financial information in respect to Lakeland Holding Ltd. is provided below.

	2014	2013
Consolidated Balance Sheet		
Assets:		
Current assets	\$ 14,825,917	\$ 9,207,200
Capital and other assets	58,028,265	48,529,015
Regulatory assets, net of liabilities	-	1,119,010
Total Assets	\$ 72,854,182	\$ 58,855,225
Liabilities:		
Current liabilities	\$ 7,126,239	\$ 6,635,229
Long-term liabilities	25,998,276	22,784,368
Total Liabilities	33,124,515	29,419,597
Equity		
Share capital	12,609,650	12,609,650
Retained earnings and Contributed surplus	27,120,017	16,825,978
Total Equity	39,729,667	29,435,628
Total Liabilities and Equity	\$ 72,854,182	\$ 58,855,225
Municipality's share of equity (2014 - 1.24% ownership; 2013 - 1.47% ownership)	\$ 492,648	\$ 432,704
Consolidated Statement of Operations, Retained Earnings and Comprehensive Income		
Total Revenues	44,814,923	36,277,328
Total Expenses	39,422,942	31,884,968
Net income and comprehensive income	5,391,981	4,392,360
Add: contributed surplus	5,855,108	-
Less: dividends	(953,050)	(875,000)
Net income, net of dividends	\$ 10,294,039	\$ 3,517,360
Municipality's share of net income, net of dividends (2014 - 1.24% ownership; 2013 - 1.47% ownership)	127,646	51,705
Municipality's loss on reduction of share equity	67,702	-
Municipality's share of net income, net of dividends and loss on reduction of share equity (2014 - 1.24% ownership; 2013 - 1.47% ownership)	\$ 59,944	\$ 51,705

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

6. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

The 2014 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	\$ 45,941	\$ 20,925	\$ 325	\$ (1,260)	\$ 65,931
Federal gas tax	128,312	86,841	2,560	(88,140)	129,573
Other	16,581	-	-	(8,735)	7,846
	\$ 190,834	\$ 107,766	\$ 2,885	\$ (98,135)	\$ 203,350

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 \$1,156,761 prescribed by the Ministry of Municipal Affairs and Housing.

8. CREDIT FACILITY AGREEMENT

The Municipality had a credit facility agreement with the Royal Bank of Canada of \$1,639,000 in 2013 of which \$94,032 was used at the end of the year. The loan was payable on demand and bore interest at the rate of prime. During the year, the loan was repaid and the credit facility agreement was cancelled.

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 \$3,061 (2013 \$2,114) at the end of the year.

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

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 an engineering report received in 2014 which significantly reduced the remaining Croft Landfill site life, 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	\$982,980
Reported liability in current year	\$801,500
Total expenditures remaining to be recognized	\$181,480
Utilization/year	830m ³
Estimated remaining usable capacity	25,614m ³
Remaining landfill site life	17 years
Number of year required for post-closure care	25 years

Chapman Landfill

Total estimated expenditures for closure and post-closure care	\$797,512
Reported liability in current year	\$619,000
Total expenditures remaining to be recognized	\$178,512
Utilization/year	1,320m ³
Estimated remaining usable capacity	10,450m ³
Remaining landfill site life	8 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, 2014

12. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT

The Municipality and its Boards and Committees provide a wide range of services to its citizens. The schedule and segment disclosure provides a breakdown of the annual surplus (deficit) reported on the Consolidated Statement of Operations by major reporting segment. The segments correspond to the major functional categories used in the Municipality's Financial Information Return, which include the following activities:

General Government

This segment includes Council, Clerk's Department, and Treasury. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues relating to governance, strategic planning and service delivery.

Protection to Persons and Property

This segment includes fire, police, building inspection, and bylaw enforcement. Police services are provided by the Ontario Provincial Police under contract.

Transportation Services

Transportation Services include roadway systems and winter control.

Environmental Services

This segment includes sanitary sewers, waterworks and solid waste management.

Health Services

This segment includes cemeteries, ambulance services as well as payments to the district health unit.

Social and Family Services

This segment consists primarily of payments made to the district social services administration board and home for the aged for the provision of social services such as childcare, social housing, general assistance and assistance to the elderly.

Recreation and Culture

This segment includes parks, recreation programs, recreation facilities and library services.

Planning and Development

This segment includes activities related to planning, zoning and economic development.

Unallocated Amounts

Items are recorded as unallocated amounts when there is no reasonable basis for allocating them to a segment. Major items included in this category are property taxation and related penalty and interest charges, and the municipality's annual Ontario Municipal Partnership Fund unconditional grant.

In preparation of segmented financial information, some allocation of expenses is made. This generally includes charges of rent to specific segments.

