
**BURK'S FALLS, JOLY, MACHAR, MAGNETAWAN, RYERSON,
SOUTH RIVER, STRONG AND SUNDRIDGE
JOINT BUILDING COMMITTEE**

FINANCIAL STATEMENTS

DECEMBER 31, 2010

**BURK'S FALLS, JOLY, MACHAR, MAGNETAWAN, RYERSON, SOUTH RIVER,
STRONG AND SUNDRIDGE JOINT BUILDING COMMITTEE**

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Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers of
the contributing municipalities of the Burk's Falls, Joly, Machar, Magnetawan,
Ryerson, South River, Strong and Sundridge Joint Building Committee

We have audited the accompanying financial statements of the Burk's Falls, Joly, Machar, Magnetawan, Ryerson, South River, Strong and Sundridge Joint Building Committee which comprise the statement of financial position as at December 31, 2010 and the statements of operations, accumulated surplus, change in net 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 financial position of the Burk's Falls, Joly, Machar, Magnetawan, Ryerson, South River, Strong and Sundridge Joint Building Committee as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matters

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

The financial statements of the Burk's Falls, Joly, Machar, Magnetawan, Ryerson, South River, Strong and Sundridge Joint Building Committee for the year ended December 31, 2009 were audited by another auditor who expressed an unmodified opinion on those statements dated March 1, 2010.

Grant Thornton LLP

North Bay, Canada
July 21, 2011

Chartered Accountants
Licensed Public Accountants

**BURK'S FALLS, JOLY, MACHAR, MAGNETAWAN, RYERSON, SOUTH RIVER, STRONG AND
SUNDRIDGE JOINT BUILDING COMMITTEE**

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2010

	2010	2009
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 185,179	\$ 24,188
Accounts receivable	827	1,117
	186,006	25,305
LIABILITIES		
Accounts payable and accrued liabilities	12,207	7,421
Accounts payable - municipalities	-	10,940
Deferred revenue - obligatory reserve funds <i>(Note 2)</i>	174,358	944
Employee benefits payable <i>(Note 3)</i>	3,273	3,369
	189,838	22,674
NET FINANCIAL ASSETS (DEBT)	(3,832)	2,631
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>(Note 4)</i>	10,815	13,904
Prepaid expenses	559	-
	11,374	13,904
ACCUMULATED SURPLUS <i>(Note 5)</i>	\$ 7,542	\$ 16,535

APPROVED ON BEHALF OF THE COMMITTEE:

_____ Chairperson

**BURK'S FALLS, JOLY, MACHAR, MAGNETAWAN, RYERSON, SOUTH RIVER, STRONG AND
SUNDRIDGE JOINT BUILDING COMMITTEE**

**STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budget 2010 <i>(Unaudited - see Note 6)</i>	Actual 2010	Actual 2009
REVENUE			
Building permits, fees and fines -			
Unallocated permits	\$ 190,793	\$ -	\$ -
Burk's Falls	-	8,871	5,837
Joly	-	7,512	6,622
Machar	-	21,094	22,234
Magnetawan	-	62,115	42,190
Ryerson	-	16,725	22,207
South River	-	5,794	11,947
Strong	-	216,149	41,595
Sundridge	-	16,461	4,863
Other	-	566	112
Transfers from (to) deferred revenue	-	(173,415)	14,025
TOTAL REVENUE	190,793	181,872	171,632
EXPENSES			
Salaries and wages	158,544	156,488	146,451
Long-term debt charges (interest)	-	-	9
Materials and supplies	21,900	15,103	19,435
Contracted services <i>(Note 7)</i>	10,284	8,671	4,608
Rent and financial expenses <i>(Note 7)</i>	5,065	7,514	-
Amortization	3,100	3,089	3,090
TOTAL EXPENSES	198,893	190,865	173,593
ANNUAL DEFICIT <i>(Note 5)</i>	(8,100)	(8,993)	(1,961)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	16,535	16,535	18,496
ACCUMULATED SURPLUS, END OF YEAR	\$ 8,435	\$ 7,542	\$ 16,535