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

12. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2014

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,391,219	\$ 3,391,219
User fees	-	-	-	-	2,925	-	4,914	2,123	-	9,962
Government transfers	-	40,366	109,878	25,737	-	-	23,022	-	827,844	1,026,847
Lakeland Holding Ltd. income	-	-	-	-	-	-	-	-	59,944	59,944
Other	16,709	19,220	250,337	18,940	-	-	27,663	74,409	213,053	620,331
TOTAL REVENUE	16,709	59,586	360,215	44,677	2,925	-	55,599	76,532	4,492,060	5,108,303
EXPENSES										
Salaries, wages and benefits	437,176	227,495	400,618	146,830	43,982	-	275,371	-	-	1,531,472
Long-term debt charges (interest)	421	-	-	-	-	-	-	-	-	421
Operating expenses	297,219	403,374	1,138,989	220,228	239,889	466,122	184,618	12,263	-	2,962,702
Amortization	30,689	33,782	362,148	766,969	2,536	1,377	85,231	-	-	1,282,732
TOTAL EXPENSES	765,505	664,651	1,901,755	1,134,027	286,407	467,499	545,220	12,263	-	5,777,327
ANNUAL SURPLUS (DEFICIT)	\$ (748,796)	\$ (605,065)	\$(1,541,540)	\$(1,089,350)	\$ (283,482)	\$ (467,499)	\$ (489,621)	\$ 64,269	\$ 4,492,060	\$ (669,024)

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

12. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2013

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,261,612	\$ 3,261,612
User fees	-	-	-	-	2,825	-	4,525	1,838	-	9,188
Government transfers	40,140	29,396	-	31,365	-	-	50,508	-	985,073	1,136,482
Lakeland Holding Ltd. income	-	-	-	-	-	-	-	-	51,705	51,705
Other	8,609	7,033	245,383	8,763	-	-	33,385	62,553	126,876	492,602
TOTAL REVENUE	48,749	36,429	245,383	40,128	2,825	-	88,418	64,391	4,425,266	4,951,589
EXPENSES										
Salaries, wages and benefits	381,682	233,111	159,865	102,399	26,780	-	269,874	-	-	1,173,711
Long-term debt charges (interest)	4,908	-	-	-	-	-	-	-	-	4,908
Operating expenses	341,067	381,649	920,964	143,500	237,168	454,894	173,829	16,114	-	2,669,185
Amortization	45,214	35,084	657,935	50,356	2,138	1,377	90,980	-	-	883,084
TOTAL EXPENSES	772,871	649,844	1,738,764	296,255	266,086	456,271	534,683	16,114	-	4,730,888
ANNUAL SURPLUS (DEFICIT)	\$ (724,122)	\$ (613,415)	\$ (1,493,381)	\$ (256,127)	\$ (263,261)	\$ (456,271)	\$ (446,265)	\$ 48,277	\$ 4,425,266	\$ 220,701

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWANNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2014

13. BUDGET FIGURES

The unaudited 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 2014 was \$96,102 (2013 \$74,092) 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, 2014

Schedule 1

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL 2014	TOTAL 2013
COST								
Balance, beginning of year	\$ 1,641,705	\$ 4,267,927	\$ 695,701	\$ 2,136,289	\$ 22,944,920	\$ 26,488	\$ 31,713,030	\$ 30,997,853
Additions and betterments	792,615	14,923	23,755	135,207	223,851	136,792	1,327,143	1,172,028
Disposals and writedowns		(4,431)	(9,033)	(213,749)	(110,509)		(337,722)	(456,851)
BALANCE, END OF YEAR	2,434,320	4,278,419	710,423	2,057,747	23,058,262	163,280	32,702,451	31,713,030
ACCUMULATED AMORTIZATION								
Balance, beginning of year	842,093	744,256	427,952	751,969	16,460,333		19,226,603	18,395,993
Annual amortization	768,478	107,318	43,544	128,754	234,637		1,282,731	883,084
Amortization disposals		(3,777)	(9,033)	(46,119)	(103,175)		(162,104)	(52,474)
BALANCE, END OF YEAR	1,610,571	847,797	462,463	834,604	16,591,795		20,347,230	19,226,603
TANGIBLE CAPITAL ASSETS-NET	\$ 823,749	\$ 3,430,622	\$ 247,960	\$ 1,223,143	\$ 6,466,467	\$ 163,280	\$ 12,355,221	\$ 12,486,427

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

SUPPLEMENTARY UNAUDITED SCHEDULE OF SURPLUS

2014

	2014	2013
RESERVES AND RESERVE FUNDS		
Working capital	\$ 533,279	\$ 533,279
Fire	253,375	178,375
Waste disposal	286,575	263,117
Community enhancement	46,230	35,775
Roads	578,948	527,948
Cemetery	17,500	9,500
Parks	60,000	40,000
Recreation	50,000	25,000
Other	4,876	4,876
TOTAL RESERVES AND RESERVE FUNDS	1,830,783	1,617,870
OTHER		
Tangible capital assets	12,355,221	12,486,427
General operating surplus(deficit)	282,215	442,422
Amounts to be recovered	(1,420,500)	(770,032)
Equity in Lakeland Holding Ltd.	492,648	432,704
TOTAL OTHER	11,709,584	12,591,521
ACCUMULATED SURPLUS	\$ 13,540,367	\$ 14,209,391

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

2014 FINANCIAL HIGHLIGHTS

TAX RATES

	2014 Tax Rates (%)		2013 Tax Rates (%)	
	Township purposes	School Board purposes	Township purposes	School Board purposes
Residential and Farm:				
Area 1, 3 & 4	0.528027	0.203000	0.530459	0.212000
Area 2	0.727374	0.203000	0.707477	0.212000
Multi-residential:				
Area 2	1.517574	0.203000	1.476060	0.212000
Farmland and Managed Forest:				
Area 1, 3 & 4	0.132007	0.050750	0.132615	0.053000
Area 2	0.181844	0.050750	0.176869	0.053000
Commercial Occupied:				
Area 1, 3 & 4	0.607541	0.632070	0.610339	0.651726
Area 2	0.836907	0.632070	0.814013	0.651726
Commercial Vacant:				
Area 1, 3 & 4	0.425279	0.442449	0.427238	0.456208
Area 2	0.585836	0.442449	0.569810	0.456208
Industrial Occupied:				
Area 1, 3 & 4	0.580795	0.755153	0.583470	0.791944
Industrial Vacant:				
Area 1, 3 & 4	0.377516	0.490849	0.379255	0.514764

TRANSACTIONS FOR THE SCHOOL BOARDS

	2014	2013
Payable (Receivable) at the beginning of the year	\$ (9)	\$ (1,004)
Taxation and payments-in-lieu, net of adjustments	1,311,552	1,315,480
Remitted during the year	(1,311,578)	(1,314,485)
Payable (Receivable) at the end of the year	\$ (35)	\$ (9)

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

YEAR END BALANCE OF TRUST FUNDS UNDER ADMINISTRATION

	2014	2013
Trust Funds	\$ 159,629	\$ 155,810

NOTES

- The 2014 financial report consolidates the operations, assets and liabilities of the Municipality's museum and library. The following joint local boards and committees are proportionally consolidated: building committee.
- The above data has been extracted from the audited 2014 Consolidated Financial Report of the Municipality and its local boards and committees as described in Note 1. Copies of the 2014 Consolidated Financial Report and the Auditors' Report of Pahapill and Associates Professional Corporation, Chartered Professional Accountants, Huntsville, Ontario are available at the Municipality's office to any resident who wishes to review or analyze the financial operations of the Municipality in greater detail.

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

2014 FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 1,361,283	\$ 1,470,216
Accounts receivable	1,109,522	924,323
Investment in Lakeland Holding Ltd.	492,648	432,704
Inventories held for resale	9,684	9,849
	2,973,137	2,837,092
LIABILITIES		
Bank loan	-	94,032
Accounts payable and accrued liabilities	296,744	266,443
Deferred revenue	203,350	190,834
Employee benefits payable	3,061	2,114
Landfill closure and post-closure liability	1,420,500	676,000
	1,923,655	1,229,423
NET FINANCIAL ASSETS (DEBT)	1,049,482	1,607,669
NON-FINANCIAL ASSETS		
Tangible capital assets - net	12,355,221	12,486,427
Inventories of supplies	40,675	36,937
Prepaid expenses	94,989	78,358
	12,490,885	12,601,722
ACCUMULATED SURPLUS	\$ 13,540,367	\$ 14,209,391

THE CORPORATION OF THE MUNICIPALITY OF MAGNETAWAN

2014 FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget 2014	Actual 2014	Actual 2013
REVENUE			
Property taxes	\$ 3,364,653	\$ 3,391,219	\$ 3,261,612
User fees	10,428	9,962	9,188
Government transfers	1,015,498	1,026,847	1,136,482
Lakeland Holding Ltd. income	-	59,944	51,705
Other	447,837	620,331	492,602
TOTAL REVENUE	4,838,416	5,108,303	4,951,589
EXPENSES			
General government	779,701	765,505	772,871
Protection to persons and property	595,315	664,651	649,844
Transportation services	1,901,031	1,901,755	1,738,764
Environmental services	1,065,969	389,527	267,255
Landfill	-	744,500	29,000
Health services	288,381	286,407	266,086
Social and family services	467,499	467,499	456,271
Recreation and culture	577,983	545,220	534,683
Planning and development	18,000	12,263	16,114
TOTAL EXPENSES	5,693,879	5,777,327	4,730,888
ANNUAL SURPLUS (DEFICIT)	(855,463)	(669,024)	220,701
ACCUMULATED SURPLUS, BEGINNING OF YEAR	14,209,391	14,209,391	13,988,690
ACCUMULATED SURPLUS, END OF YEAR	\$ 13,353,928	\$ 13,540,367	\$ 14,209,391