The accompanying notes are an integral part of these financial statements

**BURK'S FALLS, JOLY, MACHAR, MAGNETAWAN, RYERSON, SOUTH RIVER, STRONG AND
SUNDRIDGE JOINT BUILDING COMMITTEE**

**STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budget 2010 <i>(Unaudited - see Note 6)</i>	Actual 2010	Actual 2009
Annual deficit	\$ (8,100)	\$ (8,993)	\$ (1,961)
Amortization of tangible capital assets	3,100	3,089	3,090
Change in prepaid expenses	-	(559)	-
Increase (decrease) in net financial assets	(5,000)	(6,463)	1,129
Net financial assets, beginning of year	2,631	2,631	1,502
Net financial assets (debt), end of year	\$ (2,369)	\$ (3,832)	\$ 2,631

The accompanying notes are an integral part of these financial statements

**BURK'S FALLS, JOLY, MACHAR, MAGNETAWAN, RYERSON, SOUTH RIVER, STRONG AND
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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
Operating transactions		
Annual deficit	\$ (8,993)	\$ (1,961)
Non-cash charges to operations:		
Amortization	3,089	3,090
Change in employee benefits payable	(96)	796
	(6,000)	1,925
Changes in non-cash items:		
Accounts receivable	290	912
Accounts payable and accrued liabilities	4,786	5,764
Accounts payable - municipalities	(10,940)	-
Deferred revenue	173,414	(14,025)
Prepaid expenses	(559)	-
	166,991	(7,349)
Cash provided by (applied to) operating transactions	160,991	(5,424)
Financing transactions		
Debt principal repayments	-	(1,925)
Cash applied to financing transactions	-	(1,925)
Net change in cash and cash equivalents	160,991	(7,349)
Cash and cash equivalents, beginning of year	24,188	31,537
Cash and cash equivalents, end of year	\$ 185,179	\$ 24,188

The accompanying notes are an integral part of these financial statements

BURK'S FALLS, JOLY, MACHAR, MAGNETAWAN, RYERSON, SOUTH RIVER, STRONG AND SUNDRIDGE JOINT BUILDING COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS Year Ended December 31, 2010

The Burk's Falls, Joly, Machar, Magnetawan, Ryerson, South River, Strong and Sundridge Joint Building Committee is a joint committee of the Corporation of the Village of Burk's Falls, the Corporation of the Township of Joly, the Corporation of the Township of Machar, the Corporation of the Municipality of Magnetawan, the Corporation of the Township of Ryerson, the Corporation of the Village of South River, the Corporation of the Township of Strong and the Corporation of the Village of Sundridge. The net revenue/expense of the organization is allocated to the participating municipalities annually based on the permit fees collected for the participant as a percentage of total permit fees collected by all participating parties.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Burk's Falls, Joly, Machar, Magnetawan, Ryerson, South River, Strong and Sundridge Joint Building Committee (the "organization") are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the organization are as follows:

Basis of Accounting

- (i) Accrual basis of accounting
Revenues and expenditures are reported on the accrual basis of accounting. Revenues are recognized in the year in which they are earned 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) Cash and cash equivalents
Cash and cash equivalents include cash on hand, balances held at financial institutions and short-term deposits with original maturities of three months or less.
- (iii) Non-financial assets
Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of 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. Borrowing costs related to the acquisition of tangible capital assets are expensed in the year incurred. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Vehicles - 8 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.

Tangible capital assets received as donations are recorded at their fair value at the date of receipt.
- (iv) Deferred revenue-obligatory reserve funds
Revenue received for the provision of building services is restricted in its use and until applied to the applicable expenditures is recorded as deferred revenue.

**BURK'S FALLS, JOLY, MACHAR, MAGNETAWAN, RYERSON, SOUTH RIVER, STRONG AND
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NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2010

(v) Pensions and employee benefits

The organization accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Sick leave benefits are accrued where they are vested and subject to pay out when an employee leaves the organization's employ.

(vi) 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. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Committee may undertake in the future. Significant accounting estimates include estimated useful lives of tangible capital assets. Actual results could differ from these estimates.

2. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

The organization defers that portion of its fee revenue that exceeds the cost of providing building services. The amount accumulated for the organization is apportioned annually to the participants based on the cost-sharing formula. The amounts accumulated for each participant are as follows:

	2010	2009
Village of Burk's Falls	\$ 5,327	\$ 990
Township of Joly	2,811	(862)
Township of Machar	12,476	2,163
Municipality of Magnetawan	32,145	1,779
Township of Ryerson	6,404	(1,772)
Village of South River	1,890	(943)
Township of Strong	105,046	(623)
Village of Sundridge	8,259	212
	\$ 174,358	\$ 944

3. EMPLOYEE BENEFITS PAYABLE

Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and employees may become entitled to a cash payment when they leave the organization's employment. The liability for these accumulated days amounted to \$3,273 (2009 \$3,369) at the end of the year.

**BURK'S FALLS, JOLY, MACHAR, MAGNETAWAN, RYERSON, SOUTH RIVER, STRONG AND
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NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2010

4. TANGIBLE CAPITAL ASSETS

The tangible capital assets of the organization by major asset class are outlined below.

2010		Vehicles
COST		
Balance, beginning of year	\$	24,719
BALANCE, END OF YEAR		24,719
ACCUMULATED AMORTIZATION		
Balance, beginning of year		10,815
Annual amortization		3,089
BALANCE, END OF YEAR		13,904
TANGIBLE CAPITAL ASSETS-NET	\$	10,815

2009		Vehicles
COST		
Balance, beginning of year	\$	24,719
BALANCE, END OF YEAR		24,719
ACCUMULATED AMORTIZATION		
Balance, beginning of year		7,725
Annual amortization		3,090
BALANCE, END OF YEAR		10,815
TANGIBLE CAPITAL ASSETS-NET	\$	13,904

5. ACCUMULATED SURPLUS

The 2010 continuity of accumulated surplus reported on the Statement of Financial Position is as follows:

	Balance Beginning of Year	Annual Surplus (Deficit)	Balance End of Year
Tangible capital assets	\$ 13,904	\$ (3,089)	\$ 10,815
Reserves	6,000	(6,000)	-
Unfunded employee benefits	(3,369)	96	(3,273)
	\$ 16,535	\$ (8,993)	\$ 7,542

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NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2010

6. BUDGET FIGURES

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the adopted and reported budgets is presented below.

	Budget
ADOPTED BUDGET:	
Expenditures	\$ (195,793)
ADJUSTMENTS:	
Unallocated revenue required to cover expenditures	190,793
Amortization of tangible capital assets	(3,100)
ANNUAL DEFICIT	\$ (8,100)

7. MUNICIPAL TRANSACTIONS

During the normal course of operations, the organization purchases administrative services from the Township of Strong at cost of \$3,284 (2009 \$3,108). This cost is reported as a contracted service on the Statement of Operations. In addition, commencing in 2010 the organization rents office space from the Township of Strong. 2010 rental payments of \$1,400 were recorded. All related party transactions are recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. SEGMENT DISCLOSURE AND EXPENSES BY OBJECT

Since the organization's operations are not considered diverse and operations are managed as one department, no segment disclosure has been provided. Supplementary expenses by object information has been omitted as it would not provide additional information not readily determinable from the financial information provided on the Statement of Operations.

9. PENSION AGREEMENTS

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

The amount contributed to OMERS for 2010 was \$8,684 (2009 \$3,968) for current service and is included as an expense on the Statement of Operations.

10. SUBSEQUENT EVENT

Effective January 1, 2011 the Corporation of the Municipality of Magnetawan withdrew its membership from the organization. The Municipality of Magnetawan is currently negotiating its reinstatement as a member of the organization.

**BURK'S FALLS, JOLY, MACHAR, MAGNETAWAN, RYERSON, SOUTH RIVER, STRONG AND
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NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2010

11. COMPARATIVE FIGURES

Certain prior year figures presented for comparative purposes have been reclassified to conform with the presentation adopted for the current year